



# Italy Governance Scan for Policy Coherence for Sustainable Development



# **Italy Governance Scan for Policy Coherence for Sustainable Development**

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# Executive summary

**Italy is making progress in implementing the Sustainable Development Goals (SDGs) but important challenges remain to consolidate progress on single SDGs as well as to move towards a whole encompassing implementation of the 2030 Agenda.**

Italy National Strategy for Sustainable Development (SNSvS/NSDS) has been approved by a governmental decision in December 2017. The NSDS is intended to be the framework for implementing the 2030 Agenda in Italy and abroad. Policy and decision making in recent years have largely taken into account sustainability principles that are in line with the 2030 Agenda and the Paris Agreement. Progress has been relevant in most of the UN Sustainable Development Goals (SDGs) (European Commission, 2020).<sup>1</sup> Italy ranks 26 out of 193 UN Member States in terms of the country's total progress towards achieving all 17 SDGs, with an overall score of 78.8/100, which can be interpreted as the percentage of SDG achievement.<sup>2</sup> According to the Italian Statistical Institute (ISTAT) SDGs report 2020,<sup>3</sup> the areas where a more significant improvement was recorded in 2019 are Zero Hunger (SDG 2) and Climate Action (SDG 13), whereas Goal 12 (Responsible Consumption and Production) and Goal 15 (Life on Land) show the highest level of deterioration. However, the country's future growth path risks being stifled by a number of factors, including a rapidly ageing population and a falling number of people of working age. Italy's economy and society has also been hard hit by the COVID-19 pandemic, which is halting or even reversing progress towards the SDGs. In March 2021 ISTAT estimated that in 2020 there will be one million people more than in 2019 living in absolute poverty for a total of 5.6 million people (9.4% of total population). According to the OECD Report "Going for Growth 2021", to continue advancing on the SDGs in an integrated and balanced manner and recover sustainably from COVID-19, Italy's key priority is to enhance the public administration effectiveness, in particular public investment governance and improved co-ordination.

**Successfully implementing the 2030 Agenda and the SDGs requires an effective strategic framework and sound institutions at all levels of government, underpinned by strong civil service skills and civil society engagement.** It requires evidence-based analytical tools to future-fit strategies and policies that can support SDGs implementation, and to measure and monitor progress so that inefficient policies can be adapted. Global values and international best practices have informed the development of OECD standards and benchmarks for effective SDGs implementation, which are at the

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<sup>1</sup> Over the past 5 years, progress has been relevant in most of the UN Sustainable Development Goals (SDGs) (European Commission, European Semester Country report Italy, 2020), particularly for SDGs 3 (good health and well-being), 7 (affordable and clean energy), 12 (responsible consumption and production) and 16 (peace, justice and strong institutions). By contrast, SDGs 1 (no poverty), 10 (reduce inequalities) and 15 (life on land) present a mixed picture, with some indexes worsening in the short run. Overall, Italy underperforms the EU average in most of the indexes related to SDGs 4 (quality of education), 5 (gender equality), 8 (economic growth) while it performs better than average on SDGs 6 (clean water and sanitation), 11 (sustainable cities) and 12 (responsible consumption).

<sup>2</sup> <https://dashboards.sdgindex.org/profiles/italy>, 2021.

<sup>3</sup> <https://www.istat.it/it/files//2020/09/2020-SDGs-Report.pdf>



disposal for consideration in the context of Italy's efforts to have governance mechanisms in place that enhance coherence. The OECD Policy Coherence for Sustainable Development (PCSD) recommendations indicate a need for institutional mechanisms that enable long-term and strategic planning and visioning, address policy interactions across sectors and align actions between levels of government.

### **This Governance Scan contributes to the revision of the NSDS and the formulation of the PCSD Action Plan**

Italy decided to take the opportunity to include in the revision process of the National Sustainable Development Strategy (NSDS) – due to be reviewed every three years by law – a strengthened dialogue on PCSD. The Ministry of Ecological Transition (MITE) leads a dialogue between all relevant central, subnational administrations, civil society and other stakeholders to co-build the NSDS and an Action Plan for PCSD to be attached to the former and due in the context of the PCSD Project (see *infra*). This process builds on a constructive dialogue created over the last three years by the MITE, with central administrations, regions, and autonomous provinces, and metropolitan areas and civil society. Beyond the horizon 2030, described by the SDGs and the NSDS, the PCSD Action plan is intended as an enabler for sustainable development implementation by contributing to materialise government's commitment to PCSD to ensure that different parts and levels of the government take action for sustainable development across and at different levels of government.

### **Main issues emerging from the Governance Scan**

- **Quantify the NSDS to use it as a policy integration tool:** the NSDS, includes a forward-looking vision and makes provisions for using it as a framework to systematise policies under its cross-sectoral National Strategic Objectives (NSO). While the NSDS has represented a reference framework at local level, the absence of quantified targets associated with its NSO has nevertheless been a constraint to widely share and interiorise it, as a tool to reduce policy fragmentation and increase dialogue across ministries and levels of government. The targets that will be included in the upcoming revision of the NSDS and its set of proposed 43 SDGs indicators to track them, will help systematising policies' contributions from different packages under the priorities of the NSDS.
- **Update existing regulations and use coherence matrixes to embed the NSDS across the policy cycle:** subnational authorities have actively used the NSDS in their planning and budgeting more frequently than national authorities and identified the contributions of the upcoming EU Cohesion policies (see Annex A Cohesion Policy in the European Union and Italy) within the MFF 2021-2027 to the NSDS NSO through coherence matrixes. This has been facilitated by the continued dialogue and support provided by the MiTE in line with its institutional mandate, in collaboration with the Department for Territorial Cohesion within the Presidency of the Council of Ministries (DPCoe). The NSDS can inform matrixes to capture trade-offs and synergies, avoiding duplication among the different measures to be funded by the National Recovery and Resilience Plan (NRRP) and the other policy packages (i.e. Cohesion Policies, structural and investment funds, Plan for Ecological Transition, Piano Sud, National Reform Programme PNR, etc.) at all levels of government. Several matrixes not least the PowerBi have identified the correspondence between the priorities under the NSDS and other policy packages such as the NRRP.<sup>4</sup> The use of this information could be made more concrete by including it into existing procedures during policy formulation, assessment (i.e. *ex ante* regulatory assessment such as VAS, VIA, Gender

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<https://app.powerbi.com/view?r=eyJrIjoieTYtY2M2EwZDYtYTYkYmMC00YWQ3LTNmZTgtNGUwNDQ4MmRiM2ZjIiwidCI6ImE0MDZKY2ZmLTAwNTktNDIzY1IOWE1LTikYtQyNDNkN2VkMyIsImMiOjI9>

assessments), appraisal (i.e. investments' assessment), parliamentary approval, multi-stakeholder engagement, audit and policy evaluation. In particular, the strong push for monitoring and evaluation of the investments included in the PNRR/NRRP contained in Law 108/2021 endorsing with modifications Decreto Legge 77/2021 as well as the modifications to VIA and VAS provided therein could be an opportunity to further connect *ex ante* assessments with the NSDS.

- **Continue building linkages between the NSDS and the SDGs monitoring and reporting:** The decision to formulate the NSDS by strategic objectives, prioritising inter-linkages over the SDGs goals, requires parallel monitoring processes for the national, the European and the international SDGs reporting mechanisms. Quantified targets associated with the NSDS objectives to help to sync the monitoring of the NSO to the one of the 2030 Agenda. The ongoing revision of the set of the NSDS indicators, carried out by MiTE, should follow the re-confirmation of the NSO of the strategy, and the formulation, in a consultative process, of measurable targets associated with the objectives, aligned, to the maximum extent, to the SDGs indicators. This sequencing would facilitate the selection (and development, if needed) of the right set of indicators that are tracking what is meaningful in the context of the sustainability priorities in Italy, also attempting to go beyond tracking what is available.
- **Clarify the institutional mechanisms in charge of mainstreaming the NSDS:** various central co-ordination mechanisms have been created and dismantled, yet policy coherence remained untapped, and a framework would clarify tools, roles, timeframe and means to mainstream the NSDS during policy formulation, monitoring and evaluation. To ensure political commitment to the 2030 Agenda, a clear link between the NSDS and the legislative process should be established. Opportunities could arise for strengthening the involvement and capacities of the Cabinet of the President of the Council of Ministers and the Parliament via its Permanent Committee on the implementation of Agenda 2030.
- **Existing Inter-ministerial committees are potentially well placed to catalyse coherence** but their mandates, capacities and instruments need to be clarified. The CIPESS (Inter-ministerial Committee for Economic Programming for Sustainable Development) has the mandate for assessing sustainability of public investments and an evaluation unit that is developing a new methodology (a sustainable development index). The newly created Inter-ministerial Committee for Ecological Transition (CITE) has now the responsibility to validate the NSDS as well as the Ecological Transition Plan (PiTE) being finalised in Autumn 2021. This would entail having a pivotal role in identifying the contributions of the PiTE to the broader sustainability Agenda. CIPESS is supported by the Department for programming (DIPE) within the Presidency of the Council of Ministers. DIPE has the mandate to assess public investments in light of sustainability. If linked to relevant PNRR projects and also to other strategies and plans, its work could allow scaling up sustainable monitoring and evaluation and providing common tools and information from and to the other line ministries, also counting on its Network of Evaluation Units (*Rete dei Nuclei di Valutazione*). Finally, the Inter-ministerial Committee for Development Cooperation (CICS) could have a role in monitoring transboundary impact of policies, in consultation with relevant stakeholders, and provide inputs during the legislative process in particular with regards legislation on migration, foreign investments, trade and responsible business conduct.
- **Sustainability and well-being (ESW) monitoring** is currently carried out by ISTAT and the Ministry of Economic and Finance (MEF) which links the ESW indicators to the policies included in the national budget (DEF). The MEF ESW report is the closest link between the policy cycle and information about sustainability and well-being outcomes. This scan considers opportunities to maximise and better visualise the interplay and linkages between the MEF ESW report and the relevant indicators to report on the NSDS. Such interplay and linkages could systematise the information produced according to different mandates across levels and ministries and increase the exhaustiveness of the evidence provided to track the contribution of policies to the achievement of the targets to be included in the NSDS, pursuing a whole-of-government approach.

- The need for **granular data and ensuring that the NSDS indicator-framework is adequate at subnational level**. Granular data would help to develop more evidence-based analysis at local level and further engage subnational government in the implementation of the national strategy. Some regions reported lack of relevance or availability at subnational level of some of the indicators suggested by the NSDS as relevant for tracking a strategic objective.
- The revision of the Strategy is an opportunity for **multi-level and multi-stakeholder dialogue** that brings very advanced governance practice to the attention of the central administration. The revision of the Strategy also provides an opportunity to implement an awareness-raising and capacity-building strategy for small and medium municipalities, which could include training, guidance tools and sharing of best practices, to spread the implementation of the SDGs beyond metropolitan areas. The revision also sets an opportunity for instruments such as the Forum for Sustainable Development and the National Council for Development Cooperation to join forces and to participate more effectively in the decision-making and monitoring efforts.

**Table summarising key findings of the Governance Scan:**

MAIN POLICY FINDINGS	KEY RECOMMENDATIONS
<b>VISION AND LEADERSHIP</b>	
The 2017 National Sustainable Development Strategy (NSDS) includes a forward-looking vision and makes provisions for cross-sectoral policy-making by identifying National Strategic Objectives across the five dimensions of the 2030 Agenda. Its use in terms of tracking policies' impact on sustainability and inspiring sustainable and integrated actions has been limited also due to the absence of concrete targets and indicators.	By using the NSDS as the reference framework to systematise other policies under the cross-sectoral National Strategic Objectives. Institutions, at all levels, would formulate policies and in act programming cycles that are more integrated and potentially be accountable for their contributions to SDGs. For this purpose, concrete provisions could be formulated to integrate sustainability in policy formulation and assessment tools. In addition, a coherence matrix could be adopted across the government to systematise the links between the measures to be funded by the National Recovery and Resilience Plan (NRRP) and the NSDS strategic objectives, building on and incorporating existing experiences tracking the EU cohesion policy, structural and investment funds 21-27 as well as the contribution of the Regions to the National Reform Programme (PNR).
The decision to formulate the NSDS by strategic objectives, prioritising inter-linkages over the SDGs goals, requires monitoring processes for the national, the European and the international SDGs reporting mechanisms.	The presence of quantified targets could help visualisation of synergies and the SDGs indicators selected to measure them, would allow to systematise policies' contributions from different policy packages under the priorities of the NSDS, identifying overlaps and synergies.
Effectiveness of the NSDS as a framework to systematise the links between general national programming and sustainability objectives is not yet common understanding across the public administration. OECD has observed an asymmetrical application of the NSDS: while regions, autonomous provinces and metropolitan areas are in the front line. Political buy-in to orient decision making towards systemic thinking has not gained full application.	Practices to operationalising the NSDS as a programming, policy prioritisation and evaluation tool at different stages of the policy cycle should be evaluated, and if effective disseminated and scaled up. The opportunity to produce a single logic framework to link the NSDS objectives with the strategies currently being formulated/updated has to be further assessed. In particular, its potential for visualising the coherence among policy packages (i.e. PNRR, Cohesion Policies, structural and investment funds, Plan for Ecological Transition, PNR, etc.) weighted against its concrete use during policy formulation and the administrative burden that it could generate.
In some cases (i.e. investments' evaluation by the economic planning committee and the Strategic Environmental Assessments SEA/VAS) existing <i>ex ante</i> assessment mechanisms are measuring the relevance of new programmes or investments to the achievement of the SDGs and the NSDS.	Having the NSDS included systematically in <i>ex ante</i> policy assessment could provide policy makers with information about policy trade-offs and synergies beyond their area of expertise. The indicators to capture sustainability should be effective and significant for policy makers and avoid overburdening. Introducing Sustainability reporting in existing <i>ex ante</i> regulative frameworks pushes for follow-up arbitration mechanisms once information about trade-offs is revealed, through these assessments. The PNRR/NRRP contained provisions for stronger assessment mechanisms which could be an opportunity to further connect with the NSDS. In this context, the role of the Network of Evaluation Units ( <i>Rete dei Nuclei di Valutazione</i> ) should be enhanced.

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**INSTITUTIONAL MECHANISMS**


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<p>The central co-ordination structures created for enhancing policy coherence for sustainable development could not significantly reduce policy fragmentation due to unstable and overlapping mandates.</p>	<p>Gaps and overlaps among the mandates of existing bodies with co-ordination functions related to sustainable development need to be identified and their procedures streamlined, while decisively strengthening the involvement of the line ministries. This is particularly timely in view of the governance updates which are accompanying the implementation of the NextGenerationEU and the PNRR.</p>
<p>The NSDS has proven a powerful tool for dialogue and peer-to-peer learning for multi-level and non-government stakeholders. The platforms for dialogue with civil society and other stakeholders (the National Forum for Sustainable Development) and subnational governments (<i>Tavoli di confronto con il MiTE per l'attuazione della SNSvS</i>) successfully promoted the active use of the Strategy by subnational authorities in their planning and budgeting as well as the creation of working relations with local governments and the civil society and other stakeholders to co-build a shared approach and initiatives for sustainability. The revision of the NSDS is an opportunity for multi-level and multi-stakeholder dialogue that brings very advanced governance practice to the attention of the central administration.</p>	

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**POLICY AND FINANCING IMPACTS**


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<p>Italy has invested considerable efforts in building statistical frameworks for evaluating sustainability and well-being. The Equitable and Sustainable Well-Being (ESW/ESW) indicators are very well advanced "beyond-GDP" measurements. 12 of them also contribute to monitoring budget measures towards a multi-dimensional perspective of well-being. The ESW/BES framework has also contributed to harmonise metadata collection and updates across sectoral statistics. Both the ESW/BES framework and the ISTAT SDGs indicators platform feed the current set of 43 indicators for monitoring the implementation of the NSDS that MiTE has developed and is reviewing during the NSDS revision.</p>	<p>Consider a convergence among measurement frameworks for tracking policy contributions towards the achievement of sustainability outcomes. A continuous dialogue among indicators frameworks could systematise the information produced across levels on policies' contribution to the NSDS Strategic Objectives (NSO) and SDGs and ensure it contributes to the decision-making cycle. Currently eight out of twelve BES-DEF indicators are also NSDS indicators, providing an opportunity for linking the economic programming cycle with the relevant strategic objectives of the NSDS. The revision of the set of the NSDS indicators should follow the re-confirmation of the Strategic Objectives of the Strategy, and the formulation, in a consultative process, of measurable targets associated with the objectives. This sequencing would facilitate the selection (and development, if needed) of the right set of indicators tracking what is meaningful in the context of the sustainability priorities in Italy and measure policies' contribution against these objectives as well as to improve interconnections between the national budgeting cycle and the NSDS. The importance of showing the linkages not only <i>ex ante</i>, through budget tagging but also in itinere and <i>ex post</i> by linking results to budget measures is paramount to influence decision making towards sustainability.</p>
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# Abbreviations and acronyms

Acronyms	Abbreviations
ASvIS	Alleanza Italiana per lo Sviluppo sostenibile (Italian Alliance for sustainable development)
BES/ESW	Indicatori di benessere equo e sostenibile (Equitable and Sustainable Well-being indicators)
CdR	Cabina di Regia Benessere Italia (Steering Committee Well-Being Italia within the PCM)
CIPE(SS)	Comitato Interministeriale per la programmazione economica e lo sviluppo sostenibile (Inter-ministerial committee for economic programming and sustainable development)
CITE	Comitato Interministeriale per la transizione ecologica (Interministerial Committee for the ecological transition)
CM	Città Metropolitana (Metropolitan City)
DG CRESS	Direzione Generale Per La Crescita Sostenibile e la Qualità Dello Sviluppo, Directorate General for Sustainable Growth and Development Quality, MiTE
DEF/efd	Documento di Economia e Finanza – Economy and Finance Document
DPCoe	Dipartimento per le Politiche di Coesione (Department for Territorial Cohesion within the Presidency of the Council of Ministries)
DIPE	Dipartimento per la programmazione e il coordinamento della politica economica (Department for programming and co-ordinating economic policies)
ESIF	Over half of EU funding is channelled through the 5 European structural and investment funds (ESIF)
Forum	Forum nazionale per lo sviluppo sostenibile (National Forum for Sustainable development)
ISTAT	Istituto di Statistica (Italian Institute of Statistics)
MAECI	Ministero Affari Esteri e Cooperazione Internazionale (Ministry of Foreign Affairs and International Cooperation)
MTF	Multiannual Financial Framework, European Union's long-term budget (usually over 7 years)
MiTE/MATTM	Ministero della Transizione Ecologica (Ministry for Ecological Transition previous Ministry for Environment, Land and Sea)
MEF	Ministero Economia e Finanze (Ministry of Economy and Finance)
NSO	National Strategic Objectives
PCM	Presidenza del Consiglio dei Ministri (Presidency of the Council of Ministries)
PCSD	Policy Coherence for Sustainable Development
PCSD Project	Policy coherence for sustainable development: <ul style="list-style-type: none"> <li>mainstreaming the SDGs in Italian decision-making process”, funded by the EU Structural Reform Support Programme, requested by MiTE and</li> <li>implemented by the OECD.</li> </ul>
PiTE	Piano per la Transizione Ecologica – Ecological Transition Plan
PNR	Programma Nazionale di Riforma – National Reform Programme
PNRR/NRRP	Piano Nazionale di Ripresa e Resilienza – National Recovery and Resilience Plan
PON/ONP	National Operational Programmes – Piani Operativi Nazionali
POR/ROP	Regional Operation Programmes – Piani Operativi Regionali
PTE	Plan for the Ecological Transition - Piano per la Transizione Ecologica
SNSvS/NSDS	Strategia Nazionale per lo Sviluppo Sostenibile – National Sustainable Development Strategy
Tecnostruttura	Tecnostruttura for the Regions for the European Social Fund
Workshop 1	“Simulation of a coherent decision-making process around 3 strategic objectives of the SNSvS Prosperity Area” (16 <sup>th</sup> -17 <sup>th</sup> December 2020)
Workshop 2	“Establish institutional mechanisms for strengthening policy coherence between external and domestic policies” (31 <sup>st</sup> March 2021)
Workshop 3	“Connecting the existing evaluation and monitoring mechanisms related to sustainability within the revision of the National Sustainable Development Strategy and towards the PCSD Action Plan” (17 <sup>th</sup> June 2021)

# 1 Introduction

The Directorate-General for sustainable growth and quality development (CRESS), within the Department for ecological transition and green investments (DITEI) of the Ministry for Ecological Transition (MiTE)<sup>1</sup> requested assistance to the General Directorate Reform of the European Commission to develop a more coherent and effective approach to sustainable development. This support aims at addressing governance challenges to sustainable development by breaking policy silos, improving sustainability measurement and analysis, strengthening multi-stakeholder dialogue and enabling an effective mainstreaming of SDGs into Italy's policy-making cycle at all levels of government.

The OECD has been identified by DG Reform of the European Commission, to provide support to the Italian government to revise<sup>2</sup> and implement the NSDS, by developing *through a participative process, a Policy coherence for sustainable development Action Plan* that effectively supports the implementation of the NSDS. The project started in March 2020 and will end in December 2021 in parallel to the presentation, approval and publication of the revised National Sustainable Development Strategy (NSDS). During the implementation period of the project, Italy underwent a series of institutional and regulatory changes that have influenced the scope and the results of the project and that this Scan captures up to early June 2021.

During the scoping phase<sup>3</sup> of this project, after consulting with the relevant central administrations,<sup>4</sup> in line with Delibera 108/2017, subnational and non-state stakeholders, the OECD and the MiTE jointly identified priorities areas for building capacities and governance processes for enhancing sustainable development. The MiTE together with the Cabina di Regia Benessere Italia (Steering Committee Wellbeing) within the Presidency of the Council of Ministries (PCM), involved also all the line Ministers adhering to the Cabina.

Three areas have emerged as priorities to be tackled during the multi-stakeholder workshops organised within the framework of this project:

1. Identifying likely 2030 scenarios that Italy will face in particular in the area of Prosperity (as declined in the NSDS) and cross-sectoral aspirational policies to address them. This workshop was held online on December 16-17, 2020(Workshop 1).
2. Identifying mechanisms for increasing coherence among domestic and external policies. An online workshop was held on 31 March 2021 (Workshop 2).
3. Taking stock of the existing evaluation mechanisms related to sustainability and consider their systematisation around the set of 43 indicators for monitoring the NSDS. An online workshop was held on June 17<sup>th</sup>2021 (Workshop 3).

This scan is drafted according to the principles of the OECD Recommendation on Policy Coherence for Sustainable Development, hereafter PCSD Recommendation (Figure 1) (OECD, 2019<sup>[1]</sup>) and its related [toolkit](#). It highlights a number of enablers for effective and integrated implementation of the SDGs – institutional mechanisms and strategic frameworks for policy coherence, civil service skills and leadership capabilities, analytical tools to anticipate and monitor progress. It also aims to pinpoint the corresponding situation in Italy in each of these areas.

**Figure 1.1. Eight guiding principles for policy coherence**

**Inform decision-making** and adjust policies in light of potential negative effect

Systematically **consider the effects of policies** on people's well-being "here and now", "elsewhere" and "later"

**Engage all relevant actors** to identify challenges, set priorities, align actions and mobilise resources

Align priorities and **promote co-ordinated action at different levels of government**



**Mobilise whole-of-government action** and orient policy development towards sustainable development

**Support present needs and those of future generations** in a balanced manner

**Capitalise on synergies and address trade-offs** between economic, social and environmental policy areas

**Resolve divergences between policies**, including between domestic and external policies

Source: OECD Council Recommendation on PCSD: <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0381>

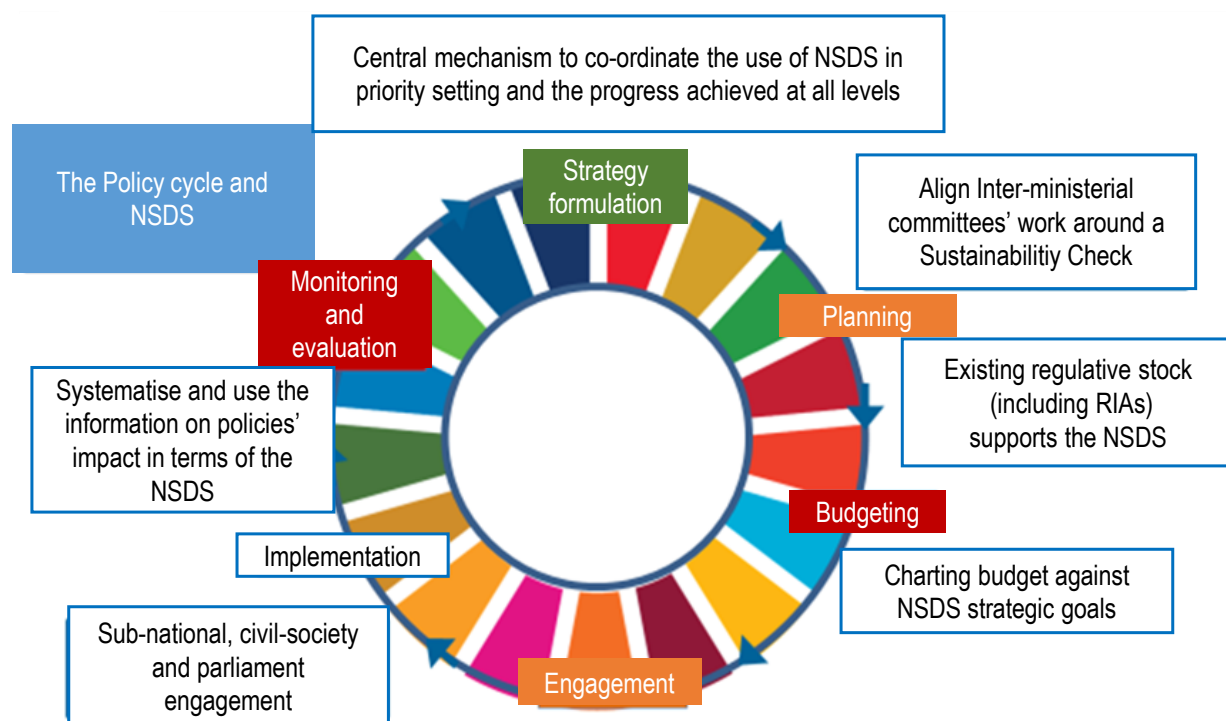
Specifically, the PCSD Recommendation presents a set of eight principles for promoting PCSD (Figure 1.1), which are organised under three main pillars. It calls on adherents to develop:

- A strategic vision for implementing the 2030 Agenda underpinned by a clear political commitment and leadership to enhance policy coherence for sustainable development.
- Effective and inclusive institutional and governance mechanisms to address policy interactions across sectors and align actions between levels of government.
- A set of responsive and adaptive tools to anticipate, assess and address domestic, transboundary and long-term impacts of policies.

To advance on each of these pillars and successfully implement the SDGs, countries could make use of existing public governance mechanisms and tools. Such tools can help civil servants to prioritise and set national targets and objectives across the policy spectrum, and to mobilise and allocate resources accordingly. They contribute to supporting a shift from traditional siloed policy making to more integrated approaches that also balance short- and long-term priorities, and consider potential impacts in the pursuit of sustainable development. Similarly, there is a range of analytical tools that can support civil servants in anticipating, monitoring and reporting on progress.

At each step of the policy cycle, different approaches and tools can be considered. This Governance Scan considers tools that have been used or could be developed during different phases of the Italian policy cycle (see Figure 1.2).

**Figure 1.2. Entry points for strengthening policy coherence across the Italian decision-making cycle**



Source: Author's elaboration

This analysis was centred on desk research, as well as on the information collected during the scoping calls, bilateral interviews conducted between September 2020 and June 2021 and the data collected through the OECD Questionnaire for the Governance Scan from central administrations, regions, independent provinces, civil society and metropolitan areas<sup>5</sup> between October and December 2020.

## References

OECD (2019), *OECD Recommendation on Policy Coherence for Sustainable Development*, OECD Legal Instruments, OECD/LEGAL/0381, OECD, Paris, <https://www.oecd.org/gov/pcsd/oecd-recommendation-on-policy-coherence-for-sustainable-development.htm>.

[1]



## Notes

<sup>1</sup> According to Decreto Legge 22 of the 1st of March 2021, converted with modification through Law 55 of 22 April 2021 (from now on Law 55/2021), the Ministry for Environment, Land and Sea changed its name to Ministry for Ecological Transition (MiTE). It acquired greater competences, primarily, but not only, on the sector of energy, previously included in the Ministry of Economic Development. Moreover, during the finalisation of the Governance Scan, MiTE is undergoing a second internal re-organisation that is expected to include changes in the current organigramme and in the mandates/names of the Directorate Generals. An Inter-ministerial Committee for co-ordinating the activities related to the Ecological Transition has been created, <https://www.minambiente.it/comunicati/il-professore-roberto-cingolani-e-il-nuovo-ministro-dell-ambiente>. Decreto Legge n.22 of 1st March 2021 with modifications through Law 55 of 22 April 2021, “Disposizioni urgenti in materia di riordino delle attribuzioni”.

<sup>2</sup> According to the Governmental Decision (CIPE 108/2017) the Ministry for Environment, Land and Sea is responsible for reporting every year on the implementation of the NSDS to the CIPE and to update it every three years. In the meanwhile, CIPE has been transformed in CIPESS and the NSDS is to be validated by CITE.

<sup>3</sup> The scoping calls involved at the central level the Cabina di Regia Benessere Italia (Steering Committee Well-Being Italia) within the Presidency of the Council of Ministry (PCM), Dipartimento per la programmazione e il coordinamento della politica economica DIPE (Department for programming and co-ordinating economic policies) within the PCM, Department for territorial cohesion within PCM DPCoe, Department for European Policy DPE within PCM, Ministry of Foreign Affairs and International Cooperation MAECI, Ministry of Economy and Finance MEF. Equally in June 2020 the project was presented during two webinars to the National Forum for Sustainable Development and to the regions, autonomous provinces and metropolitan cities involved in the Working tables on the implementation of the NSDS (Tavoli di confronto per l’attuazione della SNSvS).

<sup>4</sup> The informal engagement group (Gruppo di contatto PCSD) is initially composed by the Cabina di Regia Benessere Italia (Steering Committee Well-Being Italia) within the Presidency of the Council of Ministry (PCM), Dipartimento per la programmazione e il coordinamento della politica economica DIPE (Department for programming and co-ordinating economic policies) within the PCM, Department for territorial cohesion DPCoe within PCM, Department for European Policy DPE within PCM, Ministry of Foreign Affairs and International Cooperation MAECI, Ministry of Economy and Finance MEF. The group has been set up to contribute to both: developing the content and operationalising the activities of the project. The Cabina di Regia Benessere Italia’s mandate has not been reconfirmed and it does not participate to the Gruppo di contatto.

<sup>5</sup> The respondents to the OECD Survey include: Dipartimento per la programmazione e il coordinamento della politica economica DIPE (Department for programming and co-ordinating economic policies) within the PCM, Department for territorial cohesion within PCM, Ministry of Foreign Affairs and International Cooperation MAECI, Ministry of Economy and Finance MEF, Regione Emilia Romagna, Regione Lombardia, Regione Sardegna, Provincia di Trento, CM di Catania, Firenze, Genova, Milano, Roma, and Reggio Calabria.

# 2

## Block 1: Vision and Leadership

The first pillar of the PCSD Recommendation focuses on a strategic vision for implementing the 2030 Agenda underpinned by a clear political commitment and leadership to enhance policy coherence for sustainable development.

### Political Commitment and Leadership

#### *Developing a specific document that lays out the country's SDG strategy*

Most OECD countries have developed national strategies and action plans to implement the Sustainable Development Goals (SDGs). This document provides the indispensable reference to guide the different Ministries and levels of government to ensure a common vision and identification of priorities. The sustainable development strategy process offers an opportunity to build on complementarities of sectoral plans, programmes and policies in the economic, social and environmental areas, and to pursue a common whole-of-government agenda (OECD, 2019<sup>[1]</sup>).

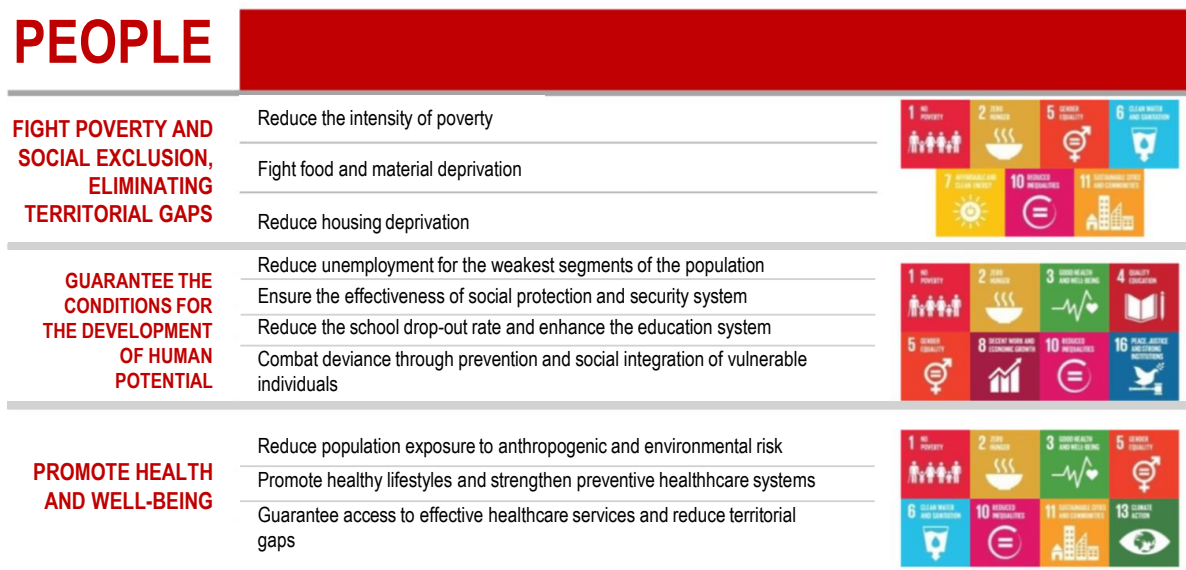
In Italy, the National Sustainable Development Strategy (NSDS) provides the overarching strategic framework to guide the implementation of the 2030 Agenda at the national level (Ministry of Environment, Land and Sea, 2017<sup>[2]</sup>). The NSDS was approved in 2017 by the Interministerial Committee on Economic Programming (Delibera CIPE 108/2017) and published in the official Journal (Gazzetta Ufficiale) on May 15<sup>th</sup>, 2018. The NSDS has been defined as an update of the former Environmental Action Strategy for Sustainable Development (2002-2010), adopting a wider, sustainability-based, perspective.

The NSDS was developed through a wide consultation process. All line Ministries, agencies, 217 academic institutions and 4 public research institutes as well as more than 200 NGOs were consulted to provide their factual and prospective inputs. This process helped to ensure an approach based on scientifically founded information and build a common understanding of national strategic priorities for sustainable development. In the final steps, this process should have identified strong linkages to the National Reform Programme (PNR), dealing with social and economic programming in the context of EU policies and processes and containing the bulk of present and future Government actions (Ministry of Environment, Land and Sea, 2017<sup>[3]</sup>).

The NSDS sets the Government's commitment to define coherent, global and efficient policy actions that consider the whole spectrum of the dimensions of well-being with a particular attention to the principle of leaving no one behind. It is structured in six areas covering the five dimensions of the 2030 Agenda: "People, Planet, Prosperity, Peace and Partnership", and an additional area that defines a set of sustainability "vectors", including: common knowledge; monitoring and evaluating policies, plans and projects; institutions, participation and partnerships; education, awareness and communication; and modernising public administration and restructuring public expenditure. Under each strategic area (below the example of the Area People is provided) the NSDS identifies several National Strategic Objectives

(NSOs) and the SDGs related to them (see Figure 2.1). The NSDS prioritises connect the Goals and Targets across the 2030 Agenda rather than picking a sample of targets per each goal.

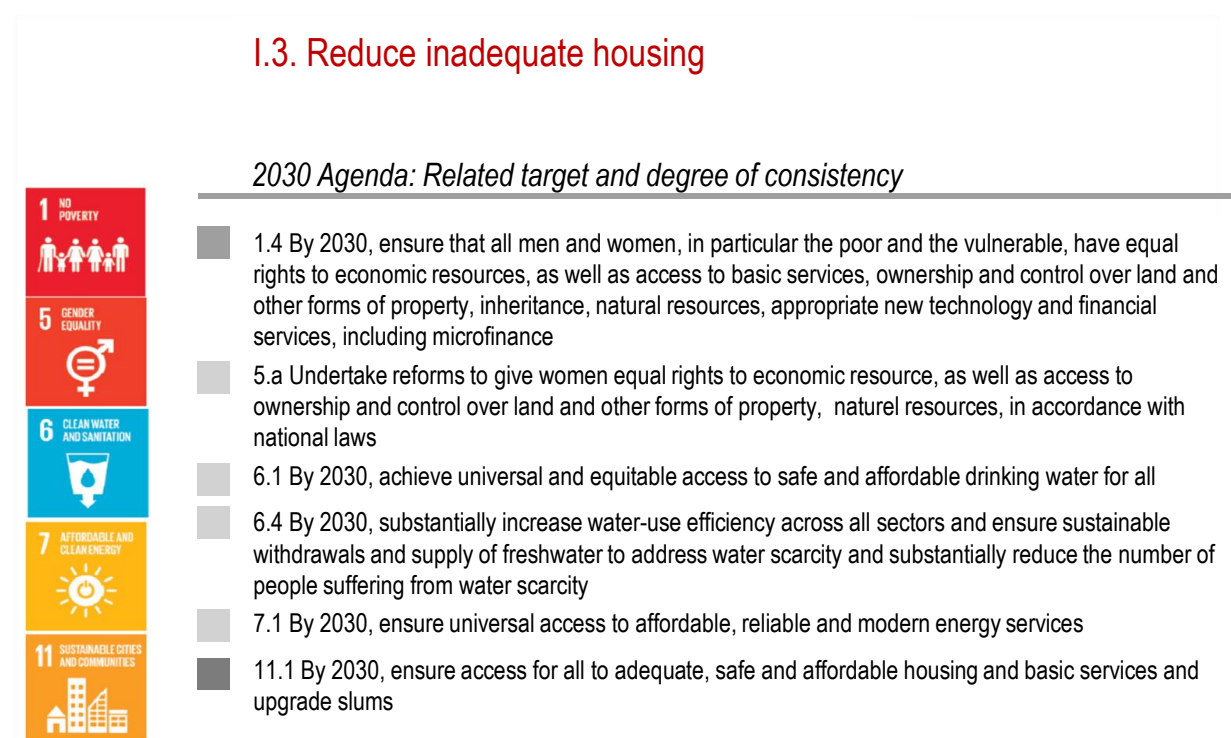
**Figure 2.1. NSDS: National strategic objectives identified under the strategic area People**



Source: Italian National Sustainable Development Strategy, Ministry of Environment, Land and Sea, 2017.

For each national strategic objective (NSO) the NSDS maps the relevant SDGs targets that will have to be selected to monitor its implementation (see Figure 2.2). This constitutes a useful starting point for formulating cross-sectoral actions, in line with each NSO, while keeping in mind their multi-dimensional impact. However, several stakeholders who participated in OECD interviews also pointed to the difficulty of predicting the implications and managing the politics of a policy objective that is linked to too many SDGs targets. Indeed, there is a trade-off to be considered between the risk of siloed policies (ministries reasoning in terms of “implementing my SDGs”) and the risk of formulating Strategic objectives that are too “inter-connected” and could remain neglected as nobody is hold accountable for their implementation.

Figure 2.2. Example of a strategic objective and related SDGs targets



Source: National Sustainable Development Strategy, Ministry of Environment, Land and Sea, 2017.

According to the 108/2017 CIPE decision (Para 2.1), an operationalisation document should have been proposed by the MiTE to the Committee for Economic Programming (CIPE) within one year but has never been produced. This document had the mandate to: quantify numerical objectives to 2030, further defining the initiatives for its implementation and methodologies for monitoring and evaluating the contributions of current and future policies to the achievement of the NSDS objectives. Such an operational document would be essential to increase the capacity of the NSDS to influence policy making by defining concrete milestones and time-bound actions associated with the general strategic objectives against which the contribution of governmental policies can be assessed.

The NSDS expresses Government's commitment to mainstreaming the SDGs in the national economic, social and environmental programmes. The "vectors" for the NSDS implementation include, for instance, monitoring and evaluation (II.1 Ensure definition and continuity of integrated monitoring and evaluation systems for policy and projects; II.2 Ensure integrate monitoring and evaluation of the NSDS) and institutional settings (III.3 Ensure active civil society engagement in decision-making, implementation and evaluation of public policies; III.2 Ensure effective mechanisms for interaction among institutions and for the implementation and evaluation of the NSDS). Even more importantly, the strategy mentions the programmatic documents to which it should be linked to ensure its implementation: the National Reform Programme (PNR) and, more in general the annual Economy and Finance Document (Documento di Economia e Finanza DEF). These vectors are in line with the OECD Recommendation on PCSD. In practice, the implementation of the vectors has been asymmetrical. Some practices such as multi-level co-ordination and territorial engagement for SDGs, are remarkably enhanced and set Italy ahead of most OECD countries in the implementation of PCSD recommendations (see Sections on Subnational Engagement and Stakeholder Engagement). Other areas, such as ensuring integrated monitoring (See section on Well-being and sustainability measurement frameworks in Italy) and effective cross-ministerial

interaction (see Section on Whole-of-government co ordination), could be strengthened in order to use the Strategy as a common framework for effective and efficient programming, integrating sustainable development into sectoral policies.

The current revision process steered by the MiTE represents the opportunity to set quantitative targets towards 2030 for each NSO of the NSDS and link them with the strategies currently being formulated/updated and to formulate an Action Plan for PCSD (see Box 2.1).

### **Box 2.1. Objectives of the revision of the National Strategy for Sustainable Development NSDS (2021/2024)**

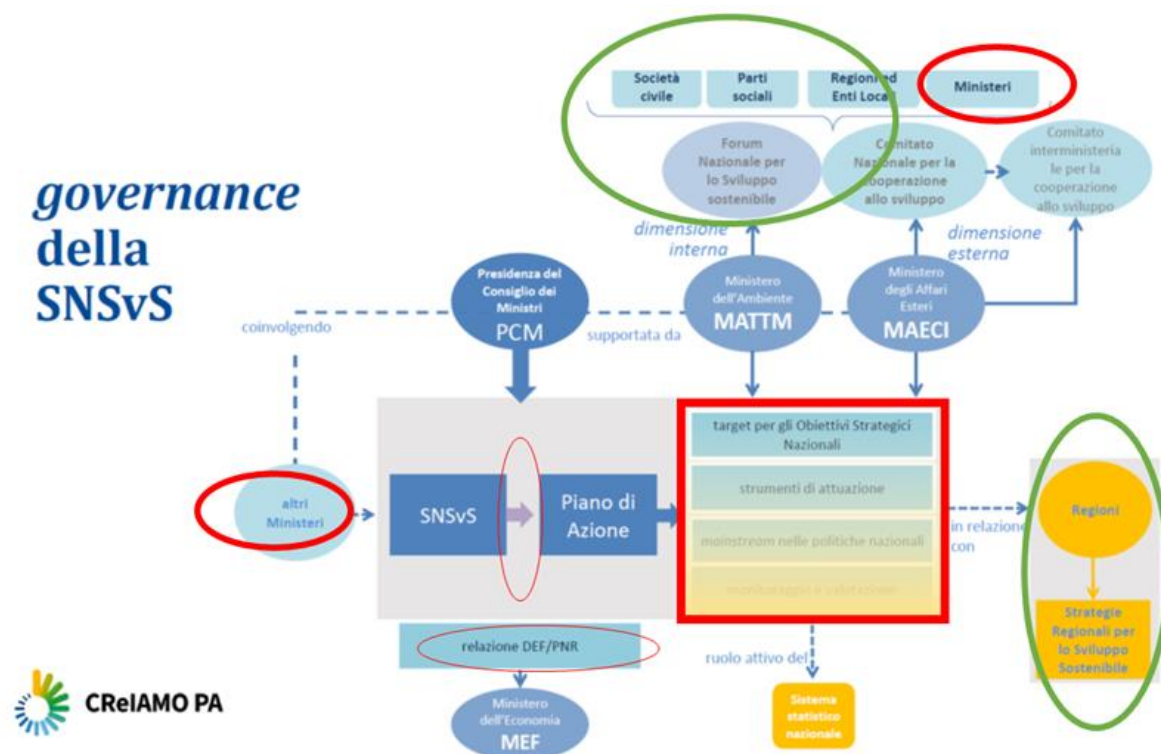
Overall, the process aims at operationalising the NSDS. The NSDS has the ambition to offer a reference framework for public policies also in the post-COVID-19 context.

Specifically, the revision process should:

- Strengthen the NSDS as a reference framework for the different strategic, programming and thematic initiatives that are developing in view of a more coherent policy making for sustainable development.
- Ensure all national strategic objectives of the NSDS are covered by related targets and indicators.
- Consider the Sustainability vectors identified in the NSDS as the enabling conditions for activating and maintaining Italy's sustainable recovery and the transition envisaged in the 2030 agenda.
- Work with the OECD and the European Commission to develop a PCSD Action Plan that will act as the main tool for policy integration and coherence as foreseen in the 2030 Agenda and needed for making progress in the implementation of the NSDS.
- Strengthen the links and collaboration spaces across central administrations ensuring effective governance for sustainability.
- Build on the territorial working parties established by the MiTE with Regions, Autonomous Provinces and Metropolitan areas as well as the Forum and consider actions for strengthening and scaling up their work.

Source: Ministry for Ecological Transition, 2020 Report on the implementation of the NSDS, 2021.

Figure 2.3. Governance of the NSDS



Note: Circles in red represent mechanisms foreseen in the NSDS that could be strengthened and in green the ones established.  
 Source: MiTE. The NSDS governance is currently being reviewed as part of the NSDS revision.

## Strategic Long-term Vision

### Box 2.2. Principle 2 from OECD Recommendation on Policy Coherence for Sustainable Development

Defining, implementing and communicating a strategic long-term vision that supports policy coherence and orients the government and stakeholders towards common sustainable development goals.

- Develop a strategic long-term vision that defines desired sustainable development outcomes, scenarios and actions to enhance coherence across sectors and government levels, and between external and domestic policies in areas that are likely to affect developing countries;
- Use existing tools such as strategic foresight, scenario development and systems thinking approaches in the formulation and implementation of policies, to identify, prevent and mitigate actual and potential adverse impacts on the well-being and sustainable development prospects of future generations.

Source: OECD, Recommendation of the Council on Policy Coherence for Sustainable Development, [OECD/LEGAL/0381](https://www.oecd.org/legal/policy-coherence-for-sustainable-development/).

A successful National Agenda for sustainable development requires a **strategic long-term vision** that is ideally built using **strategic foresight methodologies**. The long-term vision defines the desired sustainable development outcomes and thereby serves as a common reference point around which to align and co-ordinate action across different sectors and levels of government. The ongoing application of strategic foresight ensures that the vision (and the strategies and actions that flow from it) remain ready and adaptable in the face of multiple possible future developments and scenarios. The ongoing application of foresight helps ensure that the long-term vision evolves over time as circumstances change. It is by continually identifying emerging future possibilities (and exploring the new opportunities and challenges they could create) that needed adjustments can be made to the vision strategy. This is in line with the recent declaration of the Italian Ministry for Ecological Transition (MiTE) who expressed the view that targets for the green transition need to be constantly updated based on foresight data, in order to re-adjust them for new scenario and analysis.<sup>1</sup>

Overall, Italy's current capabilities in this area appear to be mixed. While the NSDS contains certain elements of a forward-looking vision, it is unclear to what extent this vision is widely shared and understood across government Ministries and the broader public, or to what extent its development has been informed by a strategic foresight approach to account for future uncertainties. Currently, Italy's broader system for future-oriented public policy includes a number of key assets including strong capacities for quantitative modelling and forecasting within the Ministry of Economy and Finance, and some foresight capacities outside of government including the Futura Network, the Association of Italian Futurists and a master's programme in foresight at the University of Trento (University of Trento, 2021<sup>[4]</sup>). These elements show a desire to engage with and explore the future, which could form the foundation upon which a world-class anticipatory governance system can be built. However, as is discussed further below, Italy seems to lack some of the core components of an integrated system to conduct longer-term strategic foresight work exploring key future uncertainties. This includes the apparent absence of a dedicated foresight unit in government to lead and champion horizontal foresight work as well as regular foresight practices and processes held between and across Ministries.

### Box 2.3. Key Process Results Related to Policy Foresight and Anticipatory Governance

The results of the surveys and workshops conducted with a multi-regional and multi-sectoral group of Italian partners provided insights on the current strengths and barriers to anticipatory governance in Italy. The surveys and workshops demonstrated a widespread desire to use the National Sustainable Development Strategy as a strategy to co-ordinate strategies within Italy to promote long-term success and resilience as well as a recognition of the need to think systematically about the social, environmental and economic aspects of a sustainable transition. In this context, the three-year deadline for the revision of the NSDS was recognised as an opportunity to react more promptly and efficiently to systemic changes.

The workshops and surveys highlighted that the obstacles to collaborative and forward-looking policy facing most countries are present in Italy as well. However, interesting experiences from the local level on overcoming policy silos and involving civil society representatives show a promising foundation that can be built upon in order to achieve greater co-ordination and anticipation in Italian policy making.

This section was also informed by interviews with leading Italian futurists and Italian public officials along with research into foresight systems within Italy and other countries.

A fully developed system for ongoing strategic foresight and anticipatory governance typically includes a number of key **practices, processes, institutions, and capacities**. By examining each of these elements, and successful examples in different countries, we can identify potential strengths and areas for improvement in Italy. While many configurations of these elements are possible, what is important is that

together they form an integrated system for the ongoing application of strategic foresight to public policy making. Such a system of anticipatory governance is indispensable for developing, updating and implementing Italy's sustainable development strategies, as well as for developing other broad or sectoral societal strategies in the face of rapid change and high uncertainty about the future.

### Box 2.4. Forecasting vs Strategic Foresight

Forecasting and other types of modelling rely on the projection of existing data into the future. Forecasting depends on the expectation that existing trends will continue along similar trajectories and often involves predictions about what the future will be. Strategic foresight is about the anticipation of and preparation for change and is focused on a wide range of futures that could come to pass. Foresight involves inquiry into our assumptions about the future in an attempt to discover where commonly held expectations of continuity may be flawed. Foresight teaches us to embrace multiple possible futures and design strategies that will be effective in a variety of different circumstances that could diverge from even our best-data-driven predictions. After all, there is by definition no data about the future only assumptions of the future based on data from the past. Foresight typically takes place on a time horizon of at least 10-15 years, a range in which significant changes are likely but the exact nature of those changes is very difficult to predict with any precision.

While most government Ministries in Italy have forecasting capacity, there are no official foresight units within major Italian Ministries, though some work is being done to develop that capacity. There is not at this time a Minister of the future in Italy.

### Practices

Successful strategic foresight involves regularly conducting the following practices: initial research, horizon scanning, scenarios development, and cross-sectoral analysis. Once these steps have been completed, the foundations will have been laid for the development of a long-term strategic vision that can be developed through aspirational foresight. There is a wide range of strategic foresight methodologies that can play a part in good anticipatory governance practice by assisting in the development, stress-testing and adaptation of a long-term vision for sustainable development. What methods are selected is bound to vary depending on the available resources and the local context.

The first step in strategic foresight is scanning. Scanning involves two components: establishing a baseline of what is currently known and expected in the field and then identifying signals of what could change through horizon scanning. As mentioned in Box 2.3, analysis of the latest data, trends and forecasts is necessary, but not sufficient for good long-term strategies because it struggles to account for the many ways the future could be very different from the present. Still, an accurate understanding of where things sit currently, how major sectors have been developing recently and where experts believe we might be headed is an important foundation upon which to build long-term strategies. A valuable practice in developing an accurate picture of where the most knowledgeable people in a field expect the world to be heading is a Delphi exercise. Delphi exercises involve a series of surveys sent to experts where they are asked to identify and rank the changes that could be most significant in the coming years.

**Horizon scanning** is the practice of searching for emerging signs of potential future disruptions. It is important to remember that some of today's megatrends were not on the top of most experts' priority lists 10-15 years ago. For instance, Facebook was founded in 2004 and the first iPhone was unveiled in 2007. Horizon scanning involves research into what is changing in a number of different sectors and systems in society. Scanners should find new developments and imagine what the wider implications would be if these signs of change (or **weak signals**) were to grow exponentially into megatrends. Horizon scanning relies on a broad reading of news and literature as well as interviews with subject matter experts. In researching



and reflecting, scanners may be able to identify potential blind spots that could undermine forecasts and other expectations about the future.

A third key foresight practice is to develop **multiple plausible future scenarios**. Scenarios are illustrations about what the future could plausibly look like that draw on the scanning and other research done by foresight practitioners and the experts they consult. Once the scenarios are developed, foresight practitioners can lead policy makers through exercises where they discuss what that scenario would mean for society and how the current strategies might perform under different circumstances. This can lead to new awareness of vulnerabilities within the strategy or the discovery of potential opportunities that may have otherwise would have been missed. Scenarios workshops are designed to lead to action steps where strategies are adapted to raise the likelihood of success in a variety of different circumstances. Scenarios are also a **useful tool for ex ante policy assessment**, as they integrate dynamic analysis in *ex ante* project assessments rather than just forecasting a single expected future where government strategies will take place. This need to stress-test strategies and planned interventions against the range of potential futures to verify their robustness was identified in surveys and workshops as in Italy.

The Italian Ministry of Economy and Finance has begun to incorporate some early elements of scenarios practice into their economic forecasting (Chamber of Deputies, 2020<sup>[5]</sup>). These are forecasting exercises that correspond to the timeline of the programming cycle of the budget law (3 years). This exercise provides every year two future scenario: one with no policy and one with policy. The methodological framework behind the definition of policy scenarios includes potential external shocks and large-scale uncertainties. The effect of the COVID-19 pandemic on macroeconomic fundamentals may be just an example.

Examples of foresight work usually use a timescale of at least ten years and regularly looks to 2035, 2040 or even 2050 as the main subject of discussion. At the subnational level, such foresight methodologies were employed. For instance, in the development of a sustainable vision for 2040 of Trento Province, 2025 and 2030 were seen as a step towards long-term transformation.

It is often forces beyond the control of policy makers in one country that throw medium- and long-term strategies off course. These sorts of changes beyond the control of local or national officials could plausibly impact many of Italy's sustainable development objectives. Examples of this include how affirming sustainable patterns of production and consumption would do well to reckon with the ways in which synthetic biology, including advances in lab-grown meat (Carrington, 2020<sup>[6]</sup>) and vertical farming (Koetsier, 2020<sup>[7]</sup>), as well as geopolitical realignment could radically alter systems of food production and distribution in the next 10-15 years. Still, there is a clear commitment to growing the foresight and utilising scenarios thinking in Italy, which places Italy in a position where it could soon grow into a world leader in anticipatory governance. As showed by Workshop 1 implemented within the framework of this project<sup>2</sup>, there was a clear understanding of the potential impact of external shocks among participants which confirms that the foundations are in place for the expansion of anticipatory governance capacity in Italy.

A fourth key practice in strategic foresight is to use lenses of analysis that cut across sectors and periods of time. Besides the embracing of multiple possible futures, anticipatory governance relies on a multi-sectoral perspective and a multi-generational lens. A common practice for multi-sectoral analysis is the **S.T.E.E.G. approach** where analysts or workshop participants reflect on the potential implications of an emerging disruption or scenario for the following systems: Social, Technological, Economic, Environmental, and Governance. This lens would be a useful way to meet the need identified in Workshop 1.

An **intergenerational fairness** lens is also an important component for assessing and evaluating the long-term implications of a policy. According to the School of International Futures, which developed a Framework for Intergenerational Fairness and a policy assessment toolkit, policies that are intergenerationally fair “allow for people of all ages to meet their needs” and “meet the needs of the present without compromising the ability of future generations to meet their own needs” (School of International Futures, 2020, p. 6<sup>[8]</sup>). The Framework was piloted in Portugal in 2020 and intersects with mechanisms

such as the Sustainable Development Goals. There is no evidence of these cross-sectoral and multi-generational lenses being applied in the emerging forward-looking policy work within the Italian government.

Long-term goals and strategic visions can be developed using practices of **aspirational foresight** once the foundational foresight work has taken place. One of the most well-established practices for this is **backcasting** where process participants articulate a desired future, understood it normatively, and then work backward identifying signs that such a future could happen and what actions are needed today to move towards that future (Robinson, 2003<sup>[9]</sup>).

Whatever method of vision-building is used, making the vision development process **participatory** is a best practice, as the Austrian example of your involvement in designing and implementing national strategies (see Box 2.5). This will help promote the levels of buy-in so the vision can be adhered to over the long term. Given the innovative and out-of-the-box nature of foresight outputs, final foresight products sometimes struggle to convince those who were not involved in the process and may be holding tightly to flawed assumptions about the future. While there was no evidence found of participatory and aspirational foresight work being conducted in the Italian government, the emergence of groups within Italy engaging in futures studies (discussed below) is a reassuring sign that there is the potential for such aspirational and participatory work to be undertaken in the near future. The work done in the Metropolitan Area of Reggio Calabria, supported by a MiTE grant, is also an example of multi-stakeholder work that could provide a number of lessons for participatory long-term vision-building.

### Box 2.5. The Austrian Youth Strategy

The Austrian Youth Strategy aims at strengthening and developing youth policy across all sectors. The Strategy is intended as an ongoing process and is subject to continuous development, while also being anchored in the current government programme 2020-2024. The operating unit of the Strategy is the Youth Competence Centre within the Federal Chancellery, whose goal is to develop a network between different youth policy stakeholders and to better co-ordinate interministerial measures. The Strategy is linked to the European Youth Goals, which also covers many SDGs. According to the Strategy, each ministry adopts one or more youth objectives related to its area of competence and the specific measures for their implementation, while also a cross-sectoral working group was created to foster dialogue and exchanges. By resolution of the Federal government of September 2020, the Austrian Youth Goals were adopted by all ministries. Each goal is assigned to a field of Action of the national Youth Strategy, which are currently 4: learning and employment, participation and initiative, quality of life and a spirit of co-operation, media and information.

Young people can give feedback and discuss with the Federal ministries the implementation of these measures, engaging in Reality Check workshops with national officials and giving their point of view on the chosen youth goals and measures and on the contribution of the Austrian youth goals to the implementation of EU Youth Goals.

Source: Austrian Youth Strategy, <https://www.women-families-youth.bka.gv.at/youth/youth-strategy.html>.

## Processes

Good strategic foresight processes are adapted to the specific context in which they find themselves. As much as possible however, good strategic foresight processes are ongoing, rather than single events, are open to a wide variety of participants and provide timely advice and long-term contextualisation at the time of greatest need for policy makers. Examples from some of the most well-established countries when it

comes to strategic foresight help illustrate the ways in which processes can be put in place to promote anticipatory governance.

Ideally, foresight activities should be a fully integrated part of organisational routine with regular activities bringing together multidisciplinary perspectives at every stage in the policy cycle. As the United Nations Development Programme noted in their Foresight Manual, forward-looking policy making requires lasting engagements not one-off workshops (2018<sup>[10]</sup>). One of the concrete pathways identified during the Workshop with Italian stakeholders was to **regularly conduct forecast activities when drafting or updating planning tools** (i.e. regular updates of climate adaptation strategies, circular economy action plan), in particular the three-years revision process of the NSDS offers an opportunity to test whether systemic changes are occurring which challenge the assumptions underlying effort.

A good example of ongoing foresight processes comes from Policy Horizons Canada, the government of Canada's central body for strategic foresight. Policy Horizons host **weekly scanning clubs** open to all of government where the disruptive potential of several weak signals of change found by foresight analysts are discussed. There are several units within the rest of the Canadian government that have replicated these regular scanning sessions in order to strengthen internal monitoring of potential disruptions. Policy Horizons also hosts themed discussions and webinars on the topics foresight researchers are currently working on such as the Biodigital convergence (Canada, 2021<sup>[11]</sup>). The organisation invites experts from across the Canadian government and partner organisations to attend regular sessions where emerging drivers of change identified by foresight researchers are discussed and commonly held assumptions about the world are challenged and refined.

Foresight practitioners in Singapore, which has a 40-year history of strategic foresight at the heart of government, have developed world-class foresight processes that engage key stakeholders and provide timely input to high-level decision makers. The foresight team at the Centre for Strategic Futures adapted their tried and tested foresight process at the outbreak of the COVID-19 pandemic in order to help guide the country through the crisis. The government foresight practitioners immediately began analysing how the pandemic was impacting existing trends or introducing new dynamics. The foresight team created a space for **cross-sectoral dialogue** and collective strategy formation by convening workshops with experts internal and external to government. Perhaps most critically, the foresight team embraced a "perpetual beta" approach where early versions of products were made available and updated as the situation developed (Kwek and Parkash, 2020<sup>[12]</sup>). This ensured decision makers would receive a regular flow of analysis of the long-term context which helped avoid short-sighted responses. In a similar vein as Singapore, the autonomous province of Trento appointed multiple futurists and academic experts to a task force that conducted scenario analysis for the short- and medium-term to help navigate the COVID-19 crisis (Associazione Futuristi Italiani, 2020<sup>[13]</sup>).

Another example of successful anticipatory governance processes comes from the United States National Intelligence Council which publishes regular reference scenarios exploring alternative plausible futures as well as analysing major global trends (National Intelligence Council, 2017<sup>[14]</sup>). The reports come out every four years coinciding with a new US presidency. The reports allow policy makers across the US government to stress-test their medium- and long-term strategies and major policy initiatives against the scenarios to ensure they are future-ready. Having participants from several different sectors within and even beyond government in the development of scenarios can also catalyse policy co-ordination as participants reflect on how their organisation may fit into this long-term context. While there was no Italian government equivalent to the national reference scenarios found, the practice of generating and releasing macro-level reference scenarios is being embraced by the European Commission in order to promote more future-ready policymaking within Europe.

## ***Institutions***

Several institutional models support effective anticipatory governance within countries as well as at the supra-national level. These can take the form of senior officials charged with overseeing anticipatory governance activities, central foresight units within governments and key Ministries, or networks for foresight collaboration.

When it comes to the institutionalisation of long-termism, one shining example is Wales which named Sophie Howe the world's first future generations commissioner to champion the interests of those who have not been born (Balch, 2019<sup>[15]</sup>). Finland's Parliamentary Committee for the Future is another example of a high-level commitment to the development of sustainable long-term visions and strategies. Similarly, Singapore's Centre for Strategic Futures is a think tank that sits within the Prime Minister's Office because of an institutional desire for strategic foresight to inform the most important decisions being made. There is not at this time an equivalent central foresight group within the Italian government. Last spring, the President of the Italian Futurist Association, called for the creation of a Strategic Foresight Centre at the Presidency of the Council of Ministers (PCM) (Associazione Futuristi Italiani, 2020<sup>[16]</sup>). In addition, the PCM has a key role in policy measurement as it collects data from evaluation and verification units for public investments (*Nuclei di Valutazione e Verifica degli Investimenti*), set up within the central (Ministries) and regional Administrations.<sup>3</sup> Given their role in monitoring the effective implementation of Italian policies, during OECD interviews and workshops it was suggested to strengthen the foresight capacities of these units at horizontal and subnational level. They could play a more active role in policy programming and related initiatives (National Evaluation System; Network of Units/Nuclei, internal evaluation activities within administrations, etc).

The European Commission has also shown a commitment to institutionalisation by naming Maroš Šefčovič Vice-President for Interinstitutional Relations and Foresight. The creation of this role not only signals a commitment to the development of a long-term vision for Europe, but the pairing of foresight with a crucial mandate regarding the machinery of government is an excellent example of how to position foresight work to be impactful. The European Commission hopes to expand the practice of foresight within European countries in order to help with policy co-ordination and resilience-building (European Commission, 2020<sup>[17]</sup>).

**Networks for foresight practitioners within government** are also a valuable way of increasing the institutional support for foresight through knowledge sharing and the exchange of best practices. Because anticipatory governance relies on horizontal collaboration, it is important to have institutional support for forums where connections can be made between different Ministries as well as with other levels of government and with civil society. The OECD's Strategic Foresight Unit hosts one such network, the Government Foresight Community, for government foresight practitioners (OECD Strategic Foresight, 2020<sup>[18]</sup>). The European Commission is also in the process of creating a European network of foresight practitioners to support the growth of anticipatory governance on the continent. While there is not a government foresight network in Italy, the Italian Alliance for Sustainable Development, which brings together more than 250 civil society actors, recently created the FUTURA network project to promote ongoing discussion of the future in Italy (FuturaNetwork, n.d.<sup>[19]</sup>). Other networks include the Association of Italian Futurists which includes a registry of future professionals working in Italy and Hey Futures, a network of graduates in the University of Trento's Master of Social Foresight programme which helps prepare innovative HR policies, market strategies and organisational models (Hey Futures, 2021<sup>[20]</sup>).

## ***Capacity***

In their Foresight Manual, the UNDP Global Centre for Public Service Excellence observes that "the core characteristics of classical public administration are rationality, predictability and hierarchy" (2018<sup>[10]</sup>). Anticipatory governance requires a mindset shift within government away from siloed, hierarchical and short-term thinking towards horizontal, long-term systems thinking. In order for policy makers at all levels

to support and ideally participate in strategic foresight processes, certain capacities must be developed within the public service and the society as a whole. These capacities are foresight training, relevant multidisciplinary subject matter expertise, and futures literacy within the wider population.

Anticipatory governance capacity in a country depends on the development of high-quality foresight practitioners. Foresight practitioners require a diverse set of analytical, interpersonal and emotional skills. Foresight practitioners are generalist researchers and systems thinkers, which means building a substantial breadth of knowledge. Practitioners need the ability to process large amounts of information to develop an understanding of as many social systems as a possible function because disruptions often emerge at the intersection of two social systems. Foresight practitioners must also be able to design, co-ordinate and facilitate ongoing and regular foresight processes that surface new insights based on the dialogue between process participants. Furthermore, foresight requires an emotional capacity because practitioners must be able to confront extreme levels of uncertainty and rationally analyse uncomfortable future scenarios that could come to pass, which can induce anxiety.

While strategic foresight for public policy is an emerging field, there are already a few educational programs that look to train even those at the management level in the skills needed to lead anticipatory organisations. One such programme is the Master's course in Social Foresight at the University of Trento (University of Trento, 2021<sup>[4]</sup>). This first-of-its-kind course in Italy was developed in close co-ordination with UNESCO and the course director is UNESCO's chair of Anticipatory Systems Professor Roberto Poli. The master is targeted at people who are already professionals in the public or private sector who are looking to integrate futures thinking into their work. The programme is heading towards its eighth year of operations and is in growing demand as the need for people with a future-oriented vision and the ability to design strategies to address complex emerging challenges are needed more and more in the business world. The course is comprised of an elite cohort of 25 students from diverse backgrounds to deliberately bring together the largest number of perspectives about the future.

In September of 2020, Italy also took steps towards raising the profile of future studies as a valued field of expertise when the National Agency for the Evaluation of University and Research (Anvur) officially recognised the journal *Futuri* (di Redazione, 2020<sup>[21]</sup>). *Futuri* was founded by the Italian Institute for the Future in 2014. This recognition marked the first time a journal of future studies received this status. The Association of Italian Futurists has also been pushing for official professional recognition of futurists from the Italian government, something that could help more people to invest in developing the skillset to become a strategic foresight practitioner.

Anticipatory governance relies on building synergies between experts from many different fields through workshops designed and convened by strategic foresight practitioners. Italy is fortunate to have a wealth of subject matter experts that can be drawn on across many fields. It is not clear however that there are regular efforts from government officials to convene experts from many different fields in ways that could identify emerging challenges and opportunities that may lie at the intersection of multiple disciplines.

Futures literacy is “a skill that allows people to better understand the role of the future in what they see and do” (UNESCO, n.d.<sup>[22]</sup>). Building this skill helps empower people to imagine and build different futures, as well as prepare for and recover from disruptions that may occur. Futures literacy is a capability that can be cultivated within entire populations in order to build up comfort with complexity and uncertainty. The development of this capability lays the foundation for a society to engage in large-scale participatory foresight projects that build widely-supported and aspirational long-term visions. Italy has existing champions of these kinds of work, chief among them of course is Professor Poli. A company called Skopia has developed Futures Laboratories within Italian schools cultivating the skill of futures literacy with over 2 500 children as young as 11 years old (Emanuelli et al., 2018<sup>[23]</sup>). The kind of work being done by the Metropolitan area of Reggio Calabria in creating courses in sustainable development and the 2030 Agenda for secondary school students is another example of forward-looking capacity building within Italy.

In terms of the development of strategic foresight capabilities within government, the *Scuola Nazionale dell'Amministrazione* is currently offering courses for public sector executives from across Italy focusing on various megatrends such as migration and demographics as well as an introduction to futures studies. Courses have also been offered at the *Centro Alti Studi Difesa* on complexity and futures studies. These are important signals of capacity building taking place within the Italian government and a clear step towards the strengthening of anticipatory governance capacity.

## Policy Integration

Policy integration is essential to balancing the economic, social and environmental dimensions of sustainable development, and to maximising synergies and managing trade-offs, across policy areas at all stages of policy making. It entails that different administrative sectors strive to take commonly agreed sustainable development objectives into account in their own programmes, plans and activities. Fragmented programming could potentially lead to poor co-ordination across sectors and levels, to policy duplication and overlap and wasteful spending. Consequent inefficient spending could lower the quality of service, hampering the achievement of sustainability goals with broader consequences for people's well-being.

The 2020 European semester report (European Commission, 2020) on Italy, mentions co-ordination issues 14 times as main challenge for implementing reforms and delivering services in several policy areas including ensuring that active labour market and social policies are effectively integrated. Policy integration is even more important in view of aligning long-term sustainable development objectives with the ones the government is currently formulating<sup>4</sup> to respond to the consequences of the COVID-19 pandemic and the implementation of the NextGenerationEU. Italy will receive EUR 191.5 billion from the Next Generation EU package, of which 68.9 billion grants and 122.6 loans<sup>5</sup> will be granted through the Recovery and Resilience facility. While the investment will have to be decided today (2021-2023) to be implemented by 2026, the vision inspiring these choices should be at least 2030 and 2050.

This section reviews current tools and mechanisms that have been experimented with for aligning decision-making processes with sustainable development and systematically assessing the compatibility of policies across sectors and with long-term objectives, including budgets, laws, regulatory policies and public procurement systems. New opportunities are open for integrating sustainable development in a balanced manner into sectoral plans, programmes and policies in the light of the governance framework that has been deployed for the implementation of the PNRR/NRRP.<sup>6</sup>

### ***Use NSDS as a reference framework for policy making***

In principle the NSDS, including numeric strategic objectives, would provide the overall framework under which all sectoral policies as well as financing packages (European Structural and Investment Funds, NRRP, Just Transition, PNR, etc.) could be linked. In practice, parallel decision-making and funding processes make the existence of one single document as the master framework for setting plans, programmes and policies across the board very challenging. A more co-ordinated use of **coherence matrixes** listed in the table below could be strategic to avoid entropy or unco-ordinated proliferation of various strategies and policy tools. Policy makers at all levels of governance need to visualise the inter-linkages, beyond sectoral competences, to ensure the transformative potential of the short- to mid- term (2021-2023) funding available. Coherence matrixes are an excellent tool in order to enact the NSDS as the reference framework for systematising the approaches adopted by different policies to attain the SDGs.

As mentioned, the NSDS gives orientations for using the **annual programmatic and budgeting documents** (PNR and DEF) as the tools for mainstreaming the SDGs in the national economic, social and environmental programmes. These orientations made operational the NSDS's Sustainability vectors objectives to "Ensure the definition and continuity of management of integrated systems for policies, plans and projects monitoring and evaluation" and to "Implement the integrated system of monitoring and evaluation of the NSDS, ensuring its effective management and continuity of implementation".

In recent years, several efforts (see Table 2.1) implemented by different branches and levels of the government, have served to identify the linkages between the policies formulated or the budget measures being voted and the SDGs, the NSDS or other sustainability measurements (the BES indicators).

**Table 2.1. Practices for mapping policies/budget's contribution to sustainability objectives or indicators**

Input/Factor (budget, policies)	Tools	Framework/Indicators used	What does it measure/ Examples
<b>ESW/BES Report annex to the annual budget (Ministry of Finance)</b>			
Budgetary measures included in the Economic and Finance Document (EFD) and measures included in PNR	The trend of the ESW indicators in the past years ( <i>ex post</i> ) and projection to 2023 ( <i>ex ante</i> ) is quantified and broken down per nationality and territories. The budget measures are grouped per the ESW indicators they are expected to contribute. Their contribution is not quantified.	12 ESW indicators	Mapping of the contribution ( <i>ex post</i> and three years projection) of budget expenditures to well-being outcomes.
<b>SDGs mapping under National Reform Programme (NRP) priorities (Ministry of Finance)</b>			
Priorities under the National Reform Programme (PNR) and the Piano per il SUD	Per each priority of the PNR and the priorities area of the Piano per il Sud a dedicated chapter included in the Annual Report on the PRN chapter maps the related SDGs goals and indicators. The chapter also highlights potential trade-offs among programmatic objectives and the NSDS.	SDGs	Qualitative description of the contribution of Reforms and policy packages to the SDGs goal Example: (Piano per il sud) Mission 3 "A south for the Green Transition" will contribute to SDG 3.9 by reducing deaths caused by chemical substance and pollution of air, soil and water. For instance the 4th Mission of the Piano per il Sud "Transforming the South into the fore-runner for technologic Innovation" might clash with other objectives of the NSDS unless the technologic transformation maintains a green and social character.
<b>ECO Budget (Ministry of Finance)</b>			
Budget programmes	Grouping budget expenditures per their contribution to the environment.	SERIEE - European system for the collection of economic information on the environment	Contribution of budget expenditures to environmental indicators.
<b>SDG budgeting at regional level (Several Italian regions)</b>			
Regional budget	Several regions have mapped budget expenditures to the SDGs and the NSDS.	SDGs, NSDS strategic choices.	Contribution of the budget measures to the SDGs.
<b>Cohesion Matrix NSDS/EU Cohesion Policies 2021/2027 (DPCoe/ACT/MiTE)</b>			
Policy objectives of the Cohesion Policies 21/27 (output and outcome indicator)	The Cohesion Policies objectives and indicators, as well as the Piano Sud, are grouped per their contribution to the strategic objectives of the NSDS.	SDG goals, targets, indicators, and NSDS strategic objectives	The NSDS objectives are correlated to the objectives and measures included in the National cohesion policies as well as their indicators, this enables tracking how each policy domain and measures implemented through EU cohesion fund has an impact on SDGs indicators.

<b>Coherence Matrix VAS/NSDS (MiTE) – Coherence of local plans with NSDS</b>			
Plans submitted to regulatory environmental assessments (VAS) i.e. Urban mobility plan	The objectives and actions of the submitted plan are evaluated for their coherence with the objectives of the NSDS. The indicators of the plans are associated with the NSDS indicators.	Strategic objectives and indicators of the NSDS	Database of the indicators that are collected for VAS assessment of the local plans and could be proxy for the NSDS indicators thus contributing to tracking the implementation of the NSDS strategic objectives.
<b>Matrix for regional Integrated Programming included in the PNR (Tecnostruttura/Conference of the regions)</b>			
Regional provisions (8000 entries)	Italian regions' reforms and investments mapped against their contributions to the NRP, the Country Specific Recommendations (CSR), the NSDS and the SDGs.	EU Country Specific Recommendations (CSRs), Cohesion Policies, NSDS, SDGs	This annual report is included as an annex to the National reform programme and includes a cohesion matrix ( <i>Quadro sinottico</i> ) that maps regional policies per their contributions to the different policy frameworks.
<b>Power BI – coherence matrix between NRRP-NSDS-SDGs (MiTE, Roma Tre, Tor Vergata, La Sapienza University)<sup>7</sup></b>			
Priorities under the National Recovery and Resilience Plan (NRRP/PNRR)	MiTE, in collaboration with three key public Universities, is working on a new coherence matrix for identifying the correspondence between the priorities under the National Recovery and Resilience Plan (NRRP/PNRR) and the NSDS.	SDGs and NSDS	An online tool links each component and intervention of the NRRP to the relevant NSDS strategic objective and SDGs targets.

Source: Author's elaboration.

Some of these experiences are analysed in more detail here below.

### *SDGs mapping under National Reform Programme NRP priorities (Ministry of Economy and Finance)*

In 2020 the Ministry of Economy and Finance (MEF) undertook a policy coherence exercise, in accordance with the framework laid out in the European Semester. A chapter of the annual report on National Reform Programme (PNR/NRP)<sup>8</sup>, produced by the Ministry of Economy and Finance, describes how the priorities of the structural reforms are related to the progress of SDGs and selected related key indicators. Under every NRP priority, the chapter identifies relevant SDGs, the progress of the key SDGs indicators in the last few years, compared to the rest of the EU member states and the country-specific factors that influence these trends. The chapter describes how the current or perspective measures of the NRP and the Piano per il Sud under each priority are expected to/have influenced the SDGs (i.e. the measures included in the Climate Legislation –D.L. Clima- for urban reforestation and sustainable city management, will have a positive impact on SDG11; the incentives for electronic payments to avoid fiscal evasion improved fiscal revenues thus will have effects on the whole SDG 8; Priority 5: Support to material and immaterial sustainable investments will have an impact on SDGs 5, 7, 8, 9, 11, 12, 13, 14, 15).<sup>9</sup> While the analysis of the statistical trend is very insightful, this chapter does not provide ready-to-use information on how a programme or legislation under the PNR will contribute to specific SDG goals, targets or indicators (i.e. it does not go into the details of actions and indicators of the reforms to link them to the SDGs indicators). Moreover, it does not take the NSDS as the reference framework.

### *The Matrix for regional Integrated Programming included in the PNR*

The Annex to the National Reform Programme includes a document, *the Contribution of the regions to the National Reform Programme (NRP)*<sup>10</sup>, drafted by Cinsedo and Tecnostruttura of Regions, and approved by the Conference of the regions, where the planning, regulatory and implementation contributions of the Regions and Autonomous provinces to the NRP of the previous year are outlined.



This document shows how Italian regions invest to assure reforms and investments implementation as requested in the Country Specific Recommendations (CSR) - expected at European level.

Since 2016, this document broadens the analysis in view of strengthening the integrated programming effort undertaken at regional level in connection with the 2014-2020 programming of the ESI Funds and in response also to specific objectives or sub-targets of sustainable development of the SDGs. This resulted in a cohesion Matrix (Quadro Sinottico) that maps the regional measures and sub-measures for their contribution to the implementation of the EU CSR 2019 (linked to the EU 2020 targets) and links them to: i) expected results of the past Cohesion Policies 2014-2020 and the future policy objectives (OP) and specific objectives (OS) for the next Cohesion Policies 2021-2027; ii) the SDGs targets; iii) the 12 BES/DEF indicators; and iv) the Strategic objectives of the NSDS. Over 8 000 regional provisions have been classified under this tool.<sup>11</sup> While these provisions are not directly linked to the DEFR (*Document di economia e finanza regionale*)<sup>12</sup> as the measures in the DEFR are classified according to the Missions that each region includes in the budget rather than to the NRP priorities, nevertheless, some Italian regions (i.e. Liguria) made successful attempts to link all the documents inventories in the Matrix (including the SDGs, the Cohesion Policies and the NSDS) to the budget measures.

**Table 2.2. Matrix for regional Integrated Programming included in the PNR**

Semestre europeo 2019 - CSR - Target UE 2020	Temi - Misure - Sottomisure	RA	SDGs	OP (OS) <sup>1</sup> Annex D fattori trasversali	Principi pilastro Diritti sociali	Domini BES	SNSvS (5P)
	<b>Contrasto alla povertà e all'esclusione sociale/Assistenza sanitaria</b>						
	<b>Misura 8 - Contrasto alla povertà e innovazione sociale</b>						
	Riduzione della povertà, dell'esclusione sociale e promozione dell'innovazione sociale	9.1	1.1, 1.2, 1.3, 1.b, 10.2	OP 4 (7, 10, 11) OP 5	20	4	
	Rinforzare resilienza dei poveri e soggetti vulnerabili anche ad eventi climatici estremi, catastrofi e shock economici, sociali e ambientali		1.5	OP 4 (10, 11) OP 5	20	4	Personae III.1 Pianeta III.1
	Implementare a livello nazionale adeguati sistemi di protezione sociale e misure di sicurezza per tutti, compresi i livelli più bassi		1.3, 10.4	OP 4 (7, 9), OP 5	12, 14	4	Personae II.2
	Garantire accesso sicuro a cibo, in particolare ai più poveri e alle persone più vulnerabili per tutto l'anno		2.1	OP 4 (11), OP 5	14, 20	1, 4	Personae I.2
	Dimezzare lo spreco alimentare globale pro-capite a livello di vendite al dettaglio e dei consumatori e ridurre le perdite di cibo durante le catene di produzione e di fornitura		12.3	OP 4 (11), OP 5		10	Personae I.2 Prosperità III.7
	Incremento dell'occupabilità e della partecipazione al mercato del lavoro delle persone maggiormente vulnerabili	9.2	8.5	OP 4 (7), OP 5	17	3	Personae II.1
	Diffondere stili di vita sani e rafforzare i sistemi di prevenzione		2.2, 3.4, 3.5, 3.7	OP 4 (10)	14	1	Personae III.2
	Realizzazione di attività culturali in luoghi di cura/detenzione/aree disagiate		11.4	OP 4 OP 5	20	9	Pianeta III.1, 2, 3, 5
	Realizzazione di progetti culturali per portatori di patologie specifiche e/o		2.2, 3.4, 3.5, 3.7	OP 4 (10)	14	1	Personae III.2

	persone con disabilità (es. sviluppo di percorsi di visita a musei per non vedenti, didascalie, progetti di teatro o spettacolo dal vivo per malati di alzheimer...)						
	Riduzione del divario tecnologico nell'accesso alla cultura (es. programmi di alfabetizzazione digitale in biblioteca)		5.b, 9.1, 11.3, 11.4	OP 5	20	11	Prosperità I.3
	Incentivi di allargamento dell'utenza culturale		11.4	OP5	14	9	Pianeta III.1, 2, 3, 5
	Riduzione del divario generazionale nell'accesso alla cultura (da opera per bambini a progetti di partecipazione culturale per anziani)		5.b, 9.1, 11.3, 11.4	OP 5	20	11	Prosperità I.3
	<b>Misura 9 - Social Housing</b>						
	Riduzione del numero di famiglie con particolari fragilità sociali ed economiche in condizioni di disagio abitativo	9.4	11.1	OP 4 (9, d4), OP 5	19	9, 10	Persone I.3
	<b>Misura 10 - Inclusione sociale senza dimora Rom e migranti</b>						
	Riduzione della marginalità estrema e interventi di inclusione a favore delle persone senza dimora e delle popolazioni migranti Rom, Sinti e Camminanti	9.5	10.2	OP 4 (8)	19	4	Pace II.3
	Attuazione di politiche migratorie pianificate e gestite		10.7	OP 4 (8), OP 5		4	Pace I.2 Partnership II.1, II.2
	Garantire l'accoglienza di migranti richiedenti asilo	9.5	5.1, 10.2, 10.7, 16.3	OP 4 (8), OP 5		4, 7	Pace I.2
	Prevenire la violenza su donne e bambini e assicurare adeguata assistenza alle vittime		5.2, 5.3, 5.c, 16.1, 16.2	OP 4 (10)		7	Pace I.1 Vettore I.3

Note: 1. OP=Obiettivi politici/Policy Objectives, OS=Obiettivi specifici/Specific Objectives. Lettera e numero si riferiscono agli OS del FESR/ERDF (a1, b1, ...); solo numero agli OS del FSE/ESF (1, 2, ...).

Source: Conferenza delle regioni, Le regioni e la programmazione integrata per la crescita e lo sviluppo sostenibile dell'Italia e dell'Europa. (2020).

Figure 2.4. Integrated Monitoring and programming for the NRP at regional level



Source: Tecnostruttura, PPT presentation used during an OECD-MiTE workshop on June 17<sup>th</sup>, 2021.

This tool shows that it is possible to connect different monitoring systems in a single matrix and to classify policy measures to the SDGs and the EU Semester Exercise without duplication of efforts by the administrations. In 2021, the Contributions of the regions to the NRP have also been connected with missions and components of the National Recovery and Resilience Plan.

#### *NSDS/ EU Cohesion Policies 2021/2027 Cohesion Matrix*

A very important practice in terms of policy integration is the one undertaken by the Policy Cohesion Department of the Presidency of the Council of Ministries (Dipartimento Politiche di Coesione DPCoE) and its implementation branch, the Territorial Cohesion Agency. The Department **used the NSDS to align and to identify the contribution of the National Cohesion Strategy, implementing the EU ESIF 2021-2027** to the achievement of the SDGs and the National Sustainability Objectives. The activities were carried out by directly involving the regions, in order to promote the adoption of the NSDS as a frame for the development of the partnership agreements necessary to eventually disburse these funds. This constitutes a remarkable effort to ensure that all Italian regions are using the EU cohesion funds to advance towards the sustainability objectives. In fact, throughout the roundtables (*Tavoli di partenariato*) organised by the Department and the regions, leading to the signature of the 2021-2027 partnership agreements, the regions had to indicate the correspondence of the macro actions (*categorie di intervento*) identified in their agreements with the objectives of the NSDS. The department had previously matched the macro strategic areas of the 2014-2020 Cohesion strategy with the objectives of the NSDS. This builds on the exercise carried out by the Policy Cohesion Department and the MiTE to match in a matrix the indicators used by each region for the implementation of their 2014-2020 Operational Regional Plans (POR), for the EU Cohesion objectives with the 43 indicators suggested to track the NSDS (see Section on The 43 NSDS Indicators). If operationalised for 2021-2027 this matrix would allow measuring how the implementation of the EU cohesion funds is contributing to the implementation of the NSDS. As result of this exercise and of the continuous work of the MiTE with regions and metropolitan areas (see Section on Subnational Subnational Engagement) several subnational governments undertake efforts to link their programmes and budget under the NSDS.

**Table 2.3. Matrix between a National Strategic Objective of the NSDS (IV. Decarbonise economy) and the policy objective for the ERDF (EU Regional Development Fund) 21/27**

SDG 2030 Agenda	7. Ensure access to affordable, reliable, sustainable and modern energy for all 9. Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation				
National Strategic Goal SNSvS/NSDS	IV.1 Increase energy efficiency and renewable energy production, avoiding or reducing impacts on natural and cultural heritage and landscapes				
2030 Agenda related targets	Istat SDGs/IAEG indicators	Policy Objectives and Specific Objectives (PO-SO) 2021-2027	Common output indicators for ERDF and Cohesion Fund	Common result indicators for ERDF and Cohesion Fund	Intervention Field Short title
7.2 By 2030, increase substantially the share of renewable energy in the global energy mix	7.2.1 - Renewable energy share (transport sector excluded) in the gross final energy consumption	2.1	RCO 19 - Public buildings with improved energy performance		034 High-efficiency co-generation, district heating + cooling 034b Replacement of heating systems (from coal to gas-based) 034c Distribution + transport of natural gas substituting coal
	7.2.1 Renewable energy share in the transport sector (in the gross final energy consumption)	2.1	RCO 20 - District heating and cooling network lines newly constructed and improved		
	7.2.1 Renewable energy share in thermal sector (in the gross final energy consumption)		RCO 18 - Dwellings with improved energy performance		
	7.2.1 Renewable energy share in the total final energy consumption	2.2	RCO 22 - Additional production capacity for renewable energy (of which: electricity, thermal)  RCO 97 - Renewable energy communities supported	RCR 31 - Total renewable energy produced (of which: electricity, thermal)  RCR 32 - Additional operational capacity installed for renewable energy	
7.3 By 2030, double the global rate of improvement in energy efficiency	7.3.1 Energy intensity	2.1		RCR 26 - Annual primary energy consumption (of which: dwellings, public buildings, enterprises, other)	024 Energy efficiency in SMEs 024b Energy efficiency in large enterprises 025 Energy efficiency in housing 026 Energy efficiency in public infrastructure
		2.3	RCO 23 - Digital management systems for smart energy systems	RCR 33 – Users connected to smart energy systems RCR 34 - Roll-out of	033 Smart Energy Systems and related storage

			RCO 105 - Solutions for electricity storage	projects for smart energy systems		
9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities	9.4.1 CO2 emission per unit of value added	<b>2.1</b>		RCR 29 - Estimated greenhouse emissions	027 Services linked to LCE and resilience to climate change	

## Notes:

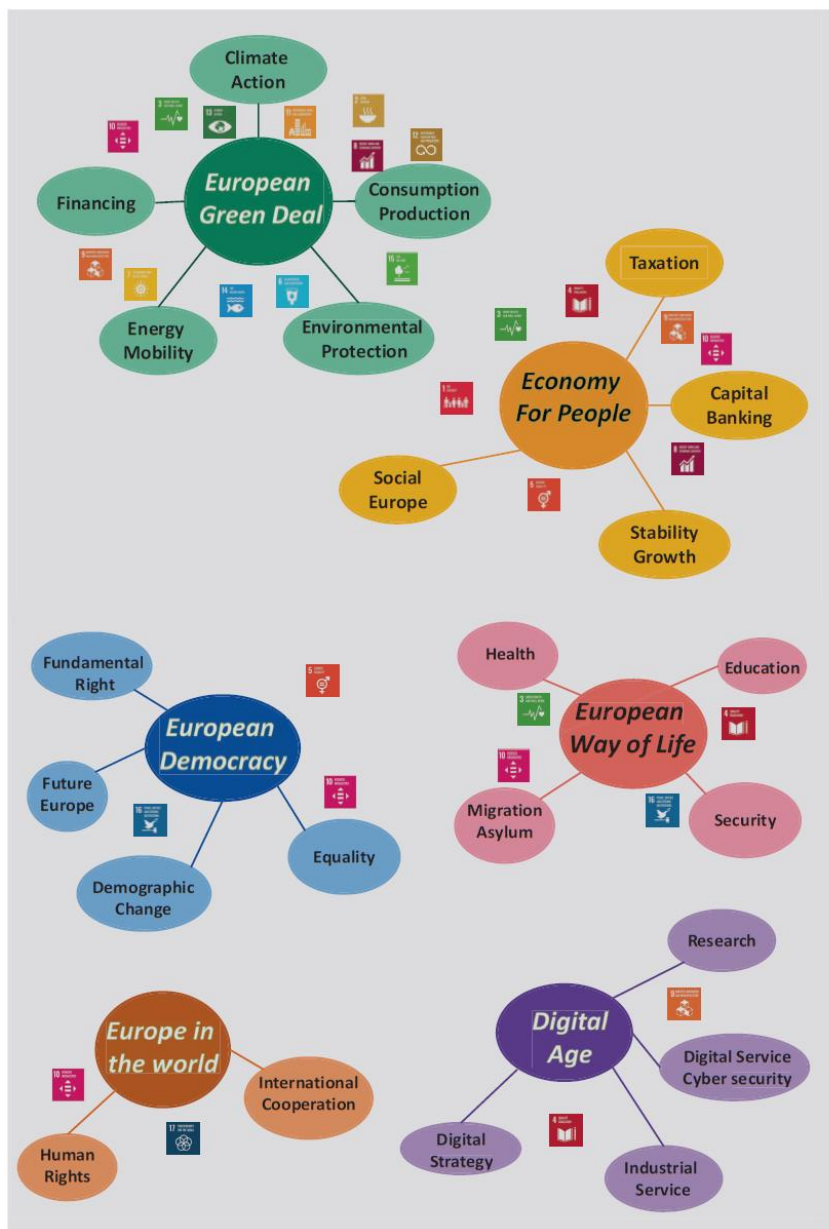
1. 2 By 2030, increase substantially the share of renewable energy in the global energy mix
2. 2.1 Renewable energy share in transport sector (in the gross final energy consumption)
3. 2.1 Renewable energy share in thermal sector (in the gross final energy consumption)
4. 2.1 Renewable energy share in the total final energy consumption
5. 3 By 2030, double the global rate of improvement in energy efficiency
6. 3
7. 4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

Source: NSDS/ EU Cohesion Policies 2021/2027 Cohesion Matrix, Policy Cohesion Department (DPCoe), Italian Presidency of the Council of Ministers (PCM).

When negotiating the 2021-2027 partnership agreements for ESIF, regions had to indicate the correspondence of the macro actions (*categorie di intervento*) identified in their agreements with the objectives of the NSDS. While this increased policy coherence and multi-level alignment, subnational stakeholders who used these matrixes also described the high transaction costs for collecting data from different departments in order to systematise policies under the NSDS which would decrease over time (more details on this are provided in the section on Subnational engagement below).

A similar exercise (Figure 2.5) to map integration among the EU Commission 6 priorities for 2019-2024<sup>13</sup> and the SDGs has been undertaken by ISTAT (2020<sup>[24]</sup>). Mapping these pillars and the SDGs helps to show the interconnections among environmental sustainability, productivity gains, equity and macroeconomic stability (the four pillars of the new WU sustainable growth strategy). The integration of the SDGs in the European Semester should provide a consolidated framework for the co-ordination of the economic, employment, social and environmental policies. Relating the SDG statistical indicators to the priorities can be helpful to guide the statistical monitoring of EU policies.

Figure 2.5. Interlinkages among the EU Commission 6 priorities for 2019-2024 and the SDGs

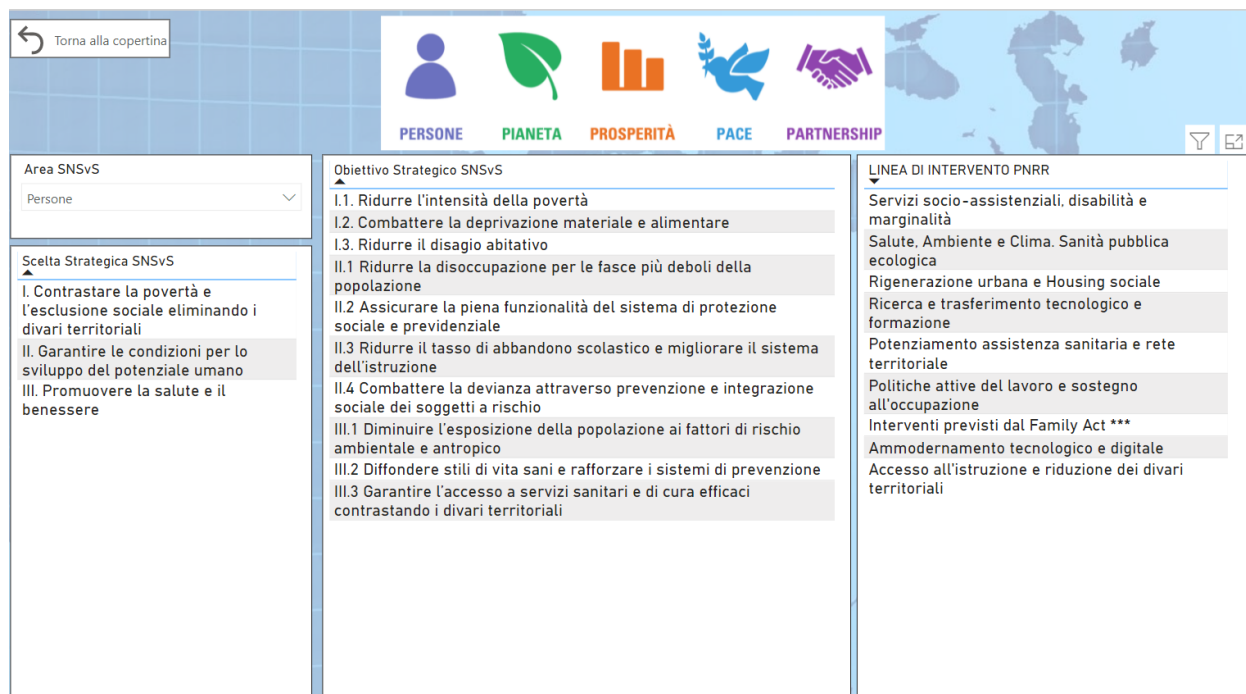


Source: ISTAT, 2020 SDGs Report.

*Power Bi: Mapping links between the NRRP and the NSDS*

More recently, MiTE, in collaboration with three key public Universities, is working on a new coherence matrix “Power Bi”<sup>14</sup> for identifying the correspondence between the priorities under the National Recovery and Resilience Plan (NRRP/PNRR) and the SNSvS/NSDS. This online tool links each component and intervention of the NRRP to the relevant NSDS strategic objective and SDGs targets.

Figure 2.6. Mapping links between the NRRP and the NSDS



Note: NRRP missions and measures linked to the NSDS's Strategic objective "Ensure conditions for developing human potential"  
 Source: MiTE, Roma Tre, Tor Vergata, La Sapienza University (2021), PowerBI matrix.

These practices bridge a gap in aligning EU's objectives and spending with the ordinary strategic planning and budgeting process, while bringing both under the framework of the NSDS for identifying sectoral strategies compatibility with long-term national sustainable priorities. It is a very common issue in EU countries to set national objectives based on the thematic priorities set by the Commission to align their ordinary planning and spending to the one of the EU Structural and Investment Funds (ESIF) and now of the NextGenerationEU. Nevertheless, the formulation of national sustainable priorities should be the first step and work as a compass to systematise mid- and short-term priorities. In this sense a more established practice of aligning policy formulation to the NSDS could have benefitted to long-term priority setting even during an emergency situation. Different administrations consulted, strongly felt also during the formulation of the short-term measures adopted to respond to the COVID-19 pandemic<sup>15</sup> as well as the National Recovery and Resilience Plan (NRRP/PNRR) in late 2020,<sup>16</sup> early 2021 that policy prioritisation, planning and budgeting would have required a stronger whole-of-government and coherent approach. The Italian Parliament in its advice on the PNRR has highlighted the lack of reference to the 2030 Agenda and the NSDS.<sup>17</sup> Going forward one of the key questions will be how existing decision-making mechanisms and programmatic frameworks including the NSDS will dialogue with the Recovery and Resilience Plan. The evidence collected through the Power BI matrix represents a very useful visualisation tool for identifying trade-offs and synergies during PNRR operationalisation and consider if a balance is respected across sustainability objectives and policy drivers to achieve them. In this sense, strong lead from the EU level to increase coherence among the Recovery and Resilience Plans with the SDGs, also in view of the new formulation of the EU Semester would be critical for guiding policy coherence in all Member states.

*Lessons learned from using the NSDS as a reference framework for policy making*

The below log frame example elaborated by the OECD (Figure 2.7) illustrates how the NSDS could be used as a compass to systematise mid- and short-term policy measures included in parallel policy packages. This log frame illustrates an example of the linkages between sustainability goals and policy drivers to achieve them. These are identified in the literature outlined in the 2019 OECD PCSD Report (OECD, 2019<sup>[1]</sup>), based on the OECD Framework for Policy Action on Inclusive Growth (OECD, 2018<sup>[25]</sup>).

This log frame groups, through semantic analysis, policy measures that contribute to the strategic sustainable objective (NSO) “reducing poverty”, and identifies the following linkages to the NSDS:

Columns 1 and 2 allow assessing the current integration of policy packages with sustainable objectives:

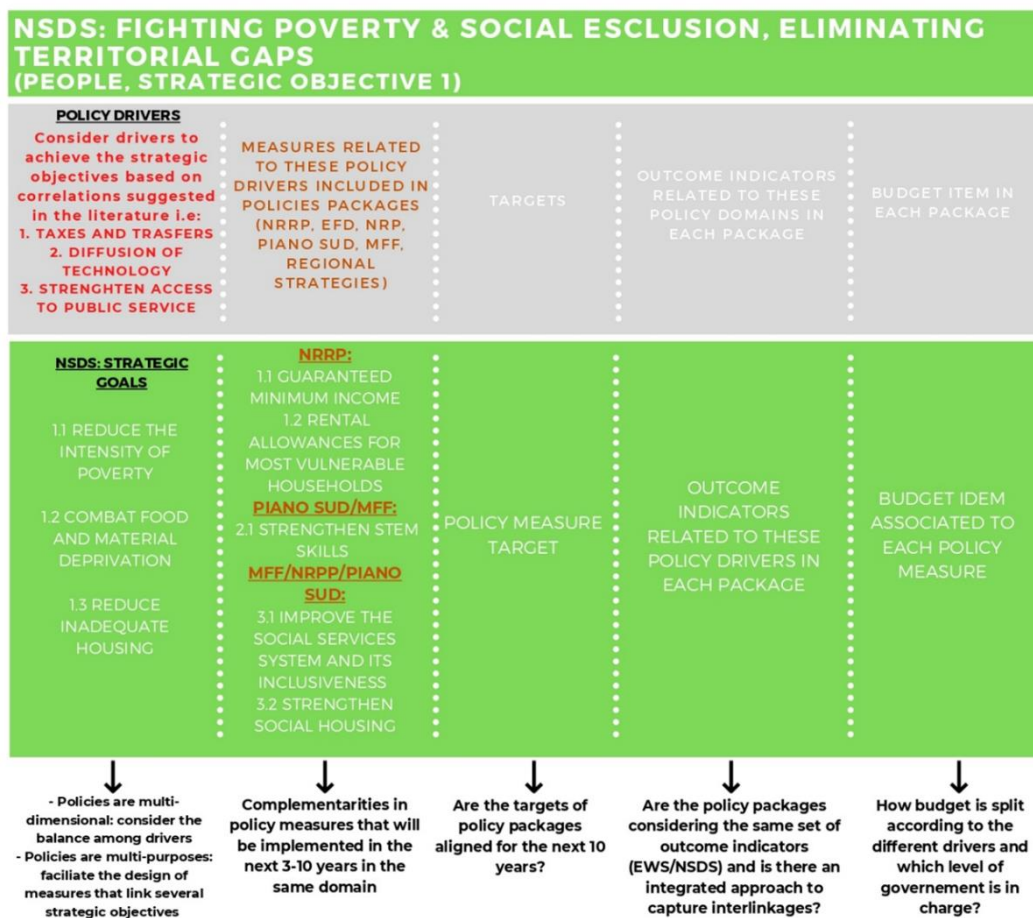
- Map the policy measure included in the different policy packages to the strategic objectives of the NSDS: Which sustainability objectives are overcrowded and which have been forgotten?
- Are the policy measure included in the different policy packages using the same drivers to achieve that strategic objective? Yes, what are potential inter-linkages/duplication? No: could other drivers ensure a more multi-dimensional approach to that strategic objective? Could multi-purpose measures link several strategic objectives?

Columns 3 and 4 integrate monitoring and evaluation measures to track sustainable objectives across policy packages:

- Are the targets aligned across policy packages? Are these policies pursuing the same target values?
- Are these policies using the same indicators for measuring their achievements toward that strategic objective?
- Which budget lines are associated with these policies? Which units are accountable for their implementation?



Figure 2.7. Log-frame to systematise policy packages under the NSDS priorities



Source: Authors' elaboration.

The concrete application of coherence matrixes at regional level could be extended to other funding packages to highlight overcrowded or forgotten policy areas in regional, national or local actions. In fact the key programmatic documents for the next ten years are formulated according to different priority objectives that are not aligned to the 5Ps of the NSDS. The EU Cohesion Policy sets 5 policy objectives for 2021-2027, the Piano per il Sud sets five missions and the NRRP includes six missions. Coherence with the NSDS might be present in the substance of the objectives but is not visible in their formal formulation. As such it is difficult to verify that policies are contributing to all sustainability dimensions, the combination of policy drivers being used and their potential inter-linkages or overlaps.

An important source of information could be the OpenCoesione database<sup>18</sup> created by the DPCoe (within PCM) to monitor the coherence and effectiveness of the projects financed by cohesion policies in Italy, both from EU and national funds. This database inventories the projects implemented as reported in the National Monitoring System (Sistema Nazionale di Monitoraggio), managed by the Accountant General of the State (Ispettorato Generale per i Rapporti con l'Unione Europea della Ragioneria Generale dello Stato -MEF-RGS-IGRUE), within the Ministry of Economy and Finance (MEF). In this database, projects are grouped by thematic areas. Going forward an add-on to this platform could be classification of the project for their contribution to the NSDS.

Further research is needed to: assess the impact of synching these matrixes into a single framework in terms of enhanced policy integration. Key questions to be investigated are: whether a single framework

could use the NSDS targets and indicators as pivot for aligning the measures of all the strategies, how the application of this coherence tool could be streamlined across ministries while limiting administrative burdening and at which point of the policy cycle should such matrix be considered to add value to decision-making.

### ***Using ex ante Regulatory assessments for integrating NSDS in new plans, legislations and investments***

Another avenue for the advancement of the SDGs is to use regulatory impact assessments (RIA). Countries are increasingly starting to complement e.g. environmental and gender impact assessments (EIA and GIA) with broader sustainability impact assessments (SIA). This calls for both *ex ante* impact assessment to inform the development of new legislation that impact positively on the SDGs; as well as retrospective reviews through an SDGs lens, to ensure that the existing stock of legislation is in line with the 2030 Agenda and the SDGs. These Sustainability checks can be helpful in identifying trade-offs and linkages when formulating new legislations/strategies, in particular inter-ministerial strategies, and for the parliament when assessing them. The possibility of introducing a sustainability check for all new laws based on the NSDS has been evocated by several stakeholders during OECD interviews. This is already the practice in other OECD countries that introduced mandatory assessments of new legislation for their contribution to the SDGs at the conception stage (see Box 2.6 on Luxembourg Sustainability Check). While at the moment there is no single sustainability review to check whether new legislations are aligned or conflict with sustainable development, the Italian NSDS suggests a list of multi-dimensional indicators (see Section on The 43 NSDS Indicators) selected from the 43 provisional indicators, which constitute a starting point for a potential sustainability assessment.

#### **Box 2.6. The Sustainability Check in Luxembourg**

Luxembourg is building a Sustainability Check (Nachhaltigkeitscheck) as a tool for assessing legislative acts in relation to their impact on sustainable development. Its use will be mandatory for new laws and encouraged for other policies. The Sustainability Check will therefore embed the intentional integration of SDG objectives at the conception of all new legislation.

The Sustainability Check is built on a list of 118 potential indicators selected by a body of national experts to measure the evolution of each of the 124 targets of the 2030 Agenda selected by Luxembourg government. The tool will provide early-stage feedback on proposed legislations before they are presented to Parliament. In addition, the tool is designed to be digital and aims at extracting data to have post-policy-based evidence reports and impact studies.

Source: Luxembourg light-touch scan on institutional mechanisms for PCSD (OECD).

Recently Italy used existing regulatory tools to assess the relevance of new investments, programmes and plans to the achievement of the NSDS. The strong push for monitoring and evaluation of the investments included in the PNRR/NRRP contained in Law 108/2021 endorsing with modifications Decreto Legge 77/2021 as well as the modifications to VIA and VAS provided therein could be an opportunity to further connect *ex ante* assessments with the NSDS.

#### *Frameworks to assess public investments CIPRESS*

The revision<sup>19</sup> of the internal Regulation and indicators of the Interministerial Committee for Economic Programming and Sustainable Development (CIPRESS)<sup>20</sup> introduced in January 2021 (effective with Delibera 79/2020) adds the contribution to the objectives of the NSDS as one of the criteria against which

investments will be assessed by the economic programming committee. According to art 3 Comma b, CIPESS regulation, the documents supporting Ministerial investment programmes and plans have to mention the link not only to the multi-annual programmatic document – Documento Pluriennale di Programmazione DPP (art 2 DL 228/2011) and to sectoral programmatic documents, but also to the objectives of the NSDS.



Overall the update of the CIPESS regulation constitutes a remarkable step towards mainstreaming sustainable development into decision-making. However, the implementation of the amended regulation has been suspended since the new government took office in February 2021 (see Section below on whole of government co-ordination). A number of elements are worth consideration with regards assessing investments against sustainability objectives:

- the impact evaluation (Art 2 comma 5 c-bis) as referenced in the CIPESS regulation of proposed investments will now include how the investment will contribute to sustainable development. The regulation of the *ex ante* (AIR) and *ex post* (VIR) impact assessment analysis is revised every two years by the Evaluation Unit of the DIPE (Nucleo Valutazione e Verifica degli investimenti pubblici NUUV) which also issues guidance for producing these analyses that line Ministries have to apply (NUUV, Nucleo Valutazione e Verifica degli investimenti pubblici, 2020<sup>[26]</sup>).
- A further CIPESS decision is expected to set the sustainable development indicators to be taken into account. It will be important to understand how the set of indicators adopted by the CIPESS aligns with the set of indicators developed for the NSDS, as well as the targets to be added once the NSDS will be revised and with the ESW or with the EU investment taxonomy (EU 2020/852). For instance, investments plans should also be assessed for their impact on other sectors and on developing countries when relevant. If the NSDS targets were to be included in the revision that accompanies CIPESS decisions, and more broadly by integrating them in the sectoral evaluations they would apply as guidance/reference when designing and operationalise Ministerial policies.
- define for which type of investment proposals sustainability evaluation will be needed. A list is defined by the President of the Council (art 1, comma 2 of CIPESS regulation of proposed investments),
- exploit the connections with the NRRP/PNRR governance system (see section below on whole-of-government co-ordination) that places in the CITE the responsibility not only the NSDS but also the relevant PNRR projects while establishing operative connections within the Segreteria Tecnica within the Presidency of the Council (Art. 4, Law 108/2021), CITE and CIPESS.

#### *Environmental Impact Assessment (SEA/VAS Valutazione Ambientale Strategica)*

The MiTE, in close collaboration with regions and metropolitan areas, assesses the relevance of local plans under Strategic Environmental Assessment (SEA/VAS) to the achievement of the NSDS. For instance, from 2019 to 2020 the MiTE, in collaboration with regions, municipalities and metropolitan areas, added to the SEA/VAS of 22 local plans (such as urban plans, territorial regional plan, Regional strategic Plans, territorial forestry plans, Transport plans, quality of air plan, PRG/PUC/PGT/POR, etc.) also a qualitative assessment of the contribution of each action of the foreseen plans to the implementation of the strategic objectives of the NSDS.

Figure 2.8. Environmental Strategic Assessment informed by NSDS

AREA SNSVS	SCELTA SNSVS GOAL AGENZIA 2030 CORRELATI	OBIETTIVO SNSVS	AZIONI STRATEGICHE DELLA PIANIFICAZIONE LOCALE	INDICATORI DI CONTESTO	INDICATORI DI PROCESSO	INDICATORI DI CONTRIBUTO
PIANETA	<b>II. GARANTIRE UNA GESTIONE SOSTENIBILE DELLE RISORSE NATURALI</b> 	II.2 Arrestare il consumo del suolo e combattere la desertificazione	Interventi di recupero, completamento e sostituzione del costruito. Nuove aree di espansione in territori già antropizzati o impermeabilizzati o in aree interclassate dell'urbanizzato esistente. Interventi di valorizzazione del verde. Interventi di tutela dei comparti agricoli e degli elementi di naturalità che li definiscono. Interventi che limitino l'impermeabilizzazione dei suoli per assicurare l'irrinviante idraulica.	Consumo di suolo (temporaneo e permanente) Indice di sprawl (dispersione insediativa)	Aree interessate da interventi di nuova espansione residenziale, produttiva, commerciale Aree interessate da interventi di rigenerazione o micro-rigenerazione Recupero aree utilizzate per l'emergenza (calamità naturali)	Superfici di suolo non consumato interessate da interventi di nuova espansione residenziale, produttiva, commerciale e da interventi di rigenerazione e micro-rigenerazione. Variazione Indice di sprawl (dispersione insediativa)
	<b>III. CREARE COMUNITÀ E TERRITORI RESILIENTI, CUSTODIRE I PAESAGGI E I BENI CULTURALI</b> 	III.1 Prevenire i rischi naturali e antropici e rafforzare le capacità di resilienza di comunità e territori	Delocalizzazione e consolidamento del tessuto urbano esistente (finalizzato anche a migliorare la resilienza delle strutture esistenti al rischio frane, alluvione, sismico). Individuazione delle Strutture Urbane Minime (SUM) e integrazione con le aree di protezione civile. Interventi di tutela dei comparti agricoli e degli elementi di naturalità che li definiscono finalizzati al presidio ambientale in zone agricole	Aree a pericolosità da frana dei Piani di Assetto Idrogeologico (PAI) Aree a pericolosità idraulica D.Lgs. 49/2010 Aree a Pericolosità sismica locale Aree agricole abbandonate a rischio idrogeologico	Interventi di delocalizzazione di attività/insediamenti che insistono in aree ad elevata pericolosità da frana, a pericolosità idraulica e ad elevato rischio sismico Interventi per l'implementazione della Struttura Urbana Minima (SUM) Recupero di attività agricole in aree abbandonate a rischio idrogeologico	Variazione degli insediamenti/attività localizzate in aree ad elevata pericolosità da frana e a pericolosità idraulica Variazione degli insediamenti in aree ad elevato rischio sismico Variazione delle Aree agricole abbandonate con funzione di presidio ambientale

Note: Example of the SEA conducted by the Municipality of Norcia considering the relevance of the actions included in the Regulatory Plan for their contribution to the NSDS, and the indicators for environmental monitoring.

Source: MiTE, Power-point Presentation during the 3<sup>rd</sup> Workshop organised within the framework of this project, 17<sup>th</sup> June 2021.

By adding NSDS to existing environmental regulatory assessment the experiment contributed to:

- identify which indicators are collected at local level through the VAS that can be used as proxy for the 43 NSDS indicators
- map the contribution of local strategies to the strategic objectives of the NSDS.

Through this experiment MiTE has learned that:

- Need for strengthening competence across the monitoring units around sustainable development.
- If the *ex ante* assessment requirements included in environmental national strategies (i.e. the National Plan for Adaptation to Climate Change) would encompass the sustainability criteria, MiTE could multiply these evaluations and collect relevant data for tracking the implementation of the NSDS across levels of the government and increase opportunities for dialogue around the strategy.
- The indicators selected to track the NSDS are sometimes not effective nor significant for environmental strategic assessments. This aspect is not surprising giving the multi-dimensional nature of the SDGs, however such assessments need to add value to the decision-making cycle by bringing evidence on other sectors that are affected by this decision, this potential gap has to be considered in the revision of NSDS indicators.

#### *Lessons learned from integrating the SDGs into ex ante policy assessments:*

- The regulatory and investment *ex ante* assessments analysed show potential for integrating data collection and investment decisions around the NSDS across sectors and levels of government.
- Reporting on the sustainability dimension needs to be compatible with the current reporting requirements in existing regulatory assessment and avoid additional administrative burden.
- Consider sustainability criteria/indicators/standards that are relevant and can be transferable from one sectoral (i.e. environment) *ex ante* assessment to others *ex ante* assessments (i.e. *ex ante* evaluations for the implementation of the NRRP/PNRR; Transport and public infrastructure,<sup>21</sup> Gender evaluation, Green SACE Guarantee instruments, the procurement legislation DL 50/2016; etc) and provide valuable information to decision makers about inter-linkages and trade-offs across different sectors that would other ways not been considered.
- Consider how the same sustainability criteria/indicators/standards could be included in relevant administrative procedures (urban and environmental procedures, building and businesses licences, procurement code, etc) especially in the light of the simplification efforts that the Italian administration is undertaking. One of the components of the PNRR (Mission 1, component 1,

investment 2.2)<sup>22</sup> is to produce a map of the bottlenecks in the current administrative procedures at all levels of government. On top of highlighting which procedures and administrative obstacles need to be simplified or removed, the diagnostic would lead to new standardised procedures that could streamline the requirements to assess the contribution to the National Sustainable Development Objectives.

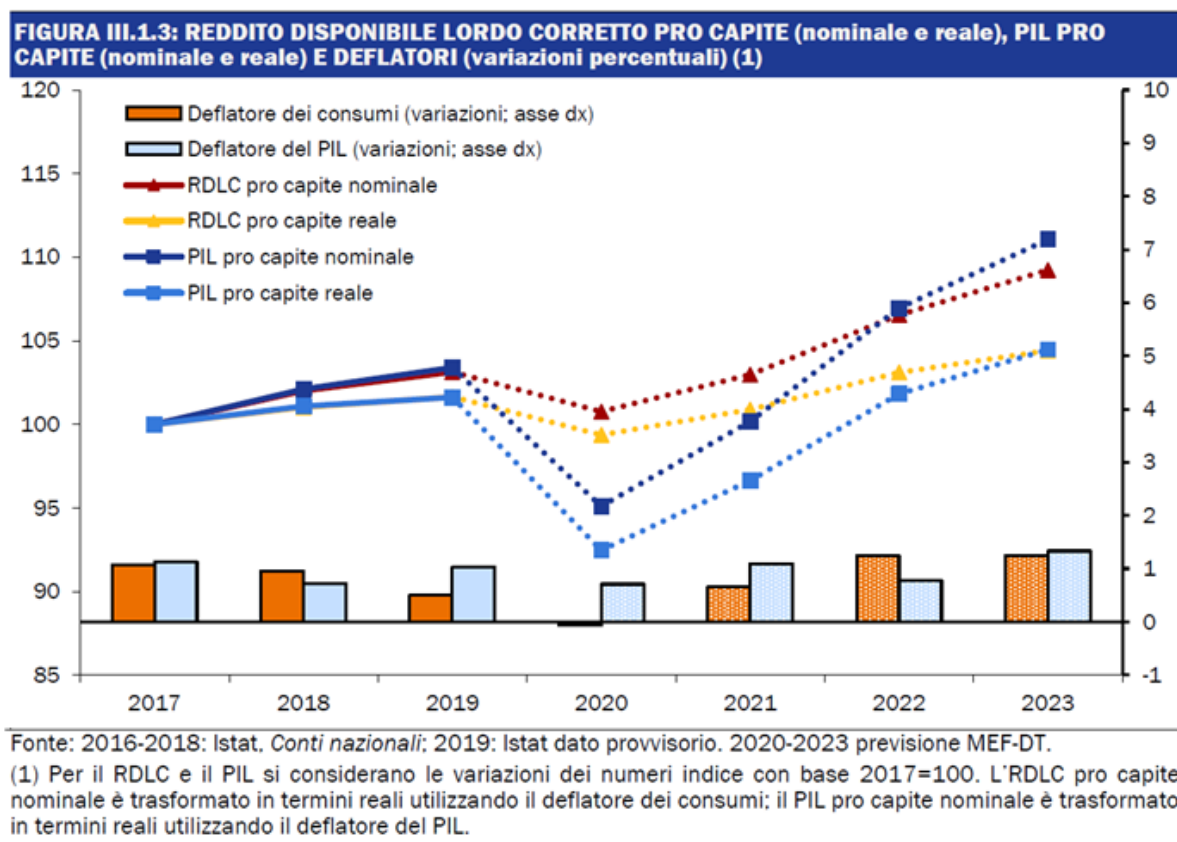
- Ensure that *ex ante* regulatory assessments capture sustainability information that are also monitored in *ex post* evaluation mechanisms and vice-versa. Coherence between evaluation instruments along the policy cycle should be ensured, and the NSDS targets could both assessments as well as the coherence matrixes at the moment of policy formulation.

### **Using the budget process to integrate sustainable development into sectoral policies**

Aligning budget to the SDGs or to other cross-cutting frameworks is a decision that many governments undertook to better prioritising their spending long-term goals. SDGs budgeting can take different forms depending on the accounting and processes of a country's public financial management cycle. For instance, in Malta, all ministries must flag how each budget action would contribute to the SDGs and to the national Sustainable Development Strategy when proposing to include it in the annual budget document. In other countries (i.e. Mexico) the Ministry of Finance tagged all expenditures for their contribution to the SDGs. These practices help tracking which are the most financed SDGs in a country, thus holding government accountable for giving effect to the priorities indicated in their sustainability strategies. Yet these analysis produce a high-level snapshot of the budget allocation and do not link specific policies' contributions to sustainability targets and related outcome indicators. At subnational level, the city of Mannheim, Germany, has actively involved its population to frame a vision statement that is being used as a basis for Mannheim's budget planning. The next budget cycle will be based on the new city strategy Mannheim 2030 including its 126 impact goals and 412 local indicators.

Italy is one of the first countries (see Section on ESW/BES-EDF indicators used in the budget cycle) that linked the well-being indicators to economic programming and budget, recognising a key role of this data for policy making (Chamber of Deputies, 2020<sup>[5]</sup>). Every year in April the Economic and Financial Document (DEF/EFD), produced by the Ministry of Economy and Finance (MEF), includes an annex with the analysis of the trend over the last three years of 12 key well-being indicators (ESW Annex, BES in Italian) and projections based on both the unchanged policy scenario and the programmatic policy scenario over the next three years that correspond to the next budgetary planning period. In February the MEF presents a report on ESW indicators in the light of the policy measures contained in the Budget Law and other related legislation (up to year +2). The 2021 measures included in the Budget Law and other related legislation are grouped according to their expected contribution to the eight dimensions of the BES and the 12 indicators (MEF, Ministry of Economy and Finance, 2021<sup>[27]</sup>). This offers an *ex ante* analysis (foresight) for those indicators for which it is currently possible to provide forecasts or impact analyses (up to year t+3). It also offers an *ex post* analysis reporting on the trends of those indicators between 2005 and 2019, or 2020 depending on the availability of the data. As an example, for BES indicator 'Adjusted gross disposable income of households per capita'<sup>23</sup>, a paragraph (p. 46 and p.50) describes the measures adopted in 2020 and the measures included in the 2021 Budget Law for increasing workers and families allowances to contrast the effect of the pandemics. It follows an analysis of the trend of the indicator of disposable income for the period 2017 to 2019 and forecast until 2023 in both nominal and real terms. The measures are described as factors determining the past and future directions of that indicator.

**Figure 2.9. Impact of budget measures on adjusted gross disposable income of households per capita (BES RDLC indicator)**



Source: Ministry of Economy and Finance, BES Report (Relazione sugli Indicatori di Benessere Equo e Sostenibile), 2021.

This report is the most accurate effort to link policies and their expected influence on well-being outcome indicators.

The 2021 MEF Report on ESW also links the measures foreseen in the PNRR, as defined in the version approved by Parliament on 15 April 2021, (that from 2021 will fund totally or partially the expenditures included in the annual budget) with the 12 BES indicators. The document highlights those 2021 budget measures that are foreseen for the implementation of the PNRR such as: introduction of an IT system to manage PNRR expenditures; budget for monitoring and accounting for the implementation of the projects, the definition of the financial and procedural monitoring system including costs, objectives and impact on the territories of PNRR-funded projects; etc. The document suggests that from 2022 also the contribution of the measures introduced through the PNRR to the 12 BES could be tracked in the next BES Annex to the DEF.

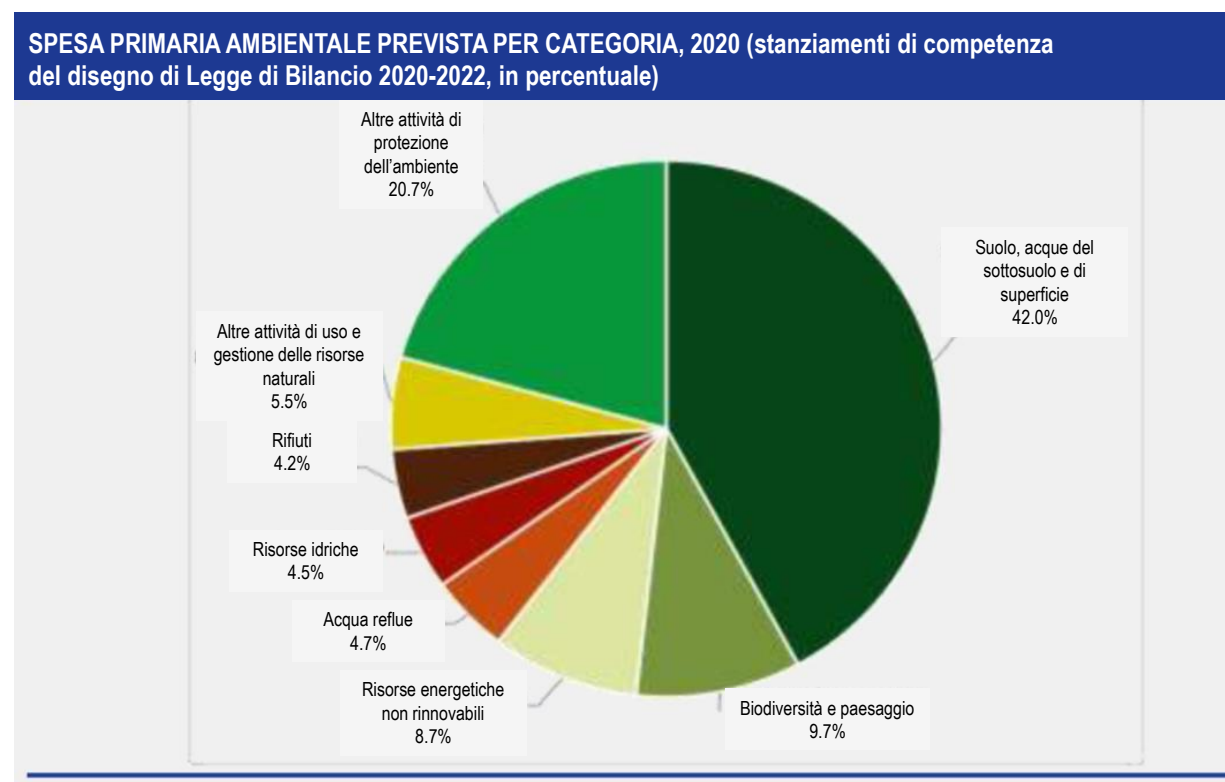
Furthermore, in 2020 in accordance with the framework laid out in the European Semester, the annual report, also produced by the Ministry of Finance, on the implementation of structural reforms, the National Reform Programme (PNR), included a detailed section indicating major policy areas and priorities in light of the 17 SDGs (see above description).

In addition, since 2009 environmental expenditure included in the budget Programmes are illustrated in a specific report attached to the General State budget Final Accounts (according to Law 196/2009 art 36 par 6). Going beyond the legislative requirement, since 2011, environmental expenditures are illustrated also in the report attached to the Draft Budget Law. This results in a reclassification of the budget spending

items with respect to their environment-related content (Eco-budget-Ecobilancio) and Eco-report on the budgetary execution of the same expenditure items.

### Figure 2.10. Distribution of the public budget for its contribution to environmental objectives

Primary environmental expenditure per categories identified in the SERIEE, European system for the collection of economic information on the environment, 2020



Source: Ministry of Economy and Finance, Economy and Finance Document EFD, National Reform Programme, 2020.

In addition, the Gender Budget report, introduced in 2016, performs an assessment of the different impacts of budgetary policy on women and men, in terms of money, services, time and unpaid work.

At subnational level, several Italian regions have used the NSDS to prioritise sustainability in economic development programming. Those regions analysed how the regional budget contributes to the SDGs. Examples are:

- Regione Lazio aligned its budget to SDGs.
- DEFR (Economic and Finance Document of the Region) 2021 of Regione Emilia-Romagna has identified strategic objectives for 2020-2025 in accordance with the NSDS.
- Regione Liguria developed a coherence matrix to connect DEFR and the Regional Sustainable Development Strategy, including its indicators, to inform the programming and budgeting system.
- Regione Friuli Venezia Giulia mapped and linked the work of each department to the regional planning (strategic plan, DEFR, performance plan) and to the objectives of the NSDS.

In addition, Italian Regions and metropolitan cities consider the EU policies and funding tools more and more important for sustainable development policies at subnational level. Thus, in collaboration with the NUVAP (Presidency of the Council of the Ministries) and the MiTE several regions have developed

**coherence matrixes** to link the objectives of the Cohesion Policies, to be implemented in 2021-2027 through the next EU Multiannual Financial Framework (MFF), with the objectives of the NSDS and SDG indicators. The coherence matrixes have been used in the negotiation of the partnership agreements between the NUVAP and the regions for the EU Cohesion fund as described above. In addition, the Matrix for regional integrated programming included in the PNR produced by the Committee of Regions is a step to connect at regional level funding and sustainable development goals although it does not directly connect the measures in the budget (DEFR) with the SDGs. These experiences at territorial level show the spread used of SDGs and the NSDS as a systematisation matrix not only in budgeting but also in policy/priority setting.

*Lessons learned from using the budget to integrate sustainable development and well-being*

From 2020, the EU called for developing a new approach in the European Semester to make it “directly support the European Union and its Member States in delivering the SDGs across its economic and employment policies”. To this end, the Annual Sustainable Growth Strategy (ASGS) recommended the inclusion of a new dedicated section on environmental sustainability to be added and to complement the analysis on economic and social challenges and to take stock of progress made on the SDGs in their national reform programmes, as a qualitative complement to the indicator-based monitoring by the Commission within the Semester that will capture the economy-wide aspects of the related policies. In line with this recommendation, in 2020 Italy introduced the analysis of the National Reform Programme NRP in the light of SDGs. It is to be noted that this analysis partially implements also the 2017 CIPE (108/2017) directive, approving the NSDS, that gave the mandate to MEF to link the NSDS with the official documents of economic programming and policies.

Against this background, as analysed above, currently the MEF ESW Report is the most advanced analysis of the impact of budget measures on their expected results in terms of economic, social and environmental challenges, by monitoring outcomes indicators related to sustainability. A few points for improvement emerged during OECD interviews with key stakeholders on the links between BES and the policy cycle such as: measurement frameworks reflect a set of common values, thus the selection of indicators should not be the first step. Instead, the selection of relevant indicators should be made only after the country’s visions and targets and possible contributing policy areas have been formulated by the leading institutions with other stakeholders in a participative process. In this sense, only indicators with reliable and policy-sensitive forecasts should be selected to track policies’ contributions (or impacts) to the targets identified and agreed among stakeholders. Also, difficulties were experienced in establishing the linkages between budget measures and indicators as their correlation is not always clear in the literature. The importance of showing the linkages not only *ex ante*, through budget tagging but also *ex post* by linking results to budget measures is paramount to influence decision making towards sustainability.

*Opportunities for further integrating sustainability in the budget mechanism could include:*

**Broadening the scope of the BES/DEF indicators to include NSDS relevant indicators (impact budget analysis)**

A proposal emerging from key stakeholder interviews is to consider a combined set of BES-DEF and NSDS indicators<sup>24</sup> as updated by the NSDS revision process, and their targets, into the budget and investments cycle. Similarly, in the past, all policies were evaluated for their contributions to the EU 2020 targets. Italy could further investigate whether the same mechanism for analysing budget expenditures according to the BES indicators (not including the foresight component) could be extended to the updated set of 43 NSDS indicators. In this sense the MEF could work together with the line ministries, subnational authorities and the Audit Institution (Corte dei Conti) to require that programming and budget reporting documents explicitly mention how the expenditure contributed to the NSDS objectives. In 2019 the Corte dei Conti



expressed the view that the introduction of such a requirement would contribute to translating the NSDS objective into actions and financing (University Tor Vergata, 2020<sup>[28]</sup>).

The advantages of mapping the budget measures and programmes for their impact to both the 12 BES and the set of NSDS indicators could include:

- The analysis of budget's impact on the NSDS's expected results will be more effective than budget tagging by associating expenditures to the progress towards numeric targets associated to the Strategy.
- Introduce the targets that will be tracked in the combined BES/DEF and NSDS Report as a precondition for all ministries would encourage more integrated policy formulation and arbitration, identifying when policies are competing or redundant, particularly in view of balancing the EU priorities for competitiveness, social inclusion, digital and Green transition.
- Increase the exhaustiveness of the analysis of public expenditure by extending the assessment to complementary outcomes that are not currently monitored through the 12 BES. More exhaustiveness will translate into accounting for trade-offs and synergies between different policy areas and identify possibly compensatory measures.

### **Tag budget expenditures to the SDGs/NSDS in *ex ante* analysis**

Italy could take steps for *ex ante* tagging the European Union and ordinary budget according to its contribution for the SDGs indicators/NSDS priorities. Linking EU funding to the SDGs/NSDS is key given the substantial contribution of the NextGenerationEU in the years to come. The approval of the NRRP/PNRR is giving new impetus in this sense. Building on the experiences of the regions in linking EU Cohesion Funds with the NSDS and the PowerBi instrument recently developed by MITE in collaboration with three Universities which shows correspondences between the NRRP and NSDS, Italy could take steps tagging the European Union and ordinary budget (but also influence the rest of the policy cycle) according to its contribution for the SDGs indicators. This would provide an *ex ante* analysis of what expenditures are contributing to in terms of sustainability and potentially associate KPI to delivery of sustainability targets.

### **Target financial resource to sustainability vectors**

To ensure effective implementation of the NSDS/RSDS, financial resources could be specifically targeted to the sustainability “vectors” which are essential to guiding, managing and monitoring the integration of the SDGs into national policies, plans and projects. For instance, a proposal by one of the working groups of the Forum for Sustainable Development (Sapienza University, 2021<sup>[29]</sup>) for strengthening the knowledge and cultural awareness at all levels of the government and civil society in order to enable new competence, behaviours and initiatives compatible with sustainable development, including by implementing the Italian strategy for Global Citizenship Education. Such cross-cutting actions could strengthen coherence and be specifically funded through a cross-ministerial budget.

### **Progress towards linking the EU Taxonomy framework with public investments assessment**

The EU taxonomy provides the requirements that public and private investments and economic activities must meet to be considered as environmental sustainable. While the work is ongoing at the EU level, Italy could take the opportunity to start thinking about how to assess public policy and investments also in light of such taxonomy.

## Public Procurement

Public procurement is not only a tool for significantly pushing companies towards producing sustainable goods and services for the public sector but is also a tool for planning. In fact Italian procurement legislation (Codice degli appalti DL 50/2016) lists the planning and programming tools that Ministries need to use to identify new infrastructures for sectors such as transport, postal services, water and energy; logistic and transport general plan (PGTL), Multi-annual planning documents. As mentioned above, alignment between the sustainability requirements included in different regulatory tools (i.e. the procurement legislation including minimum environmental Criteria (CAM), CIPESS regulation for *ex-ant* and *ex post* evaluation as well as other ministerial evaluation guidance) should be aligned and adapted to the availability of homogenous data across levels of government.

### Box 2.7. The National Action Plan on Green Public Procurement (NAP GPP)

The National Action Plan on Green Public Procurement (NAP GPP) aims at promoting the diffusion of GPP among public bodies and assesses how to award contracts according to the sustainability principles of the Minimum Environmental Criteria (CAM).

CAM are social, environmental and economic requirements aimed at guiding the choices of the public administration, rewarding those products, services and works with a higher sustainability value. In 2018 a Memorandum of Understanding has been signed between the Ministry of Environment and the ANAC (National Anti-Corruption Authority, responsible for the CAM application in public contracts) in order to enhance the monitoring and supervising of the application of the CAM adopted under the NAP; the sharing of guidelines and standard clauses for calls for tender and similar documents; the implementation of training initiatives for public administration officials. Useful indications are given by the Monitoring Report GPP 2020 issued by CReIAMO PA (Skills and Networks for Environmental Integration and Improvement of PA Organizations at the Ministry for Ecological Transition). This report - even if it is not assimilated to the supervisory activity that ANAC intends to launch as established in the mentioned Memorandum - underlines how GPP is not yet adequately widespread within Italian administrations, mostly due to the difficulty in finding homogenous data within municipal, provincial and regional entities, especially for those that do not yet have a monitoring system in place.

Among Italian regions, Sardinia was the first to introduce eight “Ecosportelli” which provide information, technical support to provincial and municipal administrations in the adoption of GPP and guidance to enterprises, as well as the promotion of a network of good practices. Similar instruments are also shared by other regions and autonomous provinces which have adopted regional laws on GPP and set up specific tools such as training courses, help desks, publications and workshops.

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## Notes

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<sup>2</sup> “Simulation of a coherent decision making process around the National Strategy for Sustainable Development: Institutional dialogue for more coherent policies in the area of Prosperity”

<sup>3</sup> Set up by Law no. 144 of 17 May 1999 and governed by the Directive of the President of the Council of Ministers of 10 September 1999.

<sup>4</sup> The Recovery and Resilience Plan has been formulated by the PCM, the European policy department (PCM) in consultation of the Ministry of Finance which provided the tools to select the priorities.

<sup>5</sup> EU Commission, press corner, site accessed in September 20<sup>th</sup>  
[https://ec.europa.eu/commission/presscorner/detail/en/ip\\_21\\_3126](https://ec.europa.eu/commission/presscorner/detail/en/ip_21_3126).

<sup>6</sup> The Decreto Legge 77/2021 “*Governance del Piano nazionale di rilancio e resilienza e prime misure di rafforzamento delle strutture amministrative e di accelerazione e snellimento delle procedure*” endorsed, with modifications, through Law 108, 29th July 2021 and published in Gazzetta Ufficiale n. 181, 30th July 2021”.

<sup>7</sup> <https://app.powerbi.com/view?r=eyJrIjoiYTc2M2EwZDYtYTkyMC00YWQ3LTNmZTgtNGUwNDQ4MmRiM2ZjIiwidCI6ImE0MDZkY2ZmLTAwNTktNDIzYi1iOWE1LTlkYTQyNDNkN2VkMyIsImMiOiJ9>

<sup>8</sup> The National Reform programme (PNR/NRP) constitutes the 3<sup>rd</sup> section of the DEF (Documento di Economia e Finanza) and is approved by the Presidency of the council of the Ministries (PCM) after approval by the regions and local authorities. It responds to the Country Specific Recommendations (CSR) of the EU Semester. It is equally inspired by the EU Green Deal and the EU Annual sustainable Growth strategy. In July 2020 the PCM approved the NRP presenting the measures for 2021-2023 in the areas of: Sustainable finance and fiscal policies for growth; Job market, school and skills, Social policies, support to families and poverty reduction, productivity competitiveness, justice and banking sector, support to material and intangible investments in view of sustainability. <https://www.mef.gov.it/inevidenza/PNR-riforme-e-investimenti-per-il-rilancio-e-la-sostenibilita/>

<sup>9</sup> [http://www.dt.mef.gov.it/modules/documenti\\_it/analisi\\_programmazione/documenti\\_programmatici/def\\_2020/DEF\\_2020\\_Programma\\_Nazionale\\_di\\_Riforma.pdf](http://www.dt.mef.gov.it/modules/documenti_it/analisi_programmazione/documenti_programmatici/def_2020/DEF_2020_Programma_Nazionale_di_Riforma.pdf).

<sup>10</sup> Conferenza delle Regioni e delle province autonome, Le regioni e la programmazione integrata per la crescita e lo sviluppo sostenibile dell'Italia e dell'Europa. <https://docplayer.it/189291495-Le-regioni-e-la-programmazione-integrata-per-la-crescita-e-lo-sviluppo-sostenibile-dell-italia-e-dell-europa-il-contributo-delle-regioni-al-pnr-2020.html>

<sup>11</sup> [www.tecnostruttura.it](http://www.tecnostruttura.it)

<sup>12</sup> The Regional Document of Economic and finance (DEFER) at regional level is the main programming instruments where all programmatic lines have to be presented by 30 of June for the length of the provisional budget. The programmatic lines are drafted according to the Missions that each region includes in the budget.

<sup>13</sup> [https://ec.europa.eu/info/strategy/priorities-2019-2024\\_en](https://ec.europa.eu/info/strategy/priorities-2019-2024_en) as accessed on May 27<sup>th</sup>, 2021.

<sup>14</sup> <https://app.powerbi.com/view?r=eyJrIjoiYTc2M2EwZDYtYTkyMC00YWQ3LTNmZTgtNGUwNDQ4MmRiM2ZjliwidCI6ImE0MDZkY2ZmLTAwNTktNDIzYi1iOWE1LTlkYTQyNDNkN2VkMyIsImMiOiI9>.

<sup>15</sup> To respond to the crisis originated by the COVID-19 pandemic five decrees were issued between March and August 2020. These included the Re-launch Decree (Decreto Rilancio) issued in May 2020 implementing measures for EUR 55 billion focusing on managing the sanitary emergency, liquidity to the enterprises, subsidies and fiscal waivers.

<sup>16</sup> The Council of Ministries approved a first version of the National Recovery and Resilience Plan (PNRR) on January 11<sup>th</sup>, 2021 for around EUR 220 billion. The first version of the PNRR has no official link to the SDGs nor the NSDS. It is articulated around six macro-areas (macro-missioni): green revolution and ecological transition has the largest envelope (EUR 69 billion) of which the largest component is dedicated to requalifying private building according to energy efficient criteria (almost EUR 30 billion). The PNRR has three cross-cutting priorities (women, youth and territorial cohesion) that will be achieved through all the other objectives and measured through the macro-economic, employment and BES indicators.

<sup>17</sup> Camera dei Deputati, Doc XXVII n 18-A. Presented on March 30<sup>th</sup> 2021.

<sup>18</sup> <https://opencoesione.gov.it/it/progetto/>

<sup>19</sup> Gazzetta Ufficiale della Repubblica Italiana, n. 40, 17 February, 2021.

<sup>20</sup> As mentioned above, in 2019 a new legislation (Decreto Legge 12 Dicembre 2019 n.141 art 1bis) was introduced with the purpose of strengthening policy co-ordination in the field of sustainable development. As result, the Interministerial Committee for Economic Programming and Sustainable Development (Comitato Interministeriale per la Programmazione Economica e lo Sviluppo Sostenibile - CIPESS) issued in January 2021 a new regulation.

<sup>21</sup> [https://www.mit.gov.it/sites/default/files/media/notizia/2017-07/Linee%20Guida%20Val%20OO%20PP\\_01%2006%202017.pdf](https://www.mit.gov.it/sites/default/files/media/notizia/2017-07/Linee%20Guida%20Val%20OO%20PP_01%2006%202017.pdf)

<sup>22</sup> <http://www.funzionepubblica.gov.it/articolo/ministro/10-08-2021/pnrr-mille-professionisti-al-lavoro-sulla-mappa-dei-colli-di-bottiglia>

<sup>23</sup> The indicator reflects the purchasing power of households and their ability to invest in goods and services or save for the future, by accounting for taxes and social contributions and monetary in-kind social benefits (source EUROSTAT).

<sup>24</sup> Broad compatibility exists between the two sets of indicators, SDGs and BES.9 NSDS are already tracked through the BES\_MEF indicators so a total of 37 indicators would combine the NDSD and 12 BES indicators (see background Note session 1).



# 3

## Block 2: Institutional Mechanisms

The second pillar of the OECD Recommendation on Policy Coherence for Sustainable Development focuses on effective and inclusive institutional and governance mechanisms to address policy interactions across sectors and align actions between levels of government.

### Whole-of-government co-ordination

Connecting policies means connecting people, at different stages of the policy cycle through process or cross-institutional consultations, to ensure they have the information to identify policy divergences and conflicts related to the implementation of the 2030 Agenda beyond their area of expertise, power or interest.

Co-ordination issues are one of the key difficulties that emerged from stakeholder interviews as well as previous analysis of the Italian governance system. In fact, the 2020 European semester report (European Commission, 2020<sup>[1]</sup>), mentions co-ordination issues 14 times as main challenge for implementing reforms and delivering services in several policy areas including ensuring that active labour market and social policies are effectively integrated. While the European Semester has been modified to reflect the NextGenerationEU Regulation 2021/241, the Commission has expressed in recent documents<sup>1</sup> the importance of work applying a Policy coherence for sustainable development approach to the implementation of the NextGenerationEU.

This section describes the national mechanisms and tools in place dedicated to co-ordinate the implementation of the sustainable development goals across the government, whether they are explicitly mandated to promote PCSD in the implementation of the SDGs and how they ensure effective communication on PCSD across Ministries. Further, it will investigate who is mandated to arbitrate when divergences and trade-offs in the implementation of the SDGs emerge, including the co-ordination for considering transboundary impacts of national policies.

OECD notes that cross-government capacity-building efforts will need to be strengthened across all central and territorial administrations. Data collected from the OECD survey, identify the following capacity gaps: connecting policy making with accountability and reporting; identifying the inter-linkages across actions built in the NSDS; assessing the impact of policies that cut across different SDGs and anticipate the synergies and trade-offs that they could generate, etc. The need to strengthen the competence of central and territorial administrations with specialised experts that have time and competence to dedicate to PCSD emerged clearly from the surveys and the stakeholders' workshops. In particular, the officers working in regional and metropolitan administrations on the pilot projects supported by the MiTE (see Section on Subnational Engagement), received a substantial accompaniment enabling them, among other things, to draft the matrix to map the contributions of programmes and budgets to the NSDS. In their views, dedicated staff should be allocated to strengthening policy coherence for sustainable development in territorial administrations and to report accordingly. They recognised that building tools for aligning programming, budgeting and evaluation with the NSDS was a very time-consuming task, also for the lack of awareness of sustainability issues of their colleagues across departments. In particular, they emphasised the



importance of linking the NSDS with the budget that will be channelled through the mission of the PNRR in order to increase alignment and strengthening the awareness of decision makers on the 2030 Agenda.

### ***The Presidency of the Council of Ministries – PCM***

In Italy, the Presidency of the Council of Ministries (PCM) oversees and co-ordinates the implementation of the NSDS (Delibera 108 CIPE 22<sup>nd</sup> December 2017). The PCM is supported by the MiTE and by the Ministry of Foreign Affairs and International Cooperation. The CIPE Decision 108/2017 attributes to the PCM the mandate to operationalise the NSDS, to define quantitative targets, to monitor its implementation as well as the impact of national policies on the achievement of the NSDS. Such provisions are still standing but still need to be enacted and successive legislative acts created overlaps in institutional mandates. Two successive acts, DPCM March 2018 and DPCM June 11<sup>th</sup> 2019, attributed specific co-ordination and management mandates to the PCM for the implementation and monitoring of the Strategy.

Changes in the legislations, regulatory and institutional settings concerning the PCM are here summarised. First of all, in March 2018 a governmental directive (Direttiva del Presidente del Consiglio del 16 marzo 2018 - Indirizzi per l'attuazione dell'Agenda 2030 delle Nazioni Unite e della Strategia nazionale per lo sviluppo sostenibile) established an entity (National Commission for Sustainable Development) which, however, was never activated. The Directive envisaged an active role of line Ministries. The Directive provided that each Ministry conducts an annual coherence assessment of the actions programmed over the next three years. Each Ministry would have assessed sectoral coherence as well as the alignment of programmed actions with the NSDS. In addition, each Ministry would have added a report on the initiatives undertaken to implement the NSDS which should also have fed into the annual implementation report to be elaborated and submitted by the MiTE to PCM (Chamber of Deputies, 2020<sup>[2]</sup>). Afterwards, such dispositions were transferred into Art. 2.3 DPCM of 11 June 2019 establishing the Cabina di Regia Benessere Italia. This techno-scientific Committee was mandated to ensure the institutional, political, strategic and functional co-ordination mandate for the implementation of the Government policies for equitable and sustainable well-being (ESW/BES) and of the NSDS. The Cabina has been chaired by a representative of the President of the Council and it is composed of a representative from each line Ministry. The body included also an Expert Committee involving Italian leading research, social and statistical institutes (Institute of statistics ISTAT, National Institute for Social Security INPS, National Research Committee CNR) a representative of the Civil Society platform for sustainable development (ASviS) and 4 appointed experts.<sup>2</sup> Several stakeholders including from the Cabina highlighted during OECD interviews several obstacles preventing the organism to fully operate its inter-ministerial dialogue for implementing the NSDS. In particular, the lack of involvement during formulation of cross-cutting measures related to sustainability was mentioned as an obstacle. In 2021, the mandate reserved to Cabina di Regia Benessere Italia has not been confirmed as part of the re-organisation that the newly established government is undergoing.<sup>3</sup>

Another branch of the PCM, the Policy Cohesion Department of the Presidency of the Council of Ministries (Dipartimento Politiche di Coesione – DPCoe) and its implementation branch, the Territorial Cohesion Agency plays a crucial role in terms of policy integration. As described in the section above on Policy integration, the Department organises the round-tables (*Tavoli di partenariato*) with the regions, leading to the signature of the 2021-2027 European Structural and Investment Funds (ESIF) partnership agreements. Thanks to the department's efforts, in collaboration with MiTE, for using the EU cohesion funds to advance towards the sustainability objectives, the regions had to indicate the correspondence of the macro actions (*categorie di intervento*) identified in their agreements with the objectives of the NSDS. The Territorial Cohesion Agency (ACT) disseminates information and communications on the implementation of the national programming established in the 2014-2020 Partnership Agreement,<sup>4</sup> fostering connections with the most important national policies and development plans, such as the: Digital Agenda, European Urban Agenda, National Smart Specialisation Strategy, National Strategy for "Inner Areas", Italian Bioeconomy

Strategy, and Integrated Maritime Policy and Strategy.<sup>5</sup> The 2021-2027 Partnership Agreement is currently in the process of being finalised (see Annex A).

Its Evaluation unit (NUVAP) co-ordinates the Network of Evaluation units from all line Ministries and could offer the space for comparing the effectiveness of the current evaluation tools in terms of assessing the different sustainability dimensions, trade-offs and the impact on third countries (NUUV, Nucleo Valutazione e Verifica degli investimenti pubblici, 2020<sup>[3]</sup>).

Another department within the Presidency of the Council of Ministries is the Department for Economic Planning (Dipartimento per la Programmazione Economica – DIPE). The Evaluation Unit of the DIPE (NUUV) included in its 2021-2022 programme of work a study on the definition and implementation of the governance for sustainable development in order to better understand its contribution (NUUV, Nucleo Valutazione e Verifica degli investimenti pubblici, 2020<sup>[3]</sup>). Similar initiatives show that policy coherence is gaining increasing attention and is becoming a priority in many branches and settings of Italian administration.

### **Existing inter-ministerial bodies at the Presidency of the Council of Ministries**

#### *Interministerial Committee for Ecological Transition (CITE)*

More recently a new interministerial organism, the CITE – Interministerial Committee for Ecological Transition, has been established in 2021<sup>6</sup>. CITE is now responsible for the NSDS implementation and for the approval of the revisions and updates of the NSDS document provided by the MiTE.<sup>7</sup> Until now the CIPESS (see paragraph below) was responsible for this function. CITE is mandated to ensure the co-ordination of national policies for ecological transition. In addition, according to Law 108/2021 endorsing with modifications Decreto Legge 77/2021, CITE would act as a steering committee for those aspects of the PNRR that are directly related to its mandate (Art. 2.4).

CITE is chaired by the Prime Minister<sup>8</sup> or by the Minister of MiTE as an alternate. It is composed of MiTE, Ministry of Economy and Finance, Ministry of Economic Development, Ministry of Infrastructure and sustainable mobility; Ministry of Labour; Ministry of Agriculture and Forestry. Other Ministries will also be invited to participate according to relevance, and specific mechanisms are provided for involving the territorial level. CITE is also approving the Plan for the Ecological Transition (*Piano per la Transizione Ecologica*, PTE). The PTE is due by September 2021 and will deal with: climate change mitigation and adaptation, in particular emissions reductions; sustainable mobility; hydrogeological and soil preservation; water resources and infrastructures; air quality; circular economy; circular bioeconomy, environmental taxation, harmful environmental subsidies, climate and sustainable finance. The Plan should contain specific actions, associated budget and targets as well as a timeline. A review of the Plan is due yearly. CITE is embedded within the PCM and is assisted by a technical committee instructing and supporting the work, whose nomination is ongoing.

The CITE has the relevant mandates to ensure connections between the NSDS, the ecological transition plan, and the PNRR's measures directly linked to CITE's competences. However his competences do not cover all the dimensions of sustainability (the social and economic dimensions are largely excluded). Giving the role of the DIPE<sup>9</sup> within the PCM and in particular the evaluation unit (NUUV), and the mandate of CITE, synergies could place a great potential in this unit as catalyst for ensuring policy coherence in the immediate future during the revision of the NSDS and its indicators, while setting the new indicators for the CIPESS, also connecting to the PTE the measures of the PNRR that are related to the transition addressed by CITE.

*Inter-ministerial committee for Economic Programming and Sustainable Development (CIPESS)*

The Comitato Interministeriale per la Programmazione Economica (CIPE) which since January 2021 changed its name into Interministerial Committee for economic programming and sustainable development (*Comitato Interministeriale per la programmazione economica e lo sviluppo sostenibile*, CIPESS)<sup>10</sup> has a role in policies' integration, evaluation and co-ordination around green and socio-economic objectives. It is chaired by the President of the Council and is composed of all Ministers. CIPESS is supported by DIPE (*Dipartimento per la Programmazione Economica*). Given its regulative power to validate investment proposals that have been developed by each Ministry, this body has crucial function for mainstreaming sustainability across the government. It could also play a significant role by inspiring through its regulation cross-fertilisation and dialogue during the formulation of investment proposals in particular through inter-ministerial committees. Its regulation does not mention a mandate for arbitrating when policy divergences and conflicts might emerge. As explained below (see Section on The CIPESS evaluation of public investments) CIPESS is developing a new evaluation matrix for public investment. This process together with formulating the NSDS strategy numerical objectives and identifying PCSD tools and evaluation mechanisms to be included in the Italian PCSD Action plan could further enhance the integration of sustainable development across central institutions by clarifying the roles of the bodies involved in formulating, quantifying, implementing and monitoring the NSDS (NUUV, Nucleo Valutazione e Verifica degli investimenti pubblici, 2020<sub>[3]</sub>).

While changes were taking place and mindful of constraints, MiTE consulted with key central institutions and proposed to establish an informal engagement group (*Gruppo informale di Contatto PCSD*)<sup>11</sup> as part of the implementation of this project to contribute to both: developing the content and operationalising the activities (workshops, consultations, etc.) for the revision of the NSDS and the formulation of the Action Plan. The members of the informal engagement group included: Cabina di Regia Benessere (Steering Committee Well-Being Italia) within the Presidency of the Council of Ministry (PCM), Dipartimento per la programmazione e il coordinamento della politica economica DIPE (Department for programming and coordinating economic policies) within the PCM, Department for territorial cohesion within PCM, Ministry of Foreign Affairs and International Cooperation (MAECI), Ministry of Economy and Finance (MEF), Department of European Policies within the PCM.

### Box 3.1. Law 108/2021 endorsing with modifications Decree-Law n. 77/2021: “Governance of the National Recovery and Resilience Plan and initial measures to strengthen administrative structures and accelerate and streamline procedures”

The Law 108, 29th July 2021 has endorsed with modifications Decree Law n.77/2021 (G.U. 181, 30th July 2021) defines the normative framework to simplify and enable the implementation of the objectives and targets of the NRRP/PNRR related to EU Regulation 2021/241, the National Plan on Climate and Energy (Regulation (UE) 2018/1999) and of the Piano Nazionale Investimenti Complementari (Decreto Legge 6 maggio 2021, n. 59).

The Decree-Law establishes a series of bodies to achieve the above-mentioned goals, among those:

1. Steering Committee (Cabina di Regia within the PDC): a body with powers of political guidance, impulse and general co-ordination of PNRR interventions (Art. 2).
2. Technical Secretariat: a structure set up at the PCM to support the Steering Committee and the Permanent Table (Art. 4).
3. Mission Unit for Rationalising and Improving Regulation (Art. 5).
4. Central Service for the PNRR: a new Directorate General within the MEF, RGS Department (Art. 6).
5. Permanent Roundtable: (*Tavolo permanente per il partenariato economico, sociale e territoriale*): a permanent body gathering institutional and non-institutional stakeholders with consultative status on the issues and measures of the PNRR (Art. 3).
6. Audit Unit: a body which carries out control activities on the implementation of the PNRR with respect to EU Regulation 2021/241.

Furthermore, each line Ministries will have its own Directorate General dedicated to the implementation of the PNRR. Local Authorities are also engaged and are accountable at different stages of the implementation and monitoring process.

#### *Steering Committee for the Development and Cohesion Fund (Fondo per lo Sviluppo e la Coesione, FSC)*

The Development and Cohesion Fund (*Fondo per lo sviluppo e la coesione*, FSC) is, together with the European Structural and Investment Funds (see Annex A. Cohesion Policy in the European Union and Italy) the main national financial instrument for the implementation of policies aimed at economic and social rebalancing in Italy. The Steering Committee for the FSC was established within the PCM for the 2014-2020 programming cycle by DPCM 25<sup>th</sup> February 2016 and it is composed of representatives of the central administrations, of the regions and of the autonomous provinces of Trento and Bolzano. It is chaired by the Minister for the South and Territorial Cohesion.<sup>12</sup> The Steering Committee is responsible for defining, for the purposes of the following proposal for approval by the CIPESS, specific operational plans (development and cohesion plans, PSC) broken down by Thematic Areas, specifying the expected results, actions and interventions needed, the corresponding financial estimation, the national, regional and local implementation level, the timeframe for implementation and the monitoring arrangements. The CIPESS then allocates the financial resources of the FSC to the different Thematic Areas. The Steering Committee also operates on the resources for the FSC 2021-2027 programming cycle.<sup>13</sup>

According to Delibera CIPESS n. 2/2021, on an annual basis, upon the proposal of the Minister for the South and Territorial Cohesion, a report is submitted to the CIPESS on the progress and implementation status of the development and cohesion plans, after submission to the FSC Steering Committee.<sup>14</sup>

### *Inter-Ministerial Council for Development Co-operation (CICS)*

The Italian Development Cooperation Law 125/2014 attributed to the Inter-Ministerial Council for Development Co-operation (CICS), bringing together the prime minister and line ministers, the mandate to approve the triannual development cooperation strategy and to arbitrate potential conflicts around the transboundary impacts of policies.

### **Line Ministries**

#### *Ministry of Ecological Transition (MiTE)*

According to the Delibera CIPE 108/2017 MiTE is in the leadership, under the auspices of the PDM, for ensuring the implementation and review of the NSDS, together with MEF and MAECI according to their respective mandates. MiTE used to refer to CIPESS and now to CITE (Legge 55/2021). The reviewed document of the NSDS has to be previously presented to Conferenza Stato Regioni. While MiTE has established specific consultation processes and lines with central and local administrations as well as with stakeholders, internally, across-departmental co-ordination is being fostered within the MiTE. Departmental and Directorate Focal Points for Sustainable Development participate in a Working Group to fine-tune internal formulation, monitoring and revision processes of thematic strategies. Currently key strategies are being updated such as the Circular Economy, climate transition, adaptation, oceans, biodiversity strategies. It would be interesting to follow up on how this working group achieves the harmonisation across these strategies and standardise their monitoring (also through common indicators and KPIs). Further, it would be interesting to understand whether this group serves in identifying cross-cutting measures/milestone that could be implemented by the entire Ministry (i.e. increase by 2030 sustainable forests management, etc.) as well as potential trade-offs and synergies. Often each of those strategies has a governance mechanism itself. For instance, the bio-diversity strategy (Strategia Nazionale per la Biodiversità) has a Committee for Bio-diversity (Comitato paritetico per la Biodiversità) and a Conference. The Comitato paritetico is supported by a scientific body (Osservatori Nazionale per la Biodiversità) while a Tavolo di consultazione ensures stakeholders' involvement, to ensure cross-sectoral and multi-level co-ordination as well as dialogue with academic institutions. The Conferenza permanente per i rapporti tra lo Stato, le Regioni e le Province autonome di Trento e Bolzano is the body in charge of approving the Strategy.

The working group established with the MiTE can offer a model to other line Ministries for their internal co-ordination. By harmonising these strategies within the wider framework of the implementation of the NSDS, this inter-directorate working group responds to the same effort under-taken by subnational governments, where the relevant directorates are working together to rationalise competences and responsibility as they implement the environmental strategies at territorial level (Ministry for Ecological Transition, 2021<sup>[4]</sup>).

Similarly, other inter-ministerial and intra-departmental dialogues around sectoral policies (i.e. CITE, inter-ministerial committee on transport and infrastructure, etc) could frame the definition, implementation and assessment of sectoral strategies according to the NSDS, in view of harmonising the ordinary and Cohesion funds to support the implementation of the NSDS.

#### *Ministry of External Affairs and Development Cooperation (MAECI)*

The National Sustainable Development Strategy has included the “external dimension” in the Area Partnership which, in turn, refers to the Documento triennale di Programmazione e di Indirizzo della politica di cooperazione allo sviluppo. While the review is assessing the options to overcome such division, mechanisms exist with the competence to discuss across the government the international dimension of sustainable development. The Development Cooperation Law 125/2014 established that the Deputy

Minister of Development Co-operation has the power to raise any issue of policy coherence in ministerial council meetings. In addition, it established the National Council for Development Co-operation (CNCS) providing a platform for civil society and diaspora organisations to discuss with the government the impact of domestic and development co-operation policies on developing countries. This Council should enable civil society to play a role in the reporting mechanisms of the SDGs (i.e. VNR, SDGs and national indicators). MiTE has also worked and successfully ensured linkages between the Forum for Sustainable Development (see *infra*) and the CNCS. However, according to 2019 DAC Peer Review of the Italian Development Cooperation (OECD, 2019<sup>[5]</sup>) “these structures are not yet fully functional. Italy does not systematically identify, analyse or monitor the transboundary and long-term impacts of domestic policies, including how they might harm developing countries”. This lack of coherent whole-of-government approach with regards policies’ impact on developing countries is more evident in some policy sectors (i.e. migration) than others (Finance and investment), where “Italy demonstrates coherence”. In order to ensure the coherence of its policies with the sustainable development of partner countries, the Review recommends Italy “to make full use of the mechanisms outlined in Law 125 and implement its plans to assess, arbitrate, and monitor potential conflicts”. Also, the links between these committees and overall mechanisms for strengthening policy coherence among central institutions and non-state actors could be further strengthened. The PCSD Project Workshop 2 focused on transboundary impacts of domestic policies and concrete paths to improve governance mechanisms (i.e. frameworks to measure progress in the work of the CICS, specific role of the CICS to oversee coherence during the legislative process) as well as opportunities to build consensus on the impact of domestic policies on third countries in areas such as responsible business conduct and migration.

#### *Ministry of Economy and Finance (MEF)*

Starting in 2018, 12 of the Equitable and Sustainable Well-Being (ESW/BES) indicators are systematically embedded in the budgetary process (Law 163/2016). The exercise started with the Economic and Finance Document (DEF) of 2017, when 4 indicators (gross disposable corrected income per capita; disposable income inequality; rate of non-participation in work by gender; CO2 and other GHG emissions) were included for the first time. Every year in February, the Ministry of Economy and Finance (MEF) presents to the Parliament a Report on ESW indicators analysing the evolution of ESW indicators in light of the policy measures that were adopted with the Budget Law and other related legislation (current triennium). In April, the MEF also elaborates an ESW Annex to the Economic and Financial Document (DEF), showing the evolution of ESW indicators over the new budgetary process horizon (next triennium) as well as forecasts limited to the 4 indicators while an increasing number of indicators will be provided. In 2021, for the first time, the indicator of obesity was included in the forecast (healthy life expectancy).

Moreover, in 2020, under the reformed European Semester, the Ministry of Finance (MEF) realised a SDGs mapping under National Reform Programme (NRP) priorities. A chapter of the NRP describes how the priorities of the structural reforms are related to the progress of SDGs indicators. Under every NRP priority, the chapter identifies relevant SDGs, the progress of the key SDGs indicators in the last few years, compared to the rest of the EU member states and the country-specific factors that influence these trends.

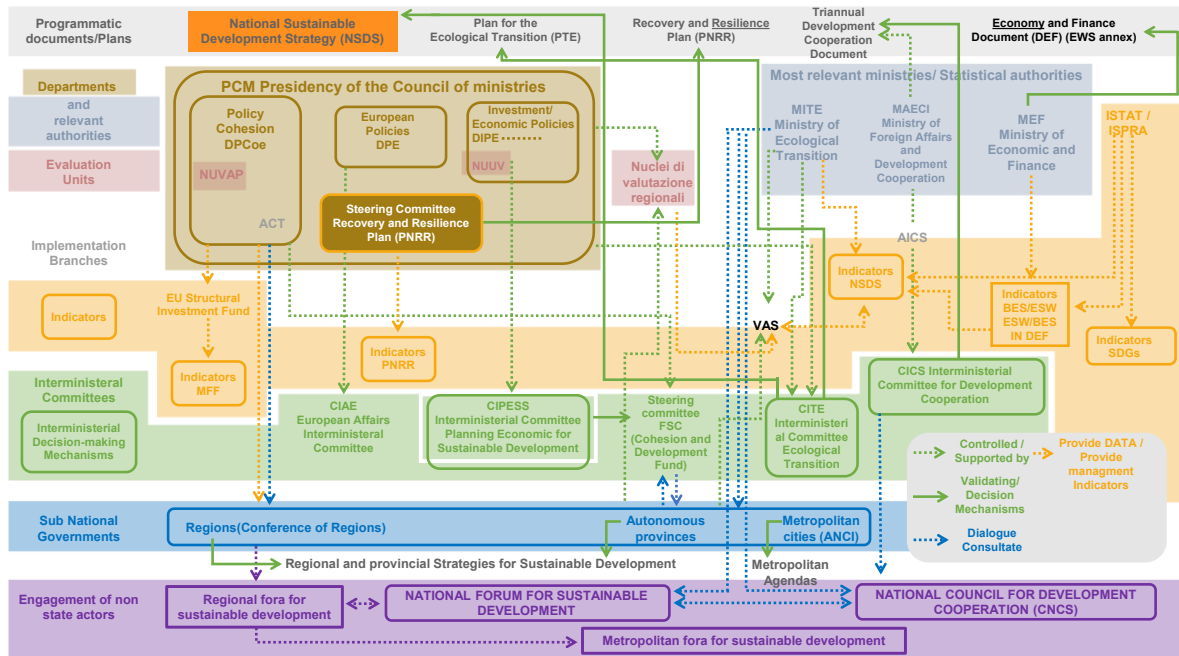
Finally, Law 108/2021 endorsing with modifications the Decree-law n.77/2021 establishes a central service for the PNRR within the MEF, which will be in charge of the reporting and monitoring of the Plan (art. 6).

#### ***Italian Parliament***

The Comitato Parlamentare permanente per l'attuazione dell'Agenda 2030 per lo Sviluppo Sostenibile (Parliamentary Committee) was established on December 5<sup>th</sup>, 2018 within the Parliamentary Commission Foreign Affairs – where other three committees are nested. Since 2018 this Committee has undertaken an investigation (*indagine conoscitiva*) on “Italy’s contribution to the implementation of the 2030 Agenda: the effectiveness of the national legislative framework and of Italian’s development co-operation”. To

undertake this analysis the Committee is organising parliamentary auditions with relevant stakeholders (ASviS, FOCSIV, GCAP, OECD, EU Commission) and institutions (MAECI, *Cabina di regia Benessere Italia*, *Cassa Depositi e Prestiti*, AICS).

Figure 3.1. Italian Governance Map towards PCSD



Source: Author's elaboration.

## Subnational Engagement

Successive legislations (environmental regulatory framework dall'art. 34 del Law 2006/152 on "Norme in materia ambientale e ss.mm.ii." as well as the Delibera CIPE 108/2017 approving the NSDS), provide for the importance of mainstreaming the SDGs on a local scale, also taking into account that some of the areas of competence and responsibilities rely not only on the central administration (Ministry of Environment, Land and Sea, 2017<sup>[6]</sup>).

The 108/2017 CIPE decision approving the NSDS (para 2.2) provides for regional authorities' active involvement in fine-tuning the content of the strategy and identifying co-ordination actions. The decision also gives mandate to the MiTE for setting up an inter-institutional round table including the regions, the Ministry of Economy and Finance as well as the line Ministries.

Thus, the Italian legislative framework not only recommends that Regional and Local Authorities take part in the implementation of the Strategy according to their specific institutional mandates and competencies (Ministry of Environment, Land and Sea, 2017<sup>[6]</sup>) but also provides for their engagement in the formulation of the National Sustainable Development Strategy and its revisions.

The MiTE<sup>15</sup> gave full effect to its task of setting up a round table for engaging regions in the implementation of the strategy but did not include it in the central administrations due to the mini successive legislations intervened in 2018 and 2019 (see Section on Ministry of Ecological Transition (MiTE)). **Since 2018 the MiTE has ensured the implementation of the NSDS by promoting coherence at local level through**

**day-to-day work dedicated to subnational governments –metropolitan areas and regions– that provides space for dialogue on vertical coherence as well as related financial support.**

**This work uses three main channels:**

**i) The collaboration agreements:** the MiTE supports regional and Metropolitan administrations in their efforts to develop a sustainable development strategy contributing to the objectives of the NSDS. To this end, in 2018 the MiTE published a call for proposal for regions and autonomous provinces to provide technical and financial support to the development of regional sustainable development strategies and setting up the governance frameworks at regional level as foreseen by the law implementing the NSDS (art 34 DL 3 April 2006/152). 34 collaboration agreements have been signed in 2019 and 2020 between the MiTE and Regions, autonomous provinces and Metropolitan cities.

**ii) Two Dialogue round-tables:** the MiTE activated two round-tables with Subnational Governments to implement and review the NSDS. In 2018 the MiTE activated the first round-table with Regions and Autonomous provinces (*Tavolo di confronto tra Ministero, Regioni e Province Autonome*). The second round-table with the 14 Italian Metropolitan areas was established in 2020. These two platforms provide regular opportunities for subnational governments to dialogue with the central administration on ideas, actions and evaluation methodologies. This dialogue takes place through working groups, developing common tools and by sharing practices – for instance on institutional monitoring and budgeting mechanisms-, that the territorial authorities activated in support of the sustainable development goals. The subnational governments (SNGs) exchange information about initiatives supported and financed by the MiTE as well as through other collaborations (institutional such as ANCI and non-governmental, ASVIS, etc) that contributed to the formulation and implementation of subnational sustainable development strategies.

**iii) The project CReIAMO PA.:** started in 2018 for five years<sup>16</sup> through EU cohesion funding, this project contributes to mainstreaming the SDGs and the NSDS into regional and local policies.<sup>17</sup> In addition to contributing to the implementation of the collaboration agreements and the round-tables this project implements specific workstreams:

- *Sensitisation and dissemination events* to raise awareness around the objectives of the NSDS;
- *Working group on integrated indicator system for monitoring sustainable development strategies across levels* “Gruppo di lavoro delle Regioni e delle Città metropolitane che lavora sulla costruzione del sistema integrato di indicatori per il monitoraggio delle Strategie”: this group compares the set of 43 indicators produced in July 2019 by the “Tavolo di lavoro sugli indicatori per l’attuazione della NSDS”<sup>18</sup> (see Block 3) with the respective regional indicators used to measuring achievements in the 2030 agenda.
- *Conduct research, in partnership with Universities* (La Sapienza, Roma Tre, Tor Vergata) – see Section on Stakeholder Engagement– on the results of the activities with subnational authorities and civil society for advancing the implementation, update and revision of the NSDS (University Tor Vergata, 2020<sup>[7]</sup>).
- Assisted MiTE to work with the Department of Territorial Cohesion within the PCM (DPCoe) on a framework for charting the contribution of the EU cohesion policy to the NSDS (see Section on The NSDS –EU Cohesion Policies 2021/2027 cohesion matrix: A tool to link policy objectives and systematise the indicators). This strategic framework has been tested with the regions by building a matrix that links the SDGs, the NSDS objectives and the objectives, intervention areas of the EU Funds (ESF and EAFRD).
- Comparative analysis of subnational practices and policies to implement the 2030 Agenda: a mapping is being undertaken MiTE of the existing public policies at subnational level that contribute to achieving the NSDS, to be included in the revision of the NSDS. As result, new practices to be



implemented in the next three years of the project have emerged and could inspire the other regions.

- Finally, the MiTE is collaborating and supporting all the Regions and the 14 Metropolitan areas in the development of the SDRS and *Agende Metropolitane per lo Sviluppo Sostenibile* since 2019. Those are an evolution of the Carta di Bologna signed by all metropolitan mayors in 2017, expanding the mandate and integrating all the dimensions of sustainability.

As a result of these initiatives for building capacity and maintaining constant working relations with the MiTE, most Italian regions, autonomous provinces and metropolitan areas are using or are planning to use – directly or indirectly – the National Strategy for Sustainable Development (NSDS) as a reference for the definition of their territorial sustainable development strategies as well as to integrate sustainable development in their programming and budgeting tools.

In particular, the results of the questionnaire circulated by the OECD in late 2020<sup>19</sup> and the exchanges with the regions and metropolitan areas<sup>20</sup> with SNGs pointed to the following examples:

- **Many regions or autonomous provinces have already developed Regional (or Provincial) Strategy for Sustainable Development (Strategia Regionale per lo Sviluppo Sostenibile):** Regione Emilia Romagna, Regione Lombardia, Regione Piemonte, Regione Sardegna, Regione Veneto, and Provincia di Trento have completed by 2020 their regional strategies as foreseen in the NSDS. Other regions, such as Abruzzo, [Marche](#), Lazio, Friuli Venezia Giulia, Toscana, Umbria are currently drafting their sustainable development strategy.
- According to the results of the survey conducted by the OECD in late 2020 with SNGs, the key priorities included by territorial authorities in their territorial sustainable development strategies cover all the dimensions of sustainable development spanning from training and jobs, in particular green jobs, developing a territorial identity, ecological transition, health and wealth, job and climate, sustainable mobility, relaunch the economic and productive system, among others.
- **10 pilot actions have been activated through MiTE - CREIAMO PA project to support Metropolitan Cities in drafting their local strategy for sustainable development or strengthening the linkages of other metro strategies with the NSDS.** For instance, the Metropolitan city of Bologna has developed a first Agenda for Sustainable Development in 2019 and is drafting an Agenda 2.0 updating the previous one by extending the environmental dimension of sustainable development to the socio-economic dimension. The Agenda is used as a “frame document” that interacts with the planning and programming tools in force or being approved, without overlapping them (Capuzzimati, Ferroni and Mazzanti, 2020<sup>[6]</sup>). In many cases, the Metropolitan Agenda for sustainable development was produced at the same time as the Strategic Metropolitan Plans and the MiTE pilot actions helped in strengthening the linkages across the two documents (University Tor Vergata, 2020<sup>[7]</sup>). For instance, the Metropolitan City of Milano is using the NSDS for the definition of the working streams of the *Agenda Metropolitana dello sviluppo sostenibile*, in co-ordination with the regional level.
- Experiences in using the NSDS in the formulation of their key long-term priorities included in **the Regional Development Programmes and strategic plans**. In particular, the MiTE and the DPCoe supported the regions in linking their 2021-2027 plans and programmes under the EU cohesion funds and with the NSDS. With regards to the case of regions or Metropolitan areas who do not have a strategy in place yet, for example, among others the Metropolitan Cities of Milano, Firenze and Catania, they used the NSDS for defining their local priorities in their strategic plans.

Figure 3.2. Umbria Region, sustainability evaluation of the integrated local plans

AREA	SCELTA GOAL AGENDA 2030 CORRELATI	OBBIETTIVO DELLA STRATEGIA NAZIONALE PER LO SVILUPPO SOSTENIBILE	AZIONI STRATEGICHE DELLA PIANIFICAZIONE LOCALE (PRG/PLUC/PGTI...)	Contesto	Processo	Contributo
PROSPERITA'	<b>III. AFFERMARE MODELLI SOSTENIBILI DI PRODUZIONE E CONSUMO</b> 	III.6 Promuovere la domanda e accrescere l'offerta di turismo sostenibile	Riqualificazione del patrimonio edilizio e del paesaggio per la ricettività turistica Aree attrezzate per la fruizione ludico, turistica e sportiva	N. Strutture per la ricettività turistica suddivise per tipologia Superfici attrezzate per la fruizione ludico, turistica e sportiva (m <sup>2</sup> )	Interventi per il potenziamento dell'offerta turistica suddivise per tipologia manufatti esistenti e la valorizzazione delle aree attrezzate	Variatione delle strutture per la ricettività turistica suddivise per tipologia Variatione superfici attrezzate per la fruizione ludico, turistica e sportiva
	<b>IV. DECARBONIZZARE L'ECONOMIA</b> 	IV.1 Incrementare l'efficienza energetica e la produzione di energia da fonte rinnovabile evitando o riducendo gli impatti sui beni culturali e il paesaggio	Interventi di efficientamento energetico del patrimonio edilizio, anche individuando premialità in termini di cultura	Produzione di energia elettrica e termica da FER (teplanno)	Realizzazione impianti FER Attività produttive secondo il modello delle APPEA	Contributo alla produzione di energia rinnovabile
		IV.2 Aumentare la mobilità sostenibile di persone e merci	Infrastrutture/aree per la mobilità sostenibile di persone e merci (es. aree di scambio, percorsi ciclo-pedonali)	Lunghezza e densità delle piste ciclabili (Km, Km/Km <sup>2</sup> ) Disponibilità di piste ciclabili (m di piste ciclabili / abitanti) Aree pedonali Aree di scambio	Km infrastrutture stradali (con limitazioni di velocità) Km piste ciclabili Km infrastrutture ferroviarie Aree pedonali Aree di scambio (parcheggi) Presenza Piano della mobilità	Variatione infrastrutture stradali (con limitazioni di velocità) Variatione lunghezza e densità delle piste ciclabili (Km, Km/Km <sup>2</sup> ) Variatione disponibilità di piste ciclabili (m di piste ciclabili / abitanti) Variatione Aree pedonali Variatione Aree di scambio
		IV.3 Abbattere le emissioni climatiche nei settori non-ETS (edilizi, agricoltura, gestione dei rifiuti, trasporti)	Tutela e salvaguardia di aree boscate e di infrastrutture verdi Intervento di forestazione	Consumi energetici comunali per settore (teplanno) Emissioni annue di gas serra per settore (tCO <sub>2</sub> eq/anno) Utà abitative con attestato di certificazione energetica per classe energetica	Nuove espansioni ad uso residenziale, commerciale, produttivo. Interventi sull'efficientamento energetico sul patrimonio edilizio esistente. Mantenimento o incremento della superficie boscata e arborea	Variationi consumi di energia per il riscaldamento (residenziale, commerciale, produttivo) Variatione unità abitative per classe energetica Variatione delle emissioni di gas serra per settore non ETS. Variatione capacità di assorbimento di CO <sub>2</sub> della superficie boscata e arborea

Source: Ministry for Ecological Transition, 2020 Report on the implementation of the NSDS, 2021.

- Develop a Coherence Matrix between the regional activities and policies already in place and the NSDS.** Liguria, Friuli Venezia Giulia and other regions have developed these matrixes. For instance, the region Friuli Venezia Giulia develop a matrix linking the current actions planned in regional planning (regional strategic plan) to the objectives of the NSDS list of 43 indicators accompanying it. The department in charge of this exercise (Agency for Energy APE) set up a steering committee and conducted interviews with all relevant regional department. The region Marche is developing a planning approach strongly based on the principle of coherence with the objectives of the NSDS and the 2030 Agenda. The approved 2021-2023 Performance Plan identifies 10 strategic priorities and 40 strategic objectives. It also assigns coherent directional objectives to the regional services (for heads of departments) and operational management performance objectives (for other executives). The goal is to link both management control and strategic control to those objectives, in order to monitor and assess their implementation over time. Agenda 2030 and Regional Sustainable Development Strategy are the core of the Performance Plan; The implementation of strategic control has the aim to experiment and monitor over time how political and managerial decisions could get the sustainable development strategy, reporting to all stakeholders.

Within a new web portal containing statistical information, a set of national, regional and local level indicators will be included, which will be used for context analysis of each regional plan and program. The objective of linking the Strategic Control-Performance Management Cycle process to the indicators of the Strategy is to get tools to assess direct and indirect effectiveness of public policies with respect to their main goal: sustainability.

- Use the NSDS to prioritise sustainability in economic development programming and align the budget to the SDGs.** Several regions analysed how the regional budget contributes to the SDGs. For example, Lazio aligned its budget to the SDGs and presented this exercise to the Ministry for Territorial development. The *Documento di economia e finanza* of the Regione Emilia-Romagna (DEFR 2021) has defined its strategic objectives for 2020-25 in accordance with the NSDS. Regione Liguria developed a coherence matrix (*matrice di coerenza*) to connect the budget (DEFR) with the objectives of the SRSvS and the indicators of the SRSvS were included in the programming and budgeting system (PBC) (Figure 3.3). The implementation of the SRSvS is carried out through sector planning, bringing the principles of sustainable development from the technical to the political level. Friuli Venezia Giulia mapped and linked the work of each department

to the regional planning (strategic plan, DEFR, performance plan) and to the objectives of the NSDS.

- Several cities and regions (i.e. *Friuli Venezia Giulia, Lazio Cabina di Regia interassessorile*<sup>21</sup>) established **cross-departmental working groups** as result of the pilot actions supported by MiTE or by internal initiative to draft the Strategy.

**Figure 3.3. Integration of the objectives and indicators of the SRSvS in the DEFR and in the PBC in Regione Liguria**



Source: Liguria Region PPT presentation used during an OECD-MiTE workshop on June 17<sup>th</sup>, 2021.

Initial identification of some limitations and possible actions that can help them in the implementation of the NSDS at subnational level:

- **The need to ensure better integration and adaptation of the NSDS to the SDGs including at subnational level.** The NSDS is based on 5 priorities, while the SDGs are not the key framework the NSDS was based on. This can create a double “reporting” process and work for subnational governments as they need to refer to the 5 priorities when dealing with the national level and to the SDGs when dealing with the EU or UN organisations. Ensuring mechanisms for easily translating the information from the 5 priorities to the SDGs (as the Region Liguria has in place) would allow cities and regions to collect information on sustainability in a way that is compatible also with European and international requirements for tracking the implementation of the 2030 Agenda.
- **The need to link the NSDS with sectoral strategies, plans and programs, both at national and subnational level.** ASviS has developed a mapping of about 30 sectoral strategies, plans and programs that are contributing to the 17 SDGs in Italy. The NSDS has the potential to play a co-ordination role and promote coherence among those sectoral plans and programs, but the NSDS is still disconnected from those plans/programs. Linking the SDSN to those plans/programs would allow promoting synergies and manage potential trade-offs among sectoral policies contributing to the SDGs in Italy.
- **Continue to support subnational governments in using the SDGs as a policy-making tool** to promote synergies and manage trade-offs among sectoral policies and across levels of

government. Formulating a **coherence matrix linking** existing programmes and budgets with the NSDS objectives has helped regions in *establishing a practice to mainstream sustainability objectives* into the activities programmed by each regional/metropolitan department. According to the stakeholders consulted, although very time-consuming, this exercise helped in *breaking silos* as the local administrations could identify which regional policies were contributing to the same objective of the NSDS. Going forward this information can support a more multi-sectoral and co-ordinated approach in the work of the local administration in tackling a cross-cutting objective (i.e. sustainable tourism). Finally, it *provides decision makers with the relevant information* for choosing policies that have an impact on sustainability and managing the trade-offs.

- **The need for well-defined quantitative targets, going beyond the description of the objectives.** The lack of quantitative targets in the NSDS makes it more difficult to use it as a reference for policy makers, in particular when it comes to sectoral policies. More in-depth technical information beyond the description of the objectives would also help in the dialogue with the technical level;
- **The need to strengthen the political commitment, both at subnational and national level.** This would help to consider the NSDS as a “binding” reference for policy making. The exercise that the regions and Metropolitan areas conducted in syncing their planning and budget instruments as well as using NSDS as reference framework for validation of their plans and programmes to be validated via VAS (see Block 3) would be all the more relevant when local decision makers find it useful in orienting their priorities and communicate and build partnerships with different stakeholders. To avoid the risk of these exercise being perceived as too technical or time consuming the early engagement of the policy-level has to be ensured and maintained, Opportunities to present to national decision makers the result of this work could create a bottom-up pressure to increase the use of NSDS in national decisions.
- **The need for granular data and ensuring that the 43-indicator framework is adequate at subnational level.** Granular data would help to develop more evidence-based analysis at local level and further engage subnational government in the national strategy. Some regions reported difficulties in measuring the results of action across all the indicators suggested by the NSDS as relevant for tracking a strategic objective proved very challenging, as many targets might not be relevant for the activity assessed. Also, the indicators around the governance system and processes resulted hard to identify (*vettori*). A proposal emerged to use the same indicators for the NSDS and the next EU MFF (Cohesion Funds), including indicators that are already tracked by regions.
- **The need for guidelines on how to implement policy coherence at subnational level.** For instance, the process for collecting data across regional departments to fill in the coherence matrix was extremely time-consuming and could be easier if guidance were available.
- **The need for an outreach and capacity-building strategy to reach small and medium municipalities, beyond metropolitan areas.** Many small municipalities are either not aware of the SDGs or are aware, but they are not using them as a policy-making tool as they lack the knowledge, capacity and human resources to do that. Implementing an awareness raising and capacity building strategy for small and medium municipalities, which would include trainings, tools on the localisation of the SDGs, sharing of best practices, would help to spread the implementation of the SDGs beyond metropolitan areas. Associations of local and regions governments – such as AICCRE – are collecting and sharing best practices and developing capacity building programmes on the localisation of the SDGs, but there is a need to scale up those efforts. Some regions, such as Puglia, are identifying municipalities to pilot the implementation of the regional sustainable development strategy across levels of government.
- **Support subnational governments in mainstreaming the SDGs in budgeting processes** to ensure adequate resources are allocated for the implementation of the 2030 Agenda and the NSDS

as well as to foster policy continuity across political cycles. Subnational governments should more and more allocate financial resources based on the identified place-based sustainable development priorities and key local challenges and use the SDGs framework as a mean to foster integrated multi-sectoral programmes and priorities.

### **Synthesis of the results emerging from the OECD questionnaire filed in by regions and Metropolitan areas:<sup>22</sup>**

#### *Multi-level and cross-sectoral engagement and co-ordination*

#### **There are existing dialogues across territorial levels related to the strategic objectives of the NSDS for Italian cities and regions.**

The degree of multi-level dialogues between regions, municipalities and their local stakeholders varies considerably across the country. Some cities and regions have already implemented extensive multi-level dialogues related to their strategic objectives. The Metropolitan city of Genova for instance is holding multi-level dialogues with Regione Liguria, the University of Genova, other municipalities in the region, the SDGs association Liguria 2030 and business networks. In addition, the Metropolitan city of Genova is setting up a coalition between enterprises who signed up a Sustainable Services Chart. Collaboration with Ethic Lab, a network of enterprises from the metropolitan area that share best practices for sustainability (Liguria 2030). Other cities and regions, such as the metropolitan cities of Roma and Reggio Calabria are currently expanding their tools to foster multi-level and multi-stakeholder dialogues related to their objectives, which should connect the local administration, businesses and the civil society. Some regions have developed a multi-level dialogue mainly between the regions and their municipalities such as it is the case in the Regione Abruzzo. The Metropolitan City of Torino is also developing a dialogue between different institutional levels within the framework of the NSDS and the Regione Piemonte that brings together schools and business in identifying skills for preparing future employees for the green transition. In other places, such as the Metropolitan City of Catania, there is as of now no multi-level dialogue related to the strategic objectives in place.

**The sectoral – in silos – organisation of the regional administration constitutes an obstacle for Italian cities and regions when trying to implement a cross-sectoral approach to their strategic objectives related to the NSDS.** Several Italian cities and regions are facing challenges related to their regional administration's organisational structure. The Regione Sardegna for instance highlighted difficulties for the local administration to develop synergies between different departments that are working on the same objectives. This observation was echoed by the Metropolitan City of Genova, which noticed a resistance to change and low-propensity to engage in collaboration and co-design activities. In line with that, the Metropolitan City of Torino emphasised a hierarchical, fragmented and sectoral vision, which does not take into account subsidiarity and therefore makes it difficult to build and implement broad and transversal reference frameworks capable of involving actors of different levels and departments. The Regione Abruzzo pointed out that the opportunities for collaboration between different sectors are limited to the needs of specific cases and emergencies. In line with that, the Metropolitan City of Roma for instance called for a new methodological approach to design a convergence policy relating to objectives, tools and funding for the SDGs as set out in the NSDS. The impact of COVID-19, including the prevention of skills development and transfers, was also mentioned as one of the obstacles faced by Italian cities and regions.

**Need to better sync timelines and monitoring across levels for governance to improve policy coherence.** The Metropolitan City of Reggio Calabria, for example, described that strategies and policies at national, regional and metropolitan level, even within the same EU programming cycles do not follow the same timeline for different stakeholders. Furthermore, there are differences between the monitoring systems of policies, strategies and projects promoted and supported at the national, regional and

metropolitan levels, which prevent a systemic evaluation of the implementation process of the programmes promoted.

*Relevance of EU policies and financing mechanisms for sustainable development at subnational level*

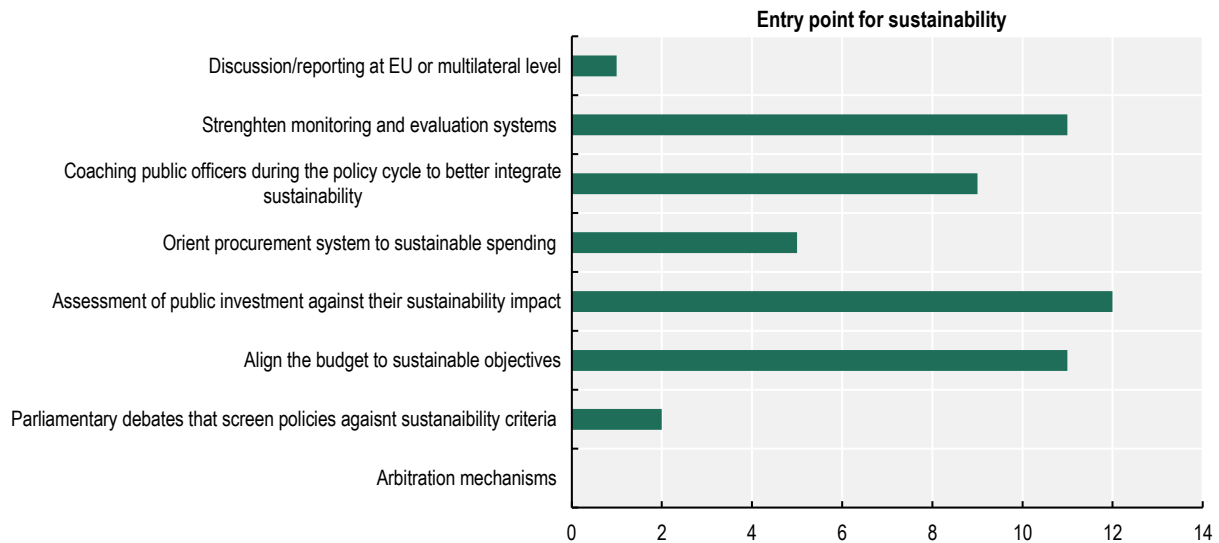
Italian regions and metropolitan cities consider EU policies and funding tools more and more important for sustainable development policies at subnational level, including for the reduced national transfers. Therefore, linking EU funding to the SDGs would be a very powerful tool to support regions and cities in promoting sustainable development and achieving the goals of the 2030 Agenda. In particular, the European Green Deal and Next Generation EU(2021-27) represent the two key EU framework to promote sustainable development in the post-COVID-19 scenario in member countries, at national and subnational level. The five priority objectives of the Next Generation EU should be a key framework to align policies and programmes across levels of government. Some Italian regions will also play a key role in managing EU Transnational Cooperation Programmes (e.g. Emilia Romagna leading the *Adrion* programme with a 120 million budget) to promote sustainable development.

**In terms of financial instruments, Italian regions and cities deem various EU funds compatible with their selected objectives of the NSDS.** For the Metropolitan cities of Reggio Calabria and Milano for instance, the financial instruments compatible with their selected SD objectives are all European, national and regional direct and indirect funds for competitiveness and support to EU countries. This includes for example the European funds managed by the national agencies and the Directorates-General of the European Commission (direct) as well as the structural and investment funds (EISF, indirect) for 2021-2027, created by the European Commission, but managed at national (through the PON) or regional level (through the POR). In addition, several local authorities (among others the Regione Piemonte and the Metropolitan cities of Torino and Reggio Calabria) named the investments provided through the EU Recovery Fund for the period 2021-2026 to support member countries affected by the COVID-19 pandemic, as compatible with the local objectives. Regione Sardegna, together with Fondazione Enrico Mattei, developed a model to assess the correlation between the implementation of the SDGs at regional level and the EU investments policies and funds, in particular the EU Cohesion Policy 2021-27. Other financial instruments mentioned by the Italian cities and regions to support sustainable development include the EU Cohesion Fund and the European Regional Development Fund, which can be integrated into the POR and support key local priorities, such as circular economy and sustainable mobility. Building on the progress made so far for aligning SDG and budget at subnational level, the upcoming resources and reporting mechanisms that regions, provinces and municipalities will receive through the PNRR could be systematically linked to the SDGs.<sup>23</sup> Key stakeholders shared their hope that SDGs and NSDS would gain sufficient relevance in resource programming so as to raise buy in of local decision makers for formulating local policies according to this long-term agenda.

*Entry points for sustainability in the subnational policy making process*

**Italian regions and cities see the value of the SDGs as a policy-making tool, beyond compliance.** The *evaluation of public investments for their impact on sustainability, strengthening the monitoring and evaluation systems and adapting/aligning the budget to the SDGs* should be the key entry points for including sustainability in the policy-making process at subnational level (Figure 3.4). Trainings and awareness-raising activities for public officials to further integrate sustainability in the policies, inter-ministerial dialogue during the design, implementation and evaluation of policies and sustainable public procurement emerge as important entry points.

**Figure 3.4. Entry points for sustainability in the policy-making cycle according to subnational government**

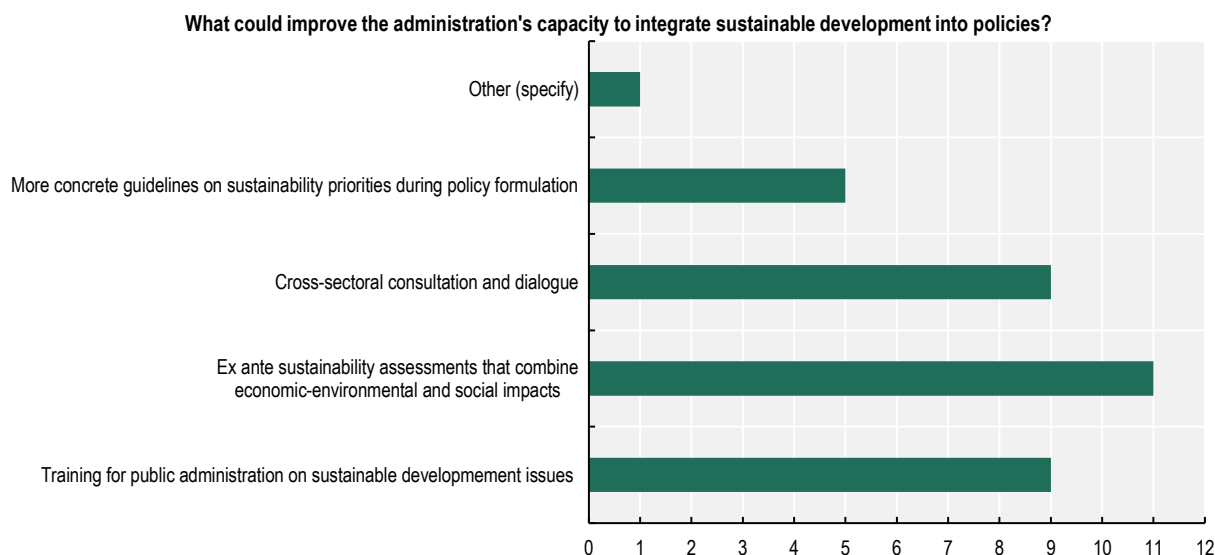


Source: Data collected from regions and Metropolitan areas through the OECD questionnaires October 2020.

*Actions to improve the capacity of the administration to integrate sustainability in their policies*

**Italian regions and cities consider *ex ante* sustainability impact evaluation as the main action that could help them to integrate sustainable development in their policy.** Trainings on sustainable development for public official, inter-sectoral consultation and dialogue and specific guidelines on the sustainability priorities are also relevant actions. Defining tools and methods for multi-level governance and improving the institutional framework for sustainability could also contribute to integrate sustainable development in local policies.

**Figure 3.5. Actions to improve the capacity of the administration to integrate sustainability in their policies**



Source: Data collected from regions and Metropolitan areas through the OECD questionnaires October 2020.

### *Data and Information*

**Italian cities and regions are facing challenges in co-ordinating data collection between different administrative levels and different strategies.** In order to be able to monitor the progress made on the strategic objectives they included in their localised Sustainable Development Strategies, related to the NSDS, cities and regions in Italy require a common set of indicators which is in line with strategies at the national level. The Regione Piemonte for instance pointed out that there are currently too many (non-comparable) indicators available, which result from a lack of hierarchy between different strategies. An institutionalised open data space, which would allow for the monitoring and dissemination of comparable information and data relating to strategies, policies and projects of the National Strategy for Sustainable Development (NSDS) and regional strategies (SDRS) could be helpful. Moreover, there is a lack of effective inter-institutional and intersectoral communication on the topic of data availability and comparability. In addition to that, there are challenges relating to the availability of localised data in general.

**The availability of granular data to monitor strategic objectives at regional and local levels varies between different cities and regions.** While few regions do have granular data to monitor their strategic objectives of the NSDS, for instance the region of Sardinia, several cities and regions only partially possess the necessary information. The Regione Piemonte for instance has access to regional data on R&D investment and renewable energy but lacks regional and sub-regional data on energy efficiency. In the case of Regione Abruzzo, environmental assessments related to the strategic objectives involve the production and collection of territory-specific data. However, the information used for such assessments is not always homogenous and standardised across regions, which makes it more complicated to compose a comparable fine-grained unitary framework at the local and regional level across Italy. Availability of granular data is a particular challenge for cities. As the Metropolitan City of Torino pointed out, regionally aligned data exists at the regional scale, but less so at the municipal level. The metropolitan cities of Milano, Genova, Torino and Catania highlighted the lack of scalability of indicators from the national to the local level for instance Milano and Catania stated to have no granular data available to monitor their strategic objectives relating to the Area Prosperity of the NSDS.



### *Territorial stakeholders' engagement*

**Italian regions and metropolitan areas have put in place various mechanisms to engage territorial stakeholders in policy-making processes for sustainable development.** Regione Lombardia has launched the Pact for Development (*Patto per lo Sviluppo*) in 2003, where the main planning and financing decisions are discussed with all territorial stakeholders, and more recently the *Protocollo lombardo per lo sviluppo sostenibile*, which is directly related to the NSDS. Regione Sardegna launched the online platform *Sardegna partecipa* and the *Forum regionale dello sviluppo Sostenibile* for the governance of the Regional Strategy for sustainable development. Regione Emilia Romagna is planning to launch the *Forum Regionale per lo Sviluppo Sostenibile*, which will be a systemic, dynamic and multi-level institutional framework for the implementation of the Regional Strategy for Sustainable Development. The Metropolitan City of Reggio Calabria has set up the *Ecosistema Civico* as part of the *Forum Metropolitan NSDS*, while the Metropolitan City of Genova is using the *carta dei servizi sostenibili* and the *Portale del Marketing territoriale* to engage civil society. Others like Catania, Milano and Roma are currently formulating their participatory paths to engage local stakeholders.

**Italian regions and cities could implement various actions to enhance the contribution of territorial stakeholders to their sustainable development policies and programs.** First, they should guarantee the full and constant information of all relevant territorial stakeholders. Digital technology, social media and web portal represent key tools to enhance information sharing, raise awareness and engage stakeholder in co-designing policies. The creation of a hub to access sustainable development topics in each metropolitan area could also help to further engage stakeholders. Moreover, decision makers should build on and strengthen the participatory and consultation processes already in place by law (such as for the VIA or VAS). Capacity building and innovative processes and ideas in the local administration would also help to enhance the contribution of territorial stakeholders, such as: i) capacity building programmes to strengthen the skills of subnational public officials as well as of NGOs in designing and managing partnerships; ii) innovate the role and function of the local administration in the partnerships with territorial stakeholders – from control to facilitator – including by promoting laboratories of innovation (e.g. *concorsi di idee*, etc); and iii) innovate the stakeholder engagement processes to promote long-term planning, which should also include the monitoring and evaluation of public policy (e.g. *giurie popolari*).

**Italian cities and regions see the value of engaging a wide range of institutional and non-institutional stakeholders in the dialogue on the NSDS.** In order to prepare the first workshop on the simulation of a policy coherence decision-making process around the NSDS, Italian cities and regions were asked to suggest institutional and non-institutional actors to be included in the working groups. While generally arguing in favour of including a wide range of stakeholders, they considered particularly the inclusion of the subnational level – local and regional governments – as essential. The private sector was another actor frequently proposed to be engaged, notably represented by large enterprises and innovative entrepreneurs applying best practices for sustainable development. In addition, various cities and regions (Metropolitan City of Turin, Metropolitan City of Reggio Calabria, Metropolitan City of Milan, Region of Calabria, Region of Sardinia) suggested to include business representatives such as trade associations or Chambers of Commerce. Academia, universities and schools were also considered as important actors to be engaged and were for instance suggested by the Metropolitan City of Milan and the Metropolitan City of Turin. Other actors that the cities and regions proposed were cultural, environmental and social associations as well as NGOs.

**The level of awareness of Italian cities and regions of subnational multi stakeholder initiatives related to their strategic objectives of the NSDS differs considerably.** The organisation of Sustainable Development Forums i.e. Marche, Liguria, Lazio,<sup>24</sup> etc. is one of the common actions implemented by regions in order to strengthen stakeholders engagement (University Tor Vergata, 2020<sup>[7]</sup>). For instance, the last Sustainable development Forum in Liguria targeted business to ask about their contributions to the SDGs. In several cities and regions, there are local multi-stakeholder initiatives and projects in place

that contribute to the strategic objectives of the respective local authorities. For instance, the Metropolitan City of Milano that partners with the Ellen MacArthur Foundation, hosts a Circular Economy Lab and is home to the Intesa Sanpaolo Innovation Center. Other examples include the Metropolitan City of Torino, which launched the multi-stakeholder cross-border European Territorial Cooperation Programme Interreg V-A Italy – France to achieve cultural change and foster knowledge and skills for the sustainable development of the cross-border territory. Such initiatives do not exist in all cities and regions of Italy. Some of the cities and regions know about regional sustainable development strategies (Regione Piemonte) or regional fora on sustainable development (Metropolitan City of Genova), but are not fully aware of other initiatives for sustainable development undertaken in their region. Moreover, there are also cities and regions in Italy that do not track subnational multi-stakeholder initiatives such as Regione Abruzzo or the Metropolitan City of Catania.

### *COVID-19 impact and future scenarios*

**Italian cities and regions see the impacts of the COVID-19 pandemic as a key uncertainty regarding possible changes in the global context over the coming 10 to 15 years.** For most of the Italian cities and regions, the duration and uncertainty linked to the pandemic could lead to detrimental effects on their sustainable development objectives. Among others, they stated that the impacts of COVID-19 could slow down the transition towards a circular and greener economy and lead to setbacks in waste collection and recycling. What is more, the impacts of COVID-19 could boost social inequalities, deteriorate the outcomes of education and widen the digital divide among different parts of the society. The level of inequalities could also increase at the territorial level. For those cities and regions with a large influx of tourists such as Catania, the consequences of COVID-19 could moreover mean that they will miss their (sustainable) tourism objectives. Other future challenges (beyond COVID-19) highlighted by Italian cities and regions include climate change, denatality, the lack of territorial investments, innovative capacities and socio-economic conditions at local and global level more broadly.

**The impact of climate change and adjustments in the nature of work are possible developments in the global context over the coming 10 to 15 years that could have implications for the achievement of the strategic objectives selected by Italian cities and regions.** Several Italian cities and regions stated that an acceleration in virtual work and digital access to public services could lead to a strong movement by knowledge workers to smaller towns offering high quality of life and thus revitalising local and rural communities, which would however require an upgrade of primary services, logistical networks and the necessary (digital) infrastructure. A long-lasting increase in virtual work would furthermore coincide with effects on mobility patterns as it allows to recalibrate or rethink public and private transport policies with a view to sustainability and a possible restructuring of major urban centres and metropolises in favor of peri-urban and peripheral territories. Climate change is another area where Italian cities and regions see large potential impacts on the achievement of their objectives, including through a more conscious use of resources such as recycling and the application of circular economy principles and a growing importance of multi-level stakeholder and governance tools as a means to successfully tackle climate change at the global level. The role of education emerged as one of the key factors to make Italian cities and regions future-proof with distance-learning revealing some inadequacies of the current education system and the need to come up with new models of teaching and offering new skills. In that context, the Metropolitan City of Reggio Calabria for instance pointed out the need to strengthen the material and immaterial capacity of communities to allow quality training and education, notably on sustainable development issues. Marche Region has approved (first region in Italy) the Regional Law 23/2020 on “Global education citizenship and sustainability culture” in order to align the RSDS and GCE strategy.

**Looking ahead, Italian cities and regions are aware of numerous references and resources that could help them apply strategic foresight to future-proof their SDGs strategies.** The references named by the Italian cities and regions range from global frameworks such as the UN 2030 Agenda and EU programmes such as the European New Green Deal to institutional national and regional resources.

These include the National Strategy for Sustainable Development, the national climate change strategy, and regional strategies for sustainable development. Equally, publications by ASVIS (Italian Alliance for Sustainable Development), and other think tanks represent source of informations. Some Italian cities (Metropolitan City of Catania, Metropolitan City of Genova, Metropolitan City of Roma) consider the analysis of megatrends and alternative scenarios as a useful support tool to guide their strategies since the development of scenarios is also essential for the promotion of sustainable growth. The same applies to public and private forecasting units as well as guides to forecasting processes (Metropolitan City of Genova, Metropolitan City of Roma). The Metropolitan City of Milano deems public-private partnerships as a useful mechanism to strengthen its SDG strategies.

## Stakeholder Engagement

### National Forum for Sustainable development (*the Forum*)

According to the Delibera CIPE 108/2017 approving the National Sustainable Development Strategy (NSDS) “the Ministry for the Environment, Land and Sea will ensure the participation of civil society and relevant stakeholders by creating a Forum on the Strategy for Sustainable Development, building on the positive experience of the consultation process during the formulation of the NSDS and ensuring continuity by setting up similar multi-level consultation processes” (Ministry of Environment, Land and Sea, 2017<sup>[6]</sup>).

The MiTE published in March 2019 a call to express interest<sup>25</sup> to all civil society actors (Associations, foundations, universities, private sector, co-operatives, etc.) in getting involved in the forum. 187 CSOs and other stakeholders are represented in the Forum and the possibility to enrol remains open. Stakeholders participating in the Forum accompany the implementation of the NSDS in various ways, including by: providing input to the revision of the national and regional strategies, expressing their views on the impact of the strategy, reporting annually on Civil Society’s contribution to the implementation of the NSDS, fostering information exchange and networking among sustainability actors at all level, promoting joint initiatives between civil-society and institutional actors for sustainability. The Forum is articulated in five working groups: People, Planet, Prosperity, Peace and “Knowledge, Education and Communication” (Vettori di sostenibilità). The area **Partnership** is developed in collaboration between the Forum and the CNCS. Specific and extra efforts have been dedicated to the involvement of the “youth” which are now participating in each of the working groups and have also formed one of their on.

In order to contribute to the revision of the NSDS, thematic proposals have been formulated by each working group, supported by a consortium of three universities (Roma Tre, La Sapienza and Tor Vergata)<sup>26</sup> funded by the MiTE. A first set of proposals have been presented to decision makers during the Preparatory event (Conferenza Preparatoria, 3-4th March 2021) to the Annual National Conference on Sustainable Development that will be held by the end of 2021. The position papers are made available online<sup>27</sup>. One of the intents of the Conference was to allow the Forum to engage in a dialogue with the political sphere and with decision makers. Another research output of the University consortium that will contribute to the National Conference is a Mapping of Civil society actions that contribute to achieving the NSDS, to witness the richness of the societal contribution to sustainability and the advancement of territories and local actors in the path.

The Forum is currently involved in the revision process of the NSDS.

This work contributed to defining the objectives that successful partnerships for sustainable development could achieve. In many cases, the proposals find their legs at territorial level to better allow more impactful involvement of the Forum also in orienting its suggestions to the PCM. Most of the themes concentrate around the just transition that could constitute the framework for setting the agenda of the future work of the Forum (Ministry for Ecological Transition, 2021<sup>[4]</sup>). Some examples of themes and objectives emerged as priorities from the consultations with civil society over the course of the project and the position papers:

- Ensuring the social and economic component in the transition to environmentally friendly communities. Some partnerships promote co-production of public administration and citizens services and initiatives on circular economy, sustainable production and consumption. For instance, the Ethic Lab is a network of enterprises supported by the metropolitan city of Genova that signed a Sustainable Services Chart. The glossary for SMEs prepared by the working group on Prosperity<sup>28</sup> is a step towards defining a sustainable green transition. The same working group is also producing research on sustainable finance, international food and fashion chains sustainable mobility and smart working, etc (University Tor Vergata, 2020<sup>[7]</sup>).
- Focus on building sustainability competence for civil society, public administration (including vocational centres) and the private sector. This is an area of strong collaboration between the MiTE, subnational governments and civil society. It concretised through a Memorandum of understanding among central institutions for Citizens education and through concrete initiatives implemented at territorial level. Several Metropolitan Areas (Milan, Reggio Calabria) and regions (Lombardy, Sardinia) moved towards this goal by setting up *Multi-stakeholders platforms to build “green competences”*: Such programmes build networks for transferring knowledge on sustainable development to stakeholders, enterprises, Universities and research. For instance, the Metropolitan Area of Reggio Calabria through a grant from the Ministry of the Environment provided support to 30 organisations (associations, research institutes, organisations, also municipalities) to implement six pilot<sup>29</sup> actions contributing to implementing the objectives identified in the Metropolitan Agenda for sustainable Development and the Strategic Metropolitan Plan. The project of the metropolitan city of Turin working with enterprises and education (vocational institutes) on Green economy and environmental awareness in school programs, prepares students and enterprises in their competence to be fit for greener enterprises (APPVER project A.P.P. VER. – Appendere per Produrre Verde).

The work of MiTE with territorial authorities described in the Section on Subnational Engagement fostered the establishment of Regional Forum for sustainable Development in 16 regions involving civil society, Metropolitan cities, association of municipality (ANCI) and the private sector.<sup>30</sup>

Some criticalities emerged during interviews, workshops and public seminars, on the engagement of civil society organisations around the NSDS:

- The CSOs and other stakeholders made progress through the Forum in participating in institutional debates however a more impactful involvement could be foreseen. During OECD interviews, it emerged that the essential motivation for CSOs and other stakeholders in participating in this institutionalised forum is to enhance their real capacity to influence the policy cycle through direct engagement with institutional stakeholders. The desired outcomes of the Forum are clear<sup>31</sup>: the involvement in the revision of the NSDS as well as the elaboration of joint declarations to be integrated into Italian’s positions in international negotiation for sustainable development. A more purposeful engagement might depend on the effect that will be given to the CSOs and other stakeholders proposals during the revision and implementation of the NSDS. In addition, in order to steer a more direct dialogue with CSOs other central institutions could be involved more closely, in particular the Ministry of Economic and Finance.
- Closer involvement in regular tracking of the impact of public policies on the implementation of the NSDS and transboundary impacts. For instance, it emerged from WS 1 of the project that in the view of some participants, CSO’s involvement in the revision of the CIPESS regulation could have been stronger. With this regard a suggestion was made by the ASviS alliance, in its 2020 report, for strengthening civil society consultation for “cross-cutting” evaluation of the impact of legislative measures on the 2030 Agenda.<sup>32</sup>
- Further strengthening the synergies among different civil society platforms: while strong synergies exist between the Consiglio Nazionale per la Cooperazione allo Sviluppo CNCS and the Forum

per lo Sviluppo Sostenibile (Ministry for Ecological Transition, 2021<sup>[4]</sup>), they could further benefit from constant information exchange and joint positioning.<sup>33</sup> The theme of the relation between domestic policies and their impact on developing countries is at the core of the work of the Forum and the CNCS which submitted joint recommendations on how to update the institutional settings to enhance evaluation of transboundary impacts of domestic policies. More could be done to strengthen the relation between the ASVIS and the Forum. ASviS is a member of the Forum<sup>34</sup> and it emerged in the last few years as a leading civil society platform with a high convening power from different branches of society (i.e. politicians at all levels of government, large private companies, banking sector, etc). The two platforms could develop stronger synergies in particular with regards their analytical work (ASviS also released an analysis<sup>35</sup> of the interlinkages between the NRRP and the Agenda 2030), their alphabetisation through their work on Global Citizen Education, public engagement and lobbying activities. These three platforms (the Forum, CNCS and ASVIS) could gather public opinion's support around a joint thematic issue such as developing friendly narratives around migration, influencing consumers' behaviours that will have an impact on sustainable production of multinational enterprises operating in developing countries, etc.

- Inclusiveness: choosing new methods to build collaboration across different groups of civil society including SMEs or sectoral business alliances (i.e. Confartigianato) who are currently not involved in sectoral working group such as the Prosperity one.

### ***National Council for Development Co-operation (CNCS)<sup>36</sup>***

During the implementation of the project, several interactions<sup>37</sup> with the CNCS have highlighted gaps and strengths of this committee in strengthening policy coherence. The CNCS strongly advocates for better managing transboundary impacts of Italian policies through cross-ministerial co-ordination and stakeholder dialogue, in particular highlighting the importance of coherence in the migration agenda. In fact one of the four CNCS working groups focuses on "Follow up of the 2030 Agenda, policy coherence, effectiveness and evaluation" while another is focused on migration and development. Policy coherence for sustainable development is also the object of an annual report produced by several civil society organisations.<sup>38</sup> The CSOs producing this report have been able to bring to the attention of policy makers on issues related to coherence in Italian migration policies. However, Italy experiences some difficulties in maintaining the momentum across the government on transboundary issues. The CNCS has the potential to gather strong support from civil society around a policy issue with high transboundary impact, where it is possible to also find political consensus and to work in tandem with CICS to move decision making across the government. For instance a whole of government approach could be adopted on issues like responsible business chains regulation, sustainable consumption, or migrant contribution to the welfare system. For instance in Germany the campaign on the impact of textile sector on third countries gain momentum across civil society, driving a whole of government process to produce regulation strengthening due diligence along the supply chain.

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## Notes

<sup>1</sup> The EU Commission Working document 18.11.2020SWD(2020) 400 final, dedicates a specific chapter to PCSD.

<sup>2</sup> This body has met regularly since July 2019 working with other relevant bodies such as the CIPESS and the Parliamentary Commission for sustainable development. During public seminars and interviews with the OECD, it was possible to understand and highlight obstacles preventing the organism to fully operate its inter-ministerial dialogue for implementing the NSDS. In particular, the lack of involvement during formulation of cross-cutting measures related to sustainability was mentioned as an obstacle. Another obstacle in the functioning of the Cabina was the institutional setting: the Cabina was not transformed into a permanent body within the PMC. This administrative change, if coupled with the constitution and consolidation of the Commission for Sustainable Development, could have increased its stability beyond electoral mandates. Nevertheless, it is still unclear whether these changes would have allowed to establish a real arbitration process for resolving policy divergences and trade-offs related to the implementation of the SDGs. Additionally, the formal working methods (i.e. regular meetings) and the fact that the participants were appointed among high level officials from the line Ministries, even if was intended to give ownership at the highest level, has not improved dialogue while the Scientific Committee has not expressed its full potential. One way forward for such organisms, could be to divide the work in two levels: one more political and one more operational involving technical level from all Ministries. Furthermore, the technical appointees would constitute a network of Sustainable Development focal points active in mainstreaming daily sustainability information into the work of their respective Ministries. This would have required a prior understanding of the other focal points mechanisms that exist (i.e. on budget, Gender, Open government, Cohesion policies, etc) and whether the same persons could also have had the mandate as SDGs focal points.

<sup>3</sup> A new government has been established on February 18<sup>th</sup> 2021 led by Mario Draghi.

<sup>4</sup> For the programming period 2014-2020, each Member State has produced a Partnership Agreement (PA – Accordo di Partenariato) in co-operation with the European Commission. This is a reference document for programming interventions from the EU Structural and Investment Funds (ESIF) and for linking them to the aims of the Europe 2020 growth strategy. The Partnership Agreement defines the strategy and investment priorities chosen by the relevant Member State and presents a list of national and regional operational programmes (OPs) which it is seeking to implement in accordance with the development strategy outlined in the PA, as well as an indicative annual financial allocation for each OP.

<sup>5</sup> <https://www.agenziacoessione.gov.it/lacoessione/le-politiche-di-coesione-in-italia-2014-2020/strategie-delle-politiche-di-coesione/?lang=en>

<sup>6</sup> Art. 4 paragraph 10.1bis, Law 55/2021.

<sup>7</sup> In accordance with Delibera CIPE 108/2017 (paragraph 2.4) the MiTE updates the NSDS every three year and reports yearly on the implementation of the results and the actions undertaken to implement the strategy.

<sup>8</sup> The first meeting, chaired by Prime Minister Mario Draghi, took place on 28th May, 2021.

<sup>9</sup> Law n. 141 of 12 December 2019 that endorsed Decreto Legge n. 111 of 14 October 2019, transforming CIPE in CIPESS.

<sup>10</sup> Law n. 141 of 12 December 2019 that endorsed Decreto Legge n. 111 of 14 October 2019, transforming CIPE in CIPESS.

<sup>11</sup> The informal engagement group is composed by the Cabina di Regia Benessere (Steering Committee Well-Being Italia) within the Presidency of the Council of Ministry (PCM), Dipartimento per la programmazione e il coordinamento della politica economica DIPE (Department for programming and co-ordinating economic policies) within the PCM, Department for territorial cohesion within PCM, Department for European Affairs within PCM, Ministry of Foreign Affairs and International Cooperation MAECI, Ministry of Economy and Finance MEF.

<sup>12</sup> <http://www.ministroperilsud.gov.it/it/archivio-ministro-provenzano/notizie/cabina-regia-fsc-18-marzo-2019/>

<sup>13</sup> [https://www.agenziacoesione.gov.it/wp-content/uploads/2021/04/compendio\\_normativo\\_agenzia\\_coesione\\_territoriale\\_Vol1-1.pdf](https://www.agenziacoesione.gov.it/wp-content/uploads/2021/04/compendio_normativo_agenzia_coesione_territoriale_Vol1-1.pdf)

<sup>14</sup> <http://ricerca-delibere.programmazioneeconomica.gov.it/media/docs/2021/E210002.pdf>

<sup>15</sup> <https://www.minambiente.it/pagina/il-contributo-dei-territori-regioni-province-autonome-e-citta-metropolitane>

<sup>16</sup> <https://www.minambiente.it/pagina/iniziative-e-progetti-supporto-dell-attuazione-della-NSDS-progetto-creiamo-pa>.

<sup>17</sup> <https://www.minambiente.it/pagina/la-strategia-nazionale-lo-sviluppo-sostenibile-strumenti-di-collaborazione-istituzionale>.

<sup>18</sup> <https://www.minambiente.it/pagina/la-strategia-nazionale-lo-sviluppo-sostenibile-monitoraggio-e-valutazione>.

<sup>19</sup> OECD Survey for the Governance Scan. The respondents include: Regione Emilia Romagna, Regione Lombardia, Regione Sardegna, Provincia di Trento, CM di Catania, Firenze, Genova, Milano, Roma, and Reggio Calabria.

<sup>20</sup> The MiTE convened on December 9<sup>th</sup>, 2020 a joint workshop between the round tables of Regions and Metropolitan Cities.

<sup>21</sup> <http://www.lazioeuropa.it/laziosostenibile/la-cornice-strategica/>.

<sup>22</sup> OECD Survey for the Governance Scan. The respondents include: Regione Emilia Romagna, Regione Lombardia, Regione Sardegna, Provincia di Trento, CM di Catania, Firenze, Genova, Milano, Roma, and Reggio Calabria.

<sup>23</sup> Italian municipalities will receive EUR 48 billion through the PNRR between 2021-2026.

<sup>24</sup> <http://www.lazioeuropa.it/laziosostenibile/forum/>

<sup>25</sup> <https://www.minambiente.it/pagina/il-contributo-della-societa-civile-il-forum>.

<sup>26</sup> <https://www.minambiente.it/pagina/la-strategia-nazionale-lo-sviluppo-sostenibile-strumenti-di-collaborazione-istituzionale>.

<sup>27</sup> <https://www.minambiente.it/notizie/conferenza-preparatoria-verso-la-conferenza-nazionale-lo-sviluppo-sostenibile-3-4-marzo-2021>.



<sup>28</sup> [https://www.minambiente.it/sites/default/files/archivio/allegati/sviluppo\\_sostenibile/SNSvS\\_eventi/snsvs\\_forum\\_081020\\_presentazione\\_gruppo\\_lavoro2.pdf](https://www.minambiente.it/sites/default/files/archivio/allegati/sviluppo_sostenibile/SNSvS_eventi/snsvs_forum_081020_presentazione_gruppo_lavoro2.pdf).

<sup>29</sup> <https://www.rcmetrocitizensintransition.com/le-azioni-pilota>.

<sup>30</sup> [https://www.minambiente.it/sites/default/files/archivio/allegati/sviluppo\\_sostenibile/SNSvS\\_eventi/snsvs\\_forum\\_081020\\_presentazione\\_cossu\\_bombonato3.pdf](https://www.minambiente.it/sites/default/files/archivio/allegati/sviluppo_sostenibile/SNSvS_eventi/snsvs_forum_081020_presentazione_cossu_bombonato3.pdf).

<sup>31</sup> <https://www.minambiente.it/pagina/il-contributo-della-societa-civile-il-forum>.

<sup>32</sup> [https://asvis.it/public/asvis2/files/Eventi\\_ASviS/RapportoAnalisiLeggeBilancio2020\\_FINAL.pdf](https://asvis.it/public/asvis2/files/Eventi_ASviS/RapportoAnalisiLeggeBilancio2020_FINAL.pdf)

<sup>33</sup> <https://www.minambiente.it/pagina/il-contributo-della-societa-civile-il-forum-come-funziona-il-forum>.

<sup>34</sup> <https://www.mite.gov.it/notizie/il-forum-lo-sviluppo-sostenibile-gli-attori-non-statali-nel-processo-di-revisione-della>

<sup>35</sup> [https://asvis.it/public/asvis2/files/Pubblicazioni/Pnrr\\_2021\\_e\\_Agenda\\_2030.pdf](https://asvis.it/public/asvis2/files/Pubblicazioni/Pnrr_2021_e_Agenda_2030.pdf)

<sup>36</sup> The National Council for Development Co-operation (CNCS) provides a platform for civil society and diaspora organisations to discuss with the government the impact of domestic and development co-operation policies on developing countries

<sup>37</sup> Participation of the CNCS to the 2<sup>nd</sup> Workshop of the project on transboundary impacts held on March 31<sup>st</sup> 2021, presentation of the PCSD during several meetings including GCAP webinar on June 10<sup>th</sup> 2021; CNCS meeting 22<sup>nd</sup> June 2021.

<sup>38</sup> <http://www.gcapitalia.it/la-coerenza-delle-politiche-sulle-migrazioni-negli-obiettivi-di-sviluppo-sostenibile/>

# 4 Block 3: Policy and Financing Impacts

The third pillar of the OECD Recommendation on Policy Coherence for Sustainable Development includes a set of responsive and adaptive tools to anticipate, assess and address domestic, transboundary and long-term impacts of policies.

## Box 4.1. Principle 7 OECD Council Recommendation on PCSD

Analysing and assessing policy and financing impacts to inform decision-making, increase positive impacts and avoid potential negative impacts on the sustainable development prospects of other countries, in particular on developing countries.

a) Introduce, where possible, regular assessments to identify and assess potential positive and negative impacts on sustainable development, building on any existing tools such as Regulatory, Environmental, Gender and Social Impact and Strategic Assessments.

b) Adopt *ex ante* and *ex post* impact assessment practices that take into account transboundary impacts, paying particular attention to economic, social, gender and environmental impacts on developing countries as well as the promotion and protection of human rights.

Source: OECD (2019<sup>[1]</sup>), OECD Council Recommendation on Policy Coherence for Sustainable Development, OECD, Paris, <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0381>.

Italy has invested considerable efforts in building statistical frameworks for evaluating sustainability and well-being and is continuously working to improve the coherence between the frameworks..

A sustainability lens in data collection can be applied to understand specific policy challenges from a multidimensional perspective; for example, on well-being, skills and digitalisation, using the well-being/sustainability approach as a way to understand the various opportunities and risks that digitalisation poses for the future of work. Similarly, it can help to align policies to support the shift to a greener economy by taking into account the social implications; for example, with distributional implications at household, business and regional levels. A well-being approach has been used to broaden the assessment of how climate mitigation actions could impact people's lives, beyond their expected effects on GDP (OECD, 2021<sup>[2]</sup>).

This section takes stock of existing monitoring and assessment frameworks, related to well-being and sustainability, and to what extent they provide data for assessing the overall contribution of Italian policies to the strategic objectives of the national sustainability strategy. It highlights the links and compatibility between the existing sets and the set of 43 Indicators for monitoring the implementation of the NSDS<sup>1</sup>.

Further it provides indications and good practices from other OECD countries on the use of sustainability and well-being data in the policy cycle.

The MiTE had a steering role first in developing this set of 43 indicators and more recently in testing its linkages with other indicator systems. It developed a collaboration with national and territorial actors to assess the policy relevance and applicability of these indicators. An updated version of the monitoring system for the NSDS is to be defined during the NSDS revision process towards the end of 2021.

## Well-being and sustainability measurement frameworks in Italy











### ***The 43 NSDS Indicators (primo nucleo di indicatori per la Strategia Nazionale per lo Sviluppo Sostenibile, identificato dal Tavolo nazionale indicatori)***

In March 2018, the MiTE convened the national round-table on National Sustainable Development Strategy (NSDS) indicators<sup>2</sup> to define a core set of indicators for the monitoring of the NSDS, with a view of maximising the compatibility between the NSDS monitoring, the global indicator framework as defined by the IAEG-SDGs, the European level, as well as with the set of ESW/BES indicators (see details below). The round-table produced a summary report including a set of 43 indicators for the NSDS,<sup>3</sup> in consultation with regional and metropolitan authorities. The report was sent to the newly established Cabina di Regia Benessere Italia (Steering Committee for Well-Being in Italy) within the Presidency of the Council of Ministers in July 2019: *Relazione del Tavolo di lavoro sugli indicatori per l'attuazione della Strategia Nazionale di Sviluppo Sostenibile* (Ministry of Environment, Land and Sea, 2019<sup>[3]</sup>).

The summary report maps the links between the NSDS, the ESW/BES and the 17 SDGs. The 43 NSDS indicators are compatible with and guarantee the coverage of all 17 SDGs (tracked by ISTAT as explained below) because they were selected from the IAEG-SDG framework and the 2017 version of the SDGs framework tracked by ISTAT, and fed by SISTAN (see below).

In the NSDS, indicators are grouped according to the 5P classification, and corresponding strategic objectives identified in the NSDS. Figure 4.1 illustrates the mapping for the area of “people”.

**Figure 4.1. Links between the NSDS Objectives and indicators in the domain of “people” and the SDGs**

Area SNSvS	Scelta Strategica SNSvS	Indicatori SNSvS (codice UN-IAEG)	Goal Agenda 2030
<b>Persone</b>	I. Contrastare la povertà e l'esclusione sociale eliminando i divari territoriali	10.1.1 Disuguaglianza del reddito disponibile	 10. Ridurre le disuguaglianze all'interno e fra le nazioni
		10.2.1 Percentuale di persone che vivono in famiglie con un reddito disponibile equivalente, inferiore al 60% del reddito mediano	
		5.4.1 Rapporto tra i tassi di occupazione delle donne di 25-49 anni con almeno un figlio in età prescolare e delle donne senza figli	 5. Raggiungere l'uguaglianza di genere ed emancipare tutte le donne e le ragazze
		6.4.1 Efficienza delle reti di distribuzione dell'acqua potabile	 6. Garantire a tutti la disponibilità e la gestione sostenibile dell'acqua e delle strutture igienico sanitarie
		1.2.1 Incidenza di povertà assoluta individuale	 1. Porre fine ad ogni forma di povertà nel mondo
		1.2.2 Grave deprivazione materiale	
	II. Garantire le condizioni per lo sviluppo del potenziale umano	10.2.1 Percentuale di persone che vivono in famiglie con un reddito disponibile equivalente, inferiore al 60% del reddito mediano	 10. Ridurre le disuguaglianze all'interno e fra le nazioni
		16.6.2 Durata dei procedimenti civili, giacenza media in giorni	 16. Promuovere società pacifiche e inclusive per uno sviluppo sostenibile; rendere disponibile l'accesso alla giustizia per tutti e creare organismi efficaci, responsabili e inclusivi a tutti i livelli
		3.5.2 Proporzioni standardizzate di persone di 14 anni e più che presentano almeno un comportamento a rischio nel consumo di alcol	 3. Assicurare la salute e il benessere per tutti e per tutte le età
		4.6.1 Laureati e altri titoli terziari (30-34 anni)	 4. Istruzione di qualità per tutti - fornire un'educazione di qualità equa ed inclusiva e promuovere opportunità di apprendimento per tutti
		5.4.1 Rapporto tra i tassi di occupazione delle donne di 25-49 anni con almeno un figlio in età prescolare e delle donne senza figli	 5. Raggiungere l'uguaglianza di genere ed emancipare tutte le donne e le ragazze
		5.5.1 Quota di donne elette nei Consigli Regionali	
		8.5.2 Tasso di mancata partecipazione al lavoro	 8. Incentivare una crescita economica duratura, inclusiva e sostenibile, un'occupazione piena e produttiva ed un lavoro dignitoso per tutti
		8.5.2 Tasso di occupazione (20-64)	
		8.6.1 Giovani che non lavorano e non studiano (NEET) (15-	

Note: this represents only a selection related to the first priority area of the NSDS i.e. people.

Source: Relazione del Tavolo di lavoro sugli indicatori della SNSvS dell'Italia, 2019.

For each strategic objective of the NSDS, the indicators chosen allow to recognise synergies (and possible trade-offs) that are related to that objective across policy sectors. For example, Figure 4.1 shows that the indicators identified for the NSDS objective *Ensure conditions for developing human potential (Garantire le condizioni per lo sviluppo del potenziale umano)* include indicators reporting on SDG target 5.1 (*recognise and value unpaid care and domestic work*) target 4.6 (*By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy*), target 16.6 (*Develop effective, accountable and transparent institutions at all levels*). This list of indicators constitutes a strong starting point for an operational tracking across sectors as well as for inspiring from each strategic objective, policies that cut across sectors and levels.

### Box 4.2. The NSDS as guidance for designing a cross-cutting policy measure to achieve sustainability objectives

The SDGs targets that have been associated with the NSDS strategic objectives can help policy makers testing potential synergies and trade-offs associated with their upcoming policy or legislations. In particular, when transversal measures are being formulated policy makers can use the list of indicators to anticipate their impact across several SDGs.

For instance, a cross-cutting measure such as “Designing education programmes that shift from knowledge to competence focused on the Green Transition” would contribute to NSDS Strategic Objective II., Area People: “Ensure development of human potential” (see Figure 4.1).

If the measure was to be assessed according to the indicators associated with the NSDS to this objective it would have to contribute to:

- Indicator 3.5.2 Proportion of over 14-year-old at risk of alcohol consumption.
- Indicator 4.6.1 Graduated or with other education titles (30-34 years).
- Indicator 8.6.1 NEET.
- Indicator 8.5.2 Occupation rate (20-64).
- Indicator 10.2.1 Percentage of people living in households with income that is lower than 60% of the median income.
- etc.

However, the experience that the Regions shared from linking actions and policies to the indicators identified for the Strategic objective of the NSDS to which those actions are related might prove very challenging as many indicators might not be relevant for the activity assessed (see Section on Synthesis of the results emerging from the OECD questionnaire filed in by regions and Metropolitan areas).

The indicators should reflect also the transboundary impact of domestic policies in line with the NSDS that encompasses both the domestic and international dimensions of SDG implementation. In fact, the NSDS strategy includes the principles and objectives of international co-operation, in line with the Italian Cooperation's 3-year Programming and Policy Planning Document. In addition, Italy has made an explicit commitment to reflect the effects of domestic policies on developing countries in its legislation. The Law 125/2014 – article 2(2): 2 on Development Cooperation states that “Italy will adopt measures to ensure that policies, although not directly relevant for development co-operation, will be coherent with the principles and the objectives of this law, thus ensuring they will contribute to pursuing development objectives”. The only one of the 43 indicators currently selected to track the international dimension of the NSDS (Partnership) is ODA as a percentage of GDP, while the ISTAT SDGs set tracks other indicators that could be meaningful for measuring transboundary impact such as migrant remittance flows.

The criteria for selection of the NSDS indicators were based on five principles: first, parsimony, feasibility, timeliness and frequency of time series; and second, the sensitivity to public policies<sup>4</sup> and the territorial dimension (availability of data and relevant at the regional level).

More information about the selection criteria and the use of indicators by ministries is needed to assess their ability to capture the contribution of policies to the objectives of the NSDS. In terms of their capacity to measure sectoral contributions, the initial analysis suggests that, apart from a few (e.g. CO<sub>2</sub> emissions), the 43 indicators do not lend themselves to a sectoral type of analysis. Where relevant, further efforts would be needed to break down data by relevant economic activities thus better monitor progress towards the achievement of the NSDS objectives. The NSDS would also need to better reflect sectoral strategies and objectives as well as providing further guidance on how to integrate policies to meet overarching

strategic objectives. Another gap identified was the measurement and evaluation of outcomes and impact of SDG-implementing measures, going beyond output measurement.

Since 2019 MiTE has continued working on these indicators, on the one hand to propose a set for monitoring every Strategic objective of the NSDS, and on the other to test their effectiveness in measuring the contribution of regional and metropolitan strategies to the NSDS.

Over the last three years, the MiTE established a working group with the regions and metropolitan areas (Gruppo di sperimentazione con Regioni, Provincia autonoma di Trento e Città metropolitane within the project CReAMO PA described in the Section on Subnational Engagement. According to legislation art.34 del D.lgs. 152/2006 e ss.mm.ii, the Sustainable Development strategies that are developed and approved by the regions and autonomous provinces, should contribute to national objectives. Subnational governments are in the process of developing metropolitan and regional indicators. The working group has the mandate to verify if and how the 43 indicators are available and relevant at the regional level, proposing revisions and updates when needed.<sup>5</sup> Equally the MiTE consulted the civil society Forum for Sustainable Development for integrating their proposals. Both activities led to a proposal to expand the 43 indicators to better reflect territorial specificities that were not captured by the national indicators selected in 2019. The working group will present this proposal -*“Analisi del sistema degli indicatori della SNSvS e contributo a proposte di aggiornamento e revisione”*- to re-activate the National working party (Tavolo indicatori SNSvS funzionale alla definizione del sistema di monitoraggio integrato della SNSvS) and contributing to the monitoring system for the NSDS to be defined during the NSDS revision process. In order to arrive at a restricted yet representative set of indicators for monitoring the contributions to the NSDS, for each Strategic Objective it was agreed to use the following hierarchical criteria:

1. Significant indicator for NGOs.
2. Is one of the 12 ESW/BES indicators used in the DEF.
3. Is included in the 43 indicators identified by the NSDS indicator table.
4. Regional data is available (Istat report).
5. Metropolitan/province data is available.
6. Recurrence in regional and metropolitan city indicators.

Currently, it emerges from the OECD questionnaire (see Section on Data and Information) that regions and cities struggle to find granular data that are comparable at national level in some sector such as: energy efficiency, etc. Further they struggle to find NSDS indicators that are effective and significant for environmental assessments conducted at territorial level.

The NSDS objectives have not been associated with specific targets (see Section on Developing a specific document that lays out the country's SDG strategy) and the establishment of measurable targets is envisioned in the revision of the NSDS over the course of 2021. Measurable targets towards strategic objectives, which are in turn supported by relevant indicators, is a crucial step towards clarifying the level of ambition and measuring the contribution of policies towards the strategic objectives. In the absence of targets, indicators are still useful in showing past performance and future projections, but it is not possible to assess whether the country is on track to achieve the set strategic objectives (see example on Box 4.3). By showing the “distance to travel” towards their achievement across the various sectors and policy areas, targets are also helpful in showing which areas should be prioritised vis-à-vis others.

### Box 4.3. Target setting

#### Target setting in Belgium

The Belgian national monitoring system groups targets into two categories: a) well-defined, quantified, time-bound objectives; and b) objectives with desired directions only. Both well-defined targets and desired directions are assessed on a scale of “favourable” (i.e. reached or near/moving in the right direction), “unfavourable” (i.e. not reached/moving in the wrong direction) or “undetermined”. Similarly, Eurostat’s 2018 report calculates trends based on compound annual growth rates, differentiating between indicators with clear target levels and those without. According to the pace of change, the report assigns 4 possible assessments of the trends: “significant”, “moderate”, or “insufficient” progress towards the target, and “movement away from the target”.

#### Target setting in the OECD Measuring Distance to the SDG targets report

For each indicator used in the Measuring Distance to the SDG targets, an appropriate end-value (target level) must be set to measure the distance from achieving the target. However, the 2030 Agenda does not always specify the end-value to be attained. Therefore, OECD Distance to Targets uses a four-step process for setting end-values:

- Wherever possible, target levels specified in the 2030 Agenda are used. This is typically a fixed value identified in the wording of the target (e.g. maternal mortality ratio below 70 per 100 000 live births for target 3.1) or, in a small number of cases, expressed as a relative improvement (e.g. reduce at least by half the proportion of people living in poverty for target 1.2). These are classified as type-A targets.
- Where no target value is identified in the text of the 2030 Agenda, target levels were drawn from other international agreements (e.g. reduce PM2.5 pollution to less than 10 micrograms per cubic meter, according to the WHO) or based on OECD expert judgment (e.g. water stress is considered to be low if total freshwater abstraction is below 10% of total internal renewable resources (OECD, 2017<sup>[4]</sup>). These are classified as type-B targets.
- If no target value can be identified from either the 2030 Agenda or expert sources, then the target level is based on current “best performance” among OECD countries. This is defined as the level attained by the top 10% of OECD countries (e.g. a recycling rate of municipal waste). These are classified as type-C targets.
- Finally, for indicators lacking a clear normative direction (e.g. the share of manufacturing in value added), no target level is set and therefore no “distance” is measured.

Cohen and Shinwell (Cohen G., Shinwell M., 2020<sup>[5]</sup>) proposed a more detailed methodological discussion of target setting in the context of the Measuring Distance to the SDG targets.

Source: OECD (2019), *Measuring Distance to the SDG Targets 2019: An Assessment of Where OECD Countries Stand*, OECD Publishing, Paris, <https://doi.org/10.1787/a8caf3fa-en>.

### The SDGs

The National Statistics Institute (ISTAT) is mandated with reporting on the 2030 Agenda for Italy, as well as its contribution to the realisation of SDGs globally. Since December 2016, ISTAT updates, every six months, a database on SDGs for Italy. The database is publicly available and the coverage of indicators is being continuously extended, in alignment with the global UN-IAEG indicator framework, which consists of 231 unique indicators.

In reporting on the database, in 2018 ISTAT started producing a report on Italy's progress towards SDGs annually, with the latest report released in September 2020. For the 2020 edition, data was reported on 325 statistical measures for 130 UN-IAEG indicators. Out of the 325, 125 statistical measures were updated as compared to the 2019 edition available on the institute's website.<sup>6</sup>

The latest regular update on the ISTAT SDG database/platform was undertaken in March 2021, covering 335 statistical measures (of which 305 different) for 133 UN-IAEG-SDGs indicators. The last release updates 180 statistical measures respect to May 2020. As noted above, the 43-indicator set of the NSDS was derived from the 2017 edition of the ISTAT SDG platform and, in the ongoing updating process, will have to relate with the 2021 Istat SDG Platform (March 2021).

The civil society is also actively reporting on Italy's achievement of the SDGs. The Italian Alliance for Sustainable Development (ASviS), since 2018 publishes an annual report "Italy and the Sustainable Development Goals" which includes also statistics at territorial level.

### ***The Equitable and sustainable Well-Being Indicators (ESW/BES)***

Concerning equitable and sustainable well-being indicators, ISTAT is updating on an annual basis the framework of Equitable and Sustainable Well-being indicators (ESW/BES Benessere Equo e Sosenibile). It was first developed in 2012 through an inclusive process of extensive consultations, thus pre-dating the SDGs. Convened by the Prime Minister of Italy and led by ISTAT, a steering group was established on the "Measurement of Progress in Italian Society", including 33 representatives of entrepreneurs, professional associations, trade unions, environmental groups, Italian cultural heritage groups, women groups, consumer protection groups and civil society networks. In addition, a Scientific Commission with 80 researchers and experts from ISTAT, universities and other institutions was also established to consult on this process. Moreover, a representative survey of the Italian population was conducted (about 45 000 people interviewed), inquiring which dimensions are important for well-being (Exton and Shinwell, 2018<sup>[6]</sup>) This exercise was further supported by a dedicated website, a blog and an online survey to consult with the public on the committee's decisions (approximately 2 500 respondents). After the presentation of the first report, the initiative was presented in a series of meetings in different regions of Italy. Since then<sup>7</sup>, ISTAT publishes an annual publication on BES indicators, including composite measures for the different thematic domains.

The resulting set of 130 indicators developed in 2012 spans across 12 dimensions<sup>8</sup> of well-being. Since 2016, the ESW framework has become part of the economic planning process (see details below). According to a mapping by the roundtable on *National Sustainable Development Strategy (NSDS) indicators*, out of the set of 43 NSDS indicators, 21 do not overlap with the ESW indicator framework, with most gaps in the area of environment. Since 2018, intermediate updates on BES indicators are available on the ISTAT website.

In 2020, the BES/ESW indicator framework was updated and now includes 152 indicators, to better align with the transformations of the past decade, including in the context of the areas captured by the SDGs, and in the context of the COVID-19 pandemic.

### ***ESW/BES-EDF indicators used in the budget cycle***

Italy is the first country to have linked a set of well-being indicators to economic policy programming. In 2016, on the basis of the reform law n. 163/2016, which modifies the budget law n. 196 of 2009, the President of the Council of Ministries of Italy established a Committee, composed of the Minister of Economy and Finance, the President of ISTAT, the Governor of the Bank of Italy and two experts to select indicators that would incorporate well-being into the policy-making process. The aim of the reform law provisions was to emphasise the relationship between public policies and the different dimensions of well-



being, going beyond merely economic aspects and factoring in distributional aspects and sustainability considerations.

The twelve equitable and sustainable well-being (ESW) indicators eventually selected by the Committee in 2017 are a sub-set of the broader 130 ESW framework developed in 2012 (today they are 152). The selected indicators include the well-being dimension in the annual economic programming and budgeting process, and complement more traditional measures of prosperity, notably GDP per capita. Relevant budget measures are assessed based on their contribution to the 12 ESW indicators and on 4 prospective indicators for 2018-2021 (income per capita, inequalities, labour participation, CO2 emissions). The number selected is on par with experiences in other countries (e.g. 10 in France and 15 in Sweden) (Durand and Exton, 2019<sup>[7]</sup>), trying to reconcile the need for sufficiently broad coverage of well-being dimensions, while enabling focused policy discussions.

Eight out of twelve ESW indicators are included in the set of indicators developed to monitor the NSDS showing how policy measures adopted in the economic policy and budget cycle, contribute to some of the relevant strategic objectives of the NSDS. Within the context of the workshop on measurement,<sup>9</sup> stakeholders discussed further opportunities to map the interactions between the BES/ESW (12 indicator set) and the NSDS indicators as detailed in the next section. Also ASviS suggests that the legislation that provides for reporting on ESW indicators within the budget cycle, should be adapted to bring it in line with the SDGs within the European Semester.<sup>10</sup>

**Table 4.1 ESW indicators and corresponding well-being domains reported on by MEF**

Economic well-being domain		Source
1.	Average disposable income adjusted per capita	ISTAT, National Accounts
2.	Index of inequality of disposable income	ISTAT, EU-SILC survey
3.	<b>Index of absolute poverty</b>	<b>ISTAT, Household budget survey</b>
Health domain		
4.	<b>Life expectancy in good health at birth</b>	<b>ISTAT, Mortality tables and Italian survey Aspects of Daily Life</b>
5.	Excess weight	ISTAT, Italian survey Aspects of Daily Life
Education and training domain		
6.	<b>Early exit from the education and training system</b>	<b>ISTAT, Labour force survey</b>
Work-life balance domain		
7.	<b>Rate of non-participation in work (by gender)</b>	<b>ISTAT, Labour force survey</b>
8.	<b>Employment rate ratio of women aged 25-49 with at least one pre-schooler and childless women.</b>	<b>ISTAT, Labour force survey</b>
Security domain		
9.	Predatory crime rate index	Police and ISTAT survey on personal security
Politics and institutions domain		
10.	<b>Efficiency index of civil justice</b>	<b>Ministry of Justice</b>
Environmental domain		
11.	<b>CO2 emissions and other climate-altering gasses</b>	<b>ISTAT, Emissions accounts "NAMEA"</b>
Landscape and cultural heritage domain		
12.	<b>Building illegal index</b>	CRESME

Note: the indicators in bold are also part of the NSDS indicator set.

Since 2017, the Treasury department at the Ministry of Economy and Finance (MEF), produces reports to inform the annual economic programming and budgeting process. In April, the Ministry of Economy and Finance presents an ESW Annex to the Economic and Financial Document (EFD), showing the evolution of ESW indicators over the previous 3 years as well as forecasts for the current year and over the budgetary process horizon (unchanged legislation/policy scenario). In February, the Ministry of Economy and Finance

presents to the Parliament the ESW Report, analysing the evolution of the 12 ESW indicators in light of the policy measures that were adopted with the Budget Law and other related legislation.

The ESW indicators and the economic models that are built upon them, create the conditions for the government to better integrate foresight in the economic and financial programming cycle (Chamber of Deputies, 2020<sup>[8]</sup>). In 2020-2021, the Treasury department is taking steps to strengthen the ESW indicator framework through improving the modelling capacity. Through a project with the European Commission (DG REFORM), with the OECD as an implementing partner, the Treasury will develop models for three ESW indicators to: (i) assess the impacts of policies on those indicators; and (ii) use estimated models to forecast future outcomes over a short-term horizon (e.g. 3 years) under various policy scenarios.

Furthermore, as outlined above, within the context of the Reformed European Semester, the Ministry of Economy and Finance includes a detailed section in its annual PNR (National Reform Programme) that indicates major policy areas and priorities in light of the 17 SDGs (see Section on policy integration above).

The reform of Italy's budget law in 2016 has been an important effort to integrate well-being in the economic and financial policy cycle. With this act, Italy has been among the pioneers to link equitable and sustainable well-being indicators to budgetary planning (for example, New Zealand has also integrated well-being in the budget, see Box 4.1). Among the key challenges that MEF put forward (for more details please confront Section on Policy Integration above) on the one hand relate to the process of sustaining the engagement across various stakeholders to maintain the effective use of well-being and related indicators in the policy cycle. On the other hand, there are outstanding measurement and data gaps, particularly concerning timeliness of indicators, which prompts further investment in the improvement and development of nowcasting, forecasting and empirical models to improve on the evaluation of the policy impact on well-being.

Further assessment should be made about the impact of the BES/ESW Report, and the projections within, on the design of new policies and measures, for example by collecting evidence of the Parliament providing comments and asking for explanations based on the reports.

### ***Policy Objectives monitored through the implementation of the European Structural and Investment Funds (ESIF)***

The 2021 report<sup>11</sup> of the Ragioneria dello Stato on the implementation of the ESIF 2014-2020 in Italy tracks the results by Thematic Objectives which were set in the Partnership Agreement signed in 2014 between the EU Commission and the Italian Government.<sup>12</sup> The Performance Framework (PF) is tracked through the National Monitoring system which compiles the indicators monitored from every single project by the administrations in charge who fill the data in the Unitary Monitoring Database (BDU)<sup>13</sup>. For this purpose, the administrative authorities in charge of ESIF projects (national and subnational authorities) received from IGRUE (*Ispettorato Generale per i Rapporti con l'Unione Europea*) within the Ministry of Economy and Finance, in collaboration with other relevant administrations for data collection (ACT, PCM-NUVAP, ANPAL, MIPAAF-RNN), a guidance note on how to measure progress towards the intermediary targets (2018) and the final targets (2023) achieved by their respective projects. Going forward, the capacity built within public servants at all levels to track these indicators and the lessons learned would be instrumental for monitoring the targets and indicators of the NSDS. National decision makers who use this information when programming the next policy cycles could compare, if indicators and targets were synced, how the projects had an impact in terms of SDGs and well-being measurements (BES/ESW).

## Interaction and convergence between the various indicator frameworks and policy tools

### *The NSDS and BES/ESW potential for convergence*

A coherent approach to policy measurement can help make multidimensional well-being assessments more systematic by defining a core set of well-being and sustainability priorities that all policy decisions need to be evaluated against. This helps to ensure that all government agencies are engaged in multidimensional well-being and sustainability analysis, that there is consistency in the domains and dimensions that are being considered, and that they build on the same set of core indicators for each of these domains and dimensions.

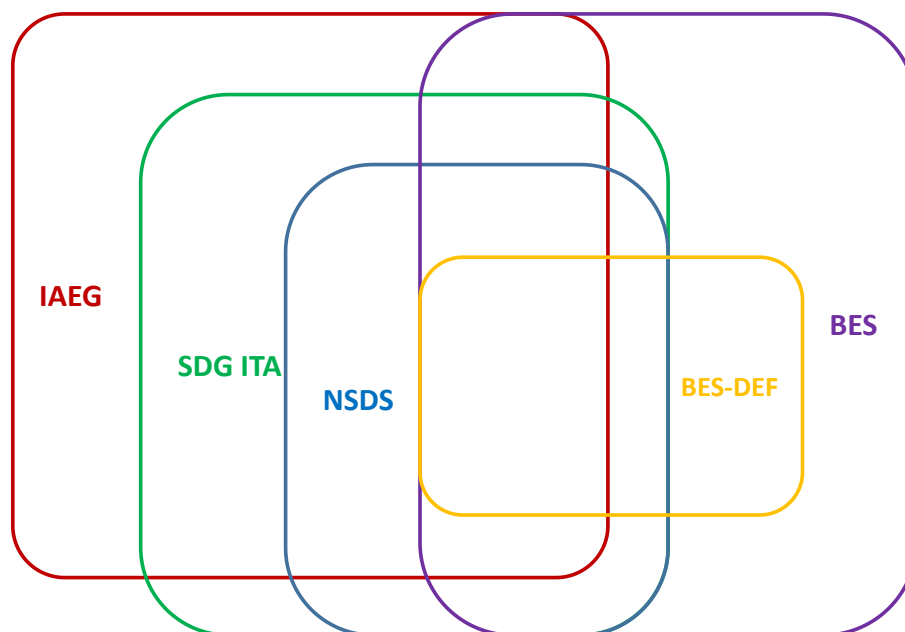
Moreover, advancing towards greater alignment of sustainable development and well-being assessment frameworks, can further improve the efficiency of monitoring policy outcomes in a systematic way with a core set of indicators. This would facilitate the use of a multidimensional evaluation system to support policies consistently across different levels of government, with due attention to specific policy areas and dimensions of well-being.

This analysis is based on the available data and indicators used by related OECD work on measuring progress towards achieving SDG targets as well as on the data collected throughout the implementation of this project.

In this regard, the below analysis provides an indicative mapping of indicators to relevant policy areas for achieving respective SDG targets, and to inform on some of the main factors to consider in policy evaluation coherently with the PCSD Action Plan. With due attention to distinguishing between the monitoring and policy evaluation approaches, this analysis may support further discussions on how to effectively steer a cross-ministerial and multi-level governance dialogue to facilitate integration of SDGs and NSDS indicators into Italy's decision-making and budgetary process consistently with the NSDS on a non-prescriptive basis.

Figure 4.2 provides a schematic view of how the different frameworks connect to each other. For example, it is to be considered that 58 data series of the ISTAT indicators for the United Nations Sustainable Development Goals are also included in the BES indicator set (or 66 if including the data series reported more than once in the SDG framework); out of which, 52 data series constitute NSDS indicators (see Annex).

Figure 4.2. Comparison of IAEG, SDGs for Italy, NSDS and BES indicator frameworks in Italy



Further details on the mapping of different frameworks are provided by Figure 4.3, Figure 4.4 and Figure 4.5.<sup>14</sup> Figure 4.3 shows how the three sets of indicators (BES, BES-DEF and NSDS<sup>15</sup>) are distributed among the Strategic objectives of the NSDS. It should be acknowledged in this exercise that the three sets of indicators were developed to respond to separate and different mandates. For example, Figure 4.3 shows that BES indicators capture all dimensions of the NSDS framework (i.e. SNSvS). It further indicates that BES indicators depict “Peace” and “People” indicators in greater detail, while the NSDS indicators are predominantly concentrated on the “Planet” category. The “Prosperity” category shows a more balanced picture, the BES having more indicators to cover dimension II. while NSDS having more indicators to cover dimension III. and IV. Finally, both frameworks seem unable to properly track the Vettori di Sostenibilità. Overall, the BES-DEF set of indicators is the most balanced as it covers all of the 5 Ps; however, not all of the underlying strategic objectives, as shown by Table 4.1.

Figure 4.3. Comparison of indicator sets according to 5 Ps and NSDS strategic objectives

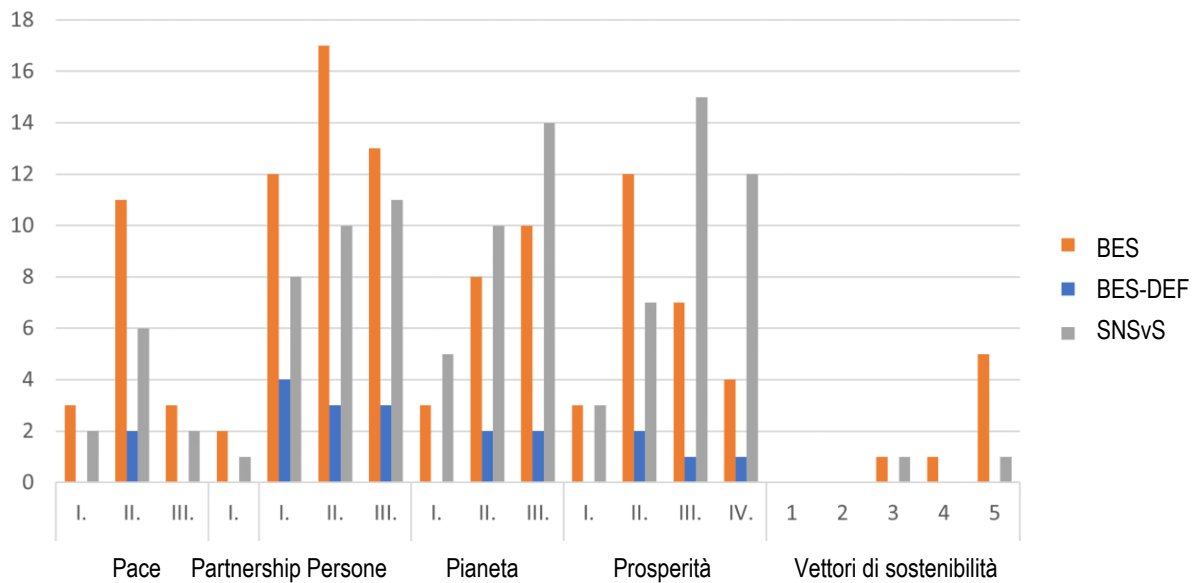
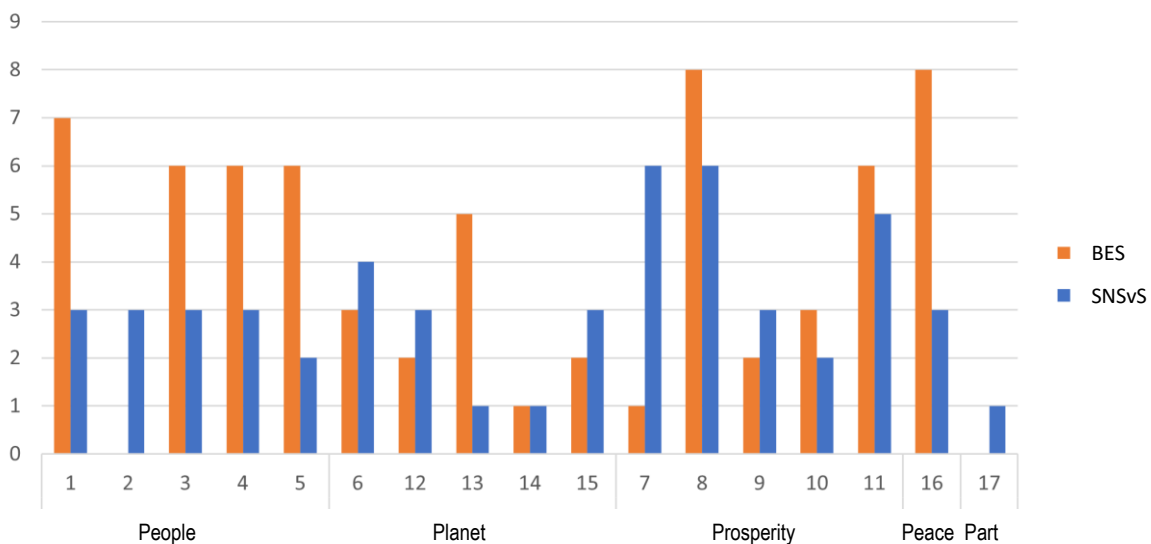


Figure 4.4 shows how the indicators (BES and NSDS/SNSvS) are distributed among the 17 Sustainable Development Goals and the 5 Ps (as grouped by the OECD). While the grouping along the 5Ps differs, it confirms that BES indicators give a more detailed picture of the “Peace” and “People” categories of indicators while the NSDS indicators are more numerous on the “Planet” category. In addition, Figure 4.4 shows that BES indicators capture all 17 Goals except for Goal 2 (Food) and Goal 17 (Partnerships); while NSDS indicators cover all 17 Goals.

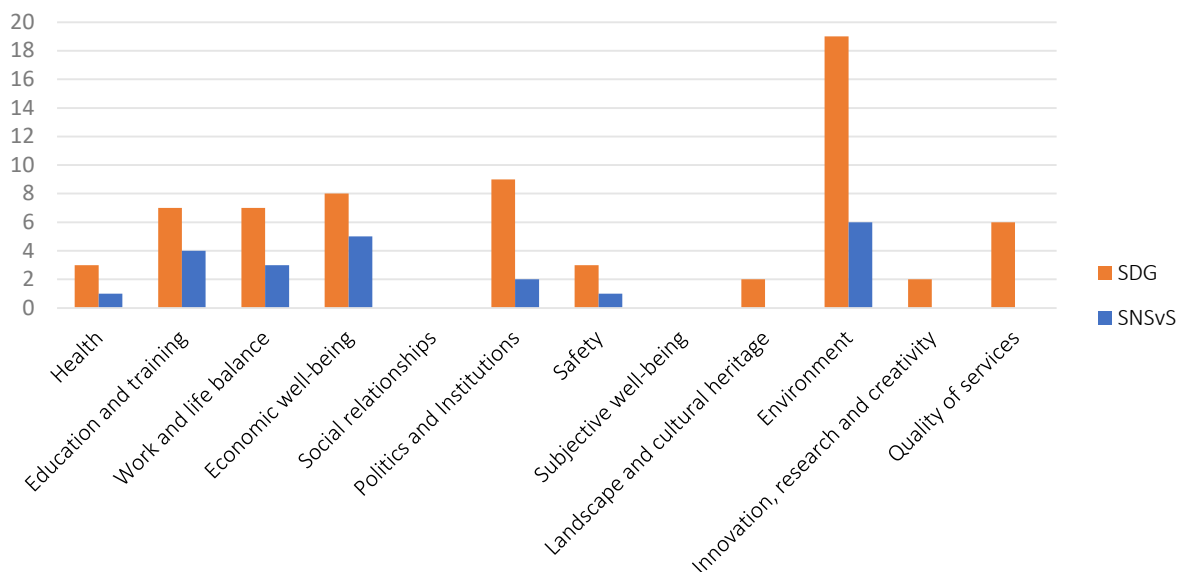
Figure 4.4. Distribution of indicators according to the 5Ps and the 17 SDGs



Note: The preamble of the 2030 Agenda mentions that it is "a plan of action for People, Planet and Prosperity [that] also seeks to strengthen universal Peace [with] all countries and all stakeholders, acting in collaborative Partnership". Yet, no official mapping between the 5Ps and Goals and Targets had been endorsed. The mapping proposed here had been first proposed by the United Nations and is used by the OECD in the Measuring Distance to SDG Targets report. Yet, it should not be considered as binding, the SDGs are integrated and indivisible and some Goals might relate to more than one P. The subdivision proposed here does not reflect the NSDS that is built on the concept of interlinkages among the SDGs.

Figure 4.5 shows how the NSDS indicators are distributed among the BES dimensions. In particular, it shows that NSDS indicators do not capture all dimensions of Equitable and sustainable Well-Being (i.e. do not capture Social relationships, Subjective well-being, Landscape and cultural heritage, Innovation, research and creativity and Quality of services). Two of them (i.e. Social relationships, Subjective well-being) are neither covered by the ISTAT indicators for the United Nations Sustainable Development Goals.

**Figure 4.5. Distribution of indicators according to BES dimensions**



*Mapping of indicators across different frameworks with the main policy domains for equitable and sustainable well-being*

Table 4.2 provides a summary of different frameworks considered in Italy and indicates their potential linkages with relevant high-level policy areas, to support co-ordination across the government's ministries and agencies. Looking from the policy-making perspective, sectoral ministries and institutions should be cognizant of the fact that sectoral strategies and policies will likely have an impact on various dimensions of people's well-being and beyond the scope of the sector they are servicing. For example, social support policies aimed at alleviating poverty are designed to have an impact on material well-being, but possibly will also impact mental health, subjective well-being, and leave an imprint on the labour market. The indicator-policy mapping is informed by related OECD statistical exercise carried out to map SDGs and key policy "avenues/drivers" outlined by the 2019 OECD PCSD Report, based on the OECD Framework for Policy Action on Inclusive Growth.<sup>16</sup>

**Table 4.2. Mapping of indicator frameworks with key policies for equitable and sustainable development in Italy**

BES domain	BES EDF indicator	Corresponding NSDS indicator	Corresponding NSDS domain and strategic objective	SDG target (global indicator framework)	A high-level mapping of indicators and SDG-relevant contributing policy areas from the report OECD Policy Coherence for Sustainable Development 2019 <sup>17</sup>	Data Source
Economic well-being	1. Adjusted gross disposable income per capita	Adjusted gross disposable income per capita	<b>People 1.</b> Combatting poverty and social exclusion by eliminating territorial disparities.	SDG 10.1.1 Global indicator: "Growth rates of household expenditure or income per capita among the bottom 40% of the population and the total population"	Taxes and transfers Education and skills policies Labour market policies	ISTAT, National Accounts
	2. Disposable income inequality (S80/S20)	Index of inequality of disposable income	<b>People 1.</b> Combatting poverty and social exclusion by eliminating territorial disparities.	SDG 10.1.1 Global indicator: "Growth rates of household expenditure or income per capita among the bottom 40 per cent of the population and the total population"	Taxes and transfers Structural and regulatory policies.	ISTAT, EU-SILC survey
	3. People living in absolute poverty (incidence)	Absolute poverty	<b>People 1.</b> Combatting poverty and social exclusion by eliminating territorial disparities.	SDG 1.2.1 Global indicator: "Proportion of population living below the national poverty line, by sex and age"	Taxes and transfers Education and skills policies Labour market policies	ISTAT, Household budget survey
Health	4. Healthy life expectancy at birth	Life expectancy in good health at birth	<b>People 3.</b> Promote health and well-being	SDG 3.4.1 Global indicator: "Proportion of population living below the national poverty line, by sex and age"	Health policies Taxes and transfers	ISTAT, Mortality tables and Italian survey Aspects of Daily Life
	5. Overweight or obesity (standardised rates)	Excess weight among adults	<b>People 3.</b> Promote health and well-being	SDG 2.2.2 Global indicator: "Proportion of population living below the national poverty line, by sex and age" (this indicator was not mapped with Goal in the figures above) SDG 3.4.1 (for Italy, indicator refers to adults in context of cardiovascular	Health policies Taxes and transfers.	ISTAT, Italian survey Aspects of Daily Life

				disease)		
Education	6. Early leavers from education and training	Early exit from the education and training system	<b>Prosperity 2.</b> Ensure full employment and quality training	SDG 4.1.2 Global indicator: "Completion rate (primary education, lower secondary education, upper secondary education)"	Education and skills policies Investment policies	ISTAT, Labour force survey
Work-life balance	7. Non-participation rate	Rate of non-participation in work (by gender)	<b>People 2.</b> Guarantee the enabling conditions for the development of people's potential <b>Prosperity 2.</b> Ensure full employment and quality training. 3. Affirm models for sustainable production and consumption <b>Peace 2.</b> Eliminate all forms of discrimination	SDG 8.5.2 Global Indicator: "Unemployment rate, by sex, age and persons with disabilities"	Structural and regulatory policies Labour market policies Education and skills policies.	ISTAT, Labour force survey
	8. Ratio of employment rate for women aged 25-49 with at least one child aged 0-5 to the employment rate of women 25-49 years without children	Employment rate ratio of women aged 25-49 with at least one pre-schooler and childless women.	<b>People 1.</b> Combatting poverty and social exclusion by eliminating territorial disparities. 2. Guaranteeing the enabling conditions for the development of people's potential <b>Peace 2.</b> Eliminate all forms of discrimination	SDG 5.4.1 Global Indicator: "Proportion of time spent on unpaid domestic and care work, by sex, age and location"	Structural and regulatory policies Labour market policies Policies supporting a low-carbon and resource-efficient economy. Education and skills policies Taxes and transfers	ISTAT, Labour force survey
Security	9. Predatory crime rate index	NA	NA		Education and Skills policies Governance policies	Police and ISTAT survey on personal security
Politics and institutions	10. Length of civil proceedings	Efficiency index of civil justice	<b>People 2.</b> Guaranteeing the enabling conditions for the development of people's potential	SDG 16.6.2 (in the mapping, we were referring to "Length of civil proceedings" rather than Efficiency index of civil justice) Global Indicator: "Proportion of population satisfied with their last experience of public services"	Data exchange, trade and competition policies Investment policies. Governance policies	Ministry of Justice
Environment	11. Emissions of CO2 and other greenhouse gasses	CO2 emissions and other climate-altering gasses	<b>People 3.</b> Promote health and well-being <b>Prosperity 4.</b> decarbonise the economy <b>Planet 2.</b> Guarantee a sustainable use of natural resources; 3. create resilient	SDG 13.2.2 Global Indicator: "Total greenhouse gas emissions per year"	Policies supporting a low-carbon and resource-efficient economy; Structural and regulatory policies Investment policies Governance policies.	ISTAT, Emissions accounts "NAMEA"



			communities and territories, safeguard landscapes and cultural heritage			
Landscape and cultural heritage	12. Illegal building rate	Illegal building	Planet 2. Guarantee a sustainable use of natural resources; 3. create resilient communities and territories, safeguard landscapes and cultural heritage	SDG 11.3.1 Global Indicator: "Ratio of land consumption rate to population growth rate"	Governance policies	CRESME

## Notes:

1. Disposable income inequality (S80/S20)
2. People living in absolute poverty (incidence)
3. Overweight or obesity (standardised rates)
4. Ratio of employment rate for women aged 25-49 with at least one child aged 0-5 to the employment rate of women 25-49 years without children

Source: Authors' elaboration.

The linkages between the NSDS and BES-EDF indicators and the high-level policy areas illustrated in the table, invite continuing the work undertaken by Italian authorities on better aligning the BES and NSDS frameworks with a view for a coherent whole-of-government approach to the implementation, monitoring and evaluation of equitable and sustainable development. Building on Italian advanced tradition of monitoring well-being and sustainability beyond traditional measures, such as GDP, going forward integrated matrix can make measurement more exhaustive and ensure better linkages to the decision-making process.

### ***Measuring transboundary impact of domestic policies and overall coherence in development co-operation***

The importance of monitoring the impact of domestic policies on equitable and sustainable development of third countries, and vice versa the impact of external policies on the objectives of the NSDS should not be underestimated.

The future set of NSDS indicators should reflect positive and negative transboundary effects of Italian policies. This also one of the recommendations emerging from one of the multi-stakeholders workshops held during the implementation of this project.<sup>18</sup> This workshop helped identifying policy coherence tools to be applied to this sector, including setting objectives and actions related to policy coherence in the Triannual Development Cooperation Document (*Documento triennale di programmazione e di indirizzo della politica di cooperazione allo sviluppo*) and by developing a guidance for considering policy coherence in regional and country development co-operation strategies. In terms of evaluation, this document could include NSDS/SDGs quantifiable targets and indicators tailored to the context of developing countries. This set of indicators will strengthen overall coherence in the contribution of Italian development co-operation to Italian sustainable development objectives as well as to inclusive and sustainable communities in developing countries. It would also strengthen whole of government approach in this sector by factoring in also the contributions of other ministries that implement ODA programmes.

### ***The NSDS –EU Cohesion Policies 2021/2027 cohesion matrix: A tool to link policy objectives and systematise the indicators***

The Department for Cohesion Policies (DPCoe) together with the Agency for Territorial Cohesion (ACT) within the PCM and MiTE started in 2018 a process of analysis and evaluation of the contribution of Cohesion Policies towards the NSDS for both the 2014-2020 results and the 2021-2027 expected

outcomes see Table 4.1. The matrix includes the objectives, indicators and categories of intervention for the 2021-2027 Cohesion Policy period. The matrix allows connecting the performance indicators used for EU programming with context indicators to monitor the NSDS. As such the matrix does not allow to assess the actual contribution of cohesion policy to the NSDS unless it is filled in with data.

The matrix shows the relations between the NSO of the NSDS and the Strategic policy objectives used in each of the EU cohesion policies for 2021-2027. It is useful both at the moment of policy formulation (bilateral agreement, ONP/PON Operational National Plans, and POR/ROP Regional operational plans) to show to which objectives of the NSDS the EU funded cohesion policies will contribute the most and which objectives have been neglected through *ex ante* analysis. In addition, by systematising the interventions and indicators of the cohesion policy under NSDS objectives it shows the potential integrated monitoring system using the NSDS as reference to measure public policies' sustainability (Ministry for Ecological Transition, 2021<sup>[9]</sup>). Such a matrix could be crucial when developing the policy roadmap at the initial stage of the policy cycle, at all levels, as well as in anticipating positive and negative impacts from policy measures envisioned. This mapping methodology between EU policies and NSDS has been shared with the subnational authorities for application in regional sustainable development strategies and cohesion programming.

### ***The CIPESS evaluation of public investments***

Within the Presidency of the Council of Ministers (PCM), the Department for Programming and Coordinating Economic Policies (DIPE) is developing a set of indicators to be proposed to be used to evaluate public investments, with a focus on sustainability performance. The set of indicators will be a part of a new operational procedure, following the broadening of the scope, as of 2021, of the Inter-ministerial committee for economic programming, which is now tasked with including sustainable development in its decisions and is thus renamed the Inter-ministerial Committee for Economic Planning and Sustainable Development (CIPE to CIPESS).

As explained in the Section on the Inter-ministerial committee for Economic Programming and Sustainable Development (CIPESS), DIPE co-ordinates the preliminary phase that leads to the adoption by CIPESS of Deliberations on public investments. With the approval of Delibera 79/2020 (see before) CIPESS Decisions are well placed to be among the main tools for effectively implementing the NSDS in a co-ordinated and integrated manner at national, regional and local level giving the competence on cohesion policies. It is too early to assess the interoperability between the DIPE's forthcoming indicator framework for public investments and the NSDS indicators. It is suggested that a working group is established between the DIPE and the MiTE to work on the set of indicators to be applied to public investment that include the NSDS objectives as previously done by integrating the 43 indicators in the VAS (see below) and in the work with the DPCoe (Ministry for Ecological Transition, 2021<sup>[9]</sup>). However, in order to integrate sustainability performance into public investments decisions, the set of indicators could consider, where relevant, trends in ESW and SDGs indicators, measure of inter-linkages between the public investment/intervention reviewed and its impact on other policy priorities within the NSDS, as well as potential impacts on third countries if relevant.

### ***The Regulative assessments***

The MiTE experimented the feasibility of integrating the 43 indicators in the Environmental Strategic Assessments (VAS/SEA) (Ministry for Ecological Transition, 2021<sup>[9]</sup>). According to its legal mandate, the VAS verifies the environmental impact of plans and programmes (DLgs.03/04/2006 n.152 and successive modifications) ensuring their coherence and compatibility with sustainable development. Using this normative framework, the MiTE explored how the proposed local plans, to be validated through VAS, contribute, positively or negatively, to the implementation of the NSDS. In this experiment MiTE is collaborating with regions and metropolitan areas to create a matrix between the sustainability objectives

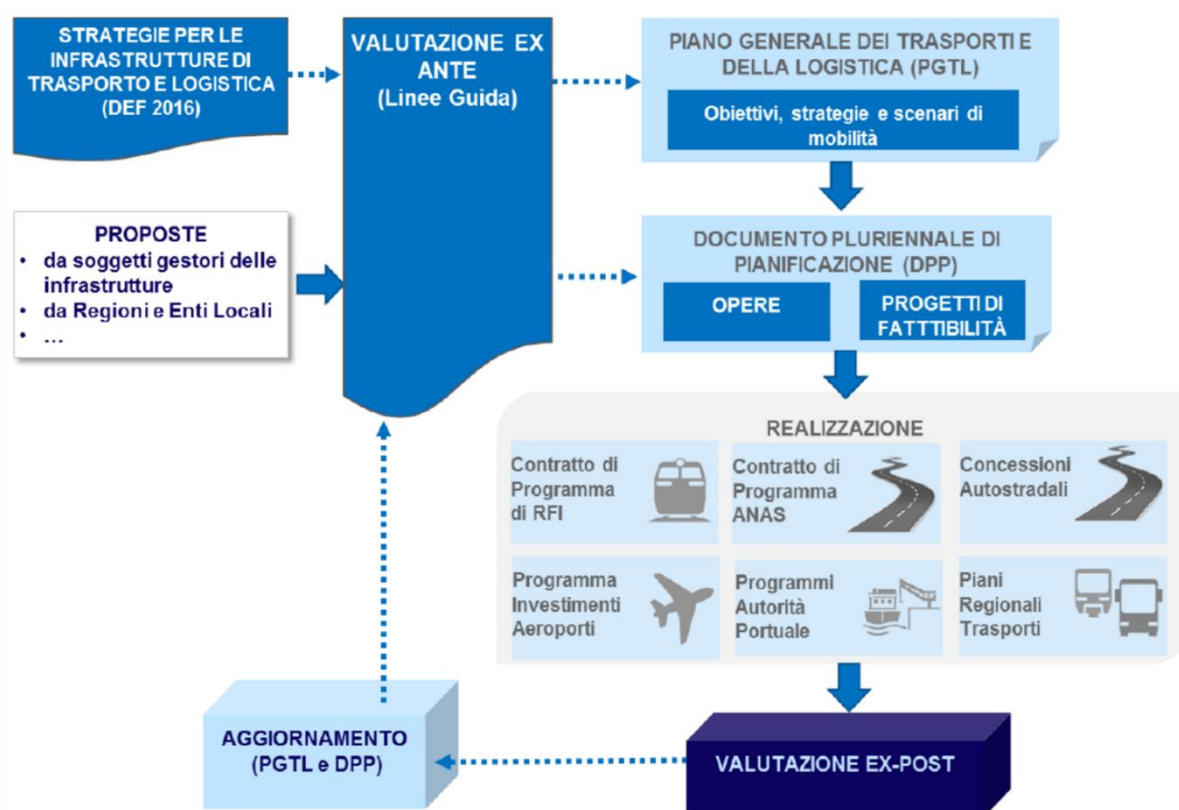
and the strategic actions of the local plans owing to their performance indicators (capacity of the action to contribute to the strategic objective of the strategy) and the 43 indicators. Figure 4.6 shows the matrix for the sustainability integrated evaluation of the local plans adopted in Umbria Region (example for the NSDS are Prosperity) (Ministry for Ecological Transition, 2021<sup>[9]</sup>).

Through this experiment MiTE has learned:

- Need for strengthening competence across the monitoring units around sustainable development.
- If the *ex ante* assessment requirements included in environmental national strategies (i.e. the National Plan for Adaptation to Climate Change, the National Plan for Ecological Transition) would encompass the sustainability criteria, MiTE could multiply these evaluations and collect relevant data for tracking the implementation of the NSDS across levels of the government and increase opportunities for dialogue around the strategy.
- The indicators selected to track the NSDS are sometimes not effective nor significant for environmental assessments. This aspect needs to be considered in the revision of NSDS indicators.

This exercise could be scaled up to other sectoral *ex ante* evaluation or impact assessment regulations to ensure that they assess each measure or investment's contribution to the NSDS and the SDGs. For this purpose, the guidance that Ministries apply for conducting evaluation prior to inserting actions and programmes in their programmatic documents should provide for alignment with the NSDS, such as the guidance for impact evaluation issued by the Ministry of Transport and Infrastructure (Ministry of Infrastructures and Transport, 2017<sup>[10]</sup>). Similarly guidance for *ex ante* evaluation that Regions, Metropolitan Cities have to produce in order to add a new infrastructure proposal in the multi-annual planning document (DPP) where all proposal all inserted and prioritised if compatible with the needs (highlighted in the PGTL) should be aligned with Sustainable development priorities. The indicators used for the *ex ante* evaluation will be measured during the *ex post* evaluation as well (Ministry of Infrastructures and Transport, 2017<sup>[10]</sup>). Equally the Gender assessment that is conducted could be linked to NSDS and SDGs. The evaluation unit (NUVAP) of the Policy Cohesion Department of the Presidency of the Council of Ministries (Dipartimento Politiche di Coesione DPCoE) co-ordinates the Network of Evaluation units from all line Ministries and could offer the space for comparing the effectiveness of the current evaluation tools in terms of assessing the different sustainability dimensions, trade-offs and the impact on third countries at the moment of policy operationalisation (NUUV, 2020<sup>[11]</sup>).

Figure 4.6. Infrastructure planning and programming cycle

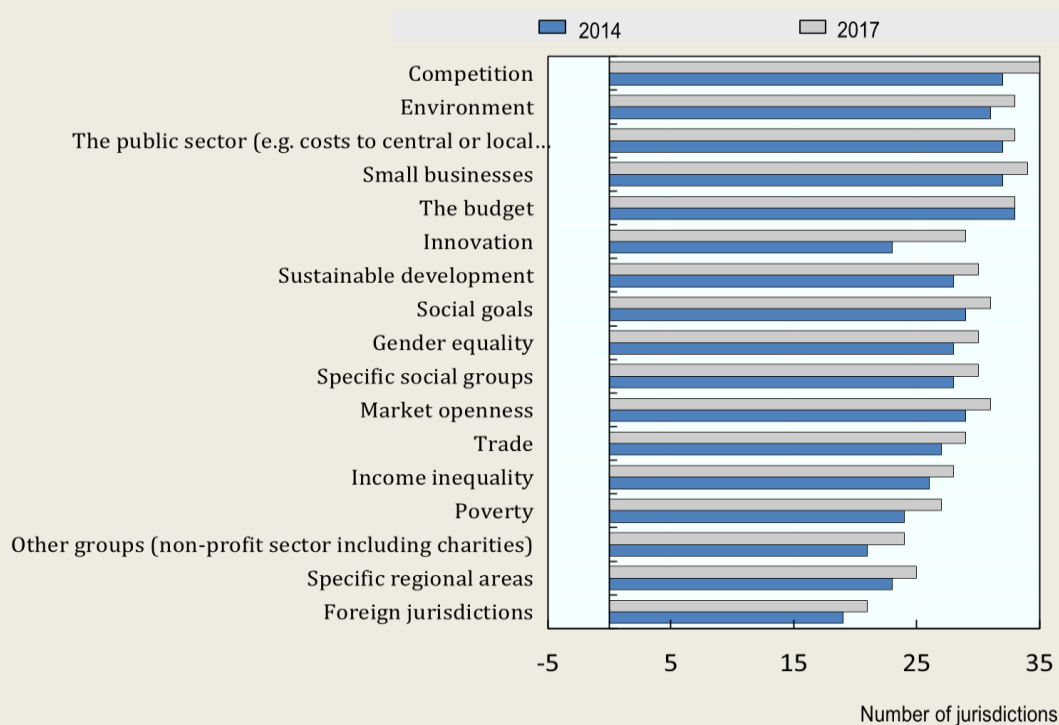


Source: Guidelines for the evaluation of public investments in the transport sector, Ministry of Infrastructures and Transport, 2017.

#### Box 4.4. Insights on regulatory assessments and cost-benefit analysis

A policy tool that has been broadly used is Regulatory Impact Assessment (RIA). It is now a formal requirement in nearly every OECD country when developing primary laws and subordinate regulations; although RIA is not always a formal requirement for all regulations (OECD Regulatory Policy Outlook, 2018). RIA involves reviewing and assessing in a systematic way the potential impacts of proposed or existing regulations. It may also involve the quantification of the costs and benefits of implementing a regulatory measure, assessing its anticipated effectiveness in achieving its goals, and examining alternative policy options.

One shortcoming that RIA has been challenged for concerns its focus on economic costs of regulation, to somewhat greater extent than on the social or environmental benefits that regulation may also deliver. This limitation importantly reflects the way on how the tool is being implemented and how well it is being supported by available evidence or estimates of the impacts of regulation in social and environmental domains. Quantifiable evidence is therefore key to enable a well-functioning RIA system – making explicit the broader consequences of regulatory proposals, clearly illustrating the inherent trade-offs within regulatory proposals, and showing the distributional outcomes of regulation as well as reducing transboundary risks in one area with implications for another area (Durand and Exton, 2019<sup>[7]</sup>). Economic impacts, such as on competition and on small businesses, impacts on the environment and on the public sector as well as the budget remain the most frequently assessed types of impacts in RIA (Figure 4.7).

**Figure 4.7. Types of impacts assessed in RIA**

Note: OECD Regulatory Policy Outlook 2018. Data is based on 34 OECD member countries and the European Union.

Source: Indicators of Regulatory Policy and Governance Surveys 2014 and 2017, <http://oe.cd/ireg>. StatLink 2 <https://doi.org/10.1787/888933814483>.

Another frequently invoked tool for supporting decisions on the allocation of government resources is Cost-Benefit Analysis (CBA). Although CBA may form a part of RIA, it is, however, not limited to examining regulatory policy proposals. The objective of CBA is to quantify the costs and benefits associated with the outcomes of a policy intervention or a project. It typically relies on valuating (i.e. monetising) the impacts of the policy intervention into a common currency expressed in monetary units. This permits for the net positive and negative impacts to be summed into a single number, and then compared with the total expected cost. When performed uniformly, the ratio of benefits to costs can be compared across different policy options, to help the government select those delivering the greatest returns on government investment.

### ***Integrating sustainability metrics in the stages of the policy cycle***

A key part of the process of bringing well-being aligned with SDGs in the policy cycle is to go beyond making indicators available to wide audiences. Integrating well-being metrics in the stages of policy formulation and evaluation requires a well-co-ordinate and conscious decision on the part of those performing or commissioning policy analysis, as well as a demand from policy makers for an evidence base and a set of tools, which methodological rigour has been established with a broader community of analysts and government officials. In this sense are remarkable the efforts made to date, by the DPCoe and the MiTE to develop a relationship matrix that maps the objectives of the 2030 Agenda with the results of the Cohesion Policies.

Introducing a dashboard of well-being indicators in the budget process (such as the ESW Report) adds a layer of accountability in providing an indicator of whether the government's policy direction has been, on aggregate, moving the country in the direction of greater well-being. However, the existence of a dashboard itself is not a sufficient condition for integration of well-being considerations into policy. Assessing individual spending proposals *ex ante*, for their anticipated well-being and sustainability impacts would represent a more fundamental shift, and one that can elucidate critical trade-offs and win-wins among well-being outcomes (Durand and Exton, 2019<sup>[7]</sup>).

#### Box 4.5. Integrating well-being policy in New Zealand

The New Zealand Government has identified a broad range of changes to the public finance and public sector systems that are needed to support its vision for well-being. Many of these changes are being led by the Treasury, often with implications for other ministries and agencies (e.g. the 2019 Well-being Budget), but some have been initiated by different agencies (e.g. the Department for the Prime Minister and Cabinet's Child Well-Being initiative; Stats NZ's Indicators Aotearoa New Zealand). The Government's well-being approach includes:

- Embedding well-being in the Public Finance Act (1989). The current proposals will require the Government to set out each year how its well-being objectives will guide the budget, together with its fiscal objectives.
- The 2019 Well-Being Budget, in which evidence on well-being outcomes was used to identify Budget priorities (New Zealand Government, 2018) and to assess bids from government departments (New Zealand Treasury, 2018).
- The Child Poverty Reduction Act, passed in late 2018, requires the government of the day to set long-term (10-year) and intermediate (3-year) targets on a defined set of child poverty measures and to report annually on those measures.
- Embedding well-being into agencies' performance reporting. The Government expects agencies to describe their contribution to improving inter-generational well-being. The Treasury is currently working with agencies to understand how best to embed a focus on intergenerational well-being in accountability documents.

Moreover, the proposed Local Government (Community and Well-Being) Amendment Bill seeks to reinstate wording that was previously included (from 2002-12) in the Local Government Act, stating that the purpose of local government is to "promote the social, economic, environmental and cultural well-being of communities, in the present and for the future". All these initiatives build on the Treasury's Living Standards Framework developed since 2011 as a tool to strengthen the quality of its policy advice to the Government of the day. The work has been stepped up since 2017 to support the Government's well-being approach:

- The Living Standards Framework was updated in 2018, and a new Dashboard of well-being indicators was released.
- Proposed amendments to the Public Finance Act will require the Treasury to produce a periodic report on current and future well-being every four years (Institute of Public Administration New Zealand, 2019).
- The Treasury has also adopted a well-being approach in its longer-term statutory reporting. The Living Standards Framework provided the organising framework for the 2018 Investment Statement, which analyses the government balance sheet and its management. The Statement, required at least every four years, also includes a chapter on how to broaden it to include natural capital considerations.

- The Community for Policy Research was launched in November 2017 as a multidisciplinary network of external researchers whose work could be used to improve the advice of the Treasury.

Source: Llana-Nozal, A., N. Martin and F. Murtin (2019), "The economy of well-being: Creating opportunities for people's well-being and economic growth", OECD Statistics Working Papers, No. 2019/02, OECD Publishing, Paris, <https://doi.org/10.1787/498e9bc7-en>.

Several OECD countries have already developed structured mechanisms to ensure that well-being or "beyond GDP" indicators are integrated into their policy cycles. These can target specific aspects of the policy cycle, or encompass several steps ( (Exton and Shinwell, 2018<sup>[6]</sup>); Box 4.4).

## References

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## Notes

- <sup>1</sup> [https://www.istat.it/storage/SDGs/SDG\\_01\\_Italy.pdf](https://www.istat.it/storage/SDGs/SDG_01_Italy.pdf).
- <sup>2</sup> Institutions represented in the Working Group include MiTE, Ministry of Economy and Finance, Ministry of Foreign Affairs, ISTAT and Italian National Institute for Environmental Protection and Research (ISPRA).
- <sup>3</sup> [https://www.istat.it/storage/SDGs/SDG\\_01\\_Italy.pdf](https://www.istat.it/storage/SDGs/SDG_01_Italy.pdf).
- <sup>4</sup> These same four criteria were the basis for selecting the ESW 12 indicator framework, which is used by the Treasury to integrate well-being measurement into the economic policy planning process.
- <sup>5</sup> <https://www.mite.gov.it/pagina/la-strategia-nazionale-lo-sviluppo-sostenibile-monitoraggio-e-valutazione>
- <sup>6</sup> ISTAT (2020) Rapporto SDGs 2020, [https://www.istat.it/it/files//2020/05/SDGs\\_2020.pdf](https://www.istat.it/it/files//2020/05/SDGs_2020.pdf).
- <sup>7</sup> In 2020, the set of indicators has been expanded to 152 (it was 130 in previous editions), with a deep revision that takes into account the transformations that have characterised Italian society in the last decade, including those linked to the spread of the COVID-19 pandemic. Starting from 2018, an intermediate update is also published for all indicators for which definitive data are available.
- <sup>8</sup> Available at <https://www.istat.it/it/files//2018/04/12-domini-commissione-scientifica.pdf>
- <sup>9</sup> On June 17<sup>th</sup>, 2021 the OECD and MiTE organised the 3rd Workshop in the context of this project on “Connecting the existing evaluation and monitoring mechanisms related to sustainability within the revision of the National Sustainable Development Strategy (NSDS) and towards the Policy Coherence for Sustainable Development (PCSD) Action Plan”.
- <sup>10</sup> From the mapping exercise by the NSDS Round-table in *Relazione del Tavolo di lavoro sugli indicatori per l’attuazione della Strategia Nazionale di Sviluppo Sostenibile*.
- <sup>11</sup> <https://www.agenziacoesione.gov.it/wp-content/uploads/2021/05/Monitoraggio-Politiche-di-Coesione-28-febbraio-2021.pdf>
- <sup>12</sup> <https://www.agenziacoesione.gov.it/lacoesione/le-politiche-di-coesione-in-italia-2014-2020/strumenti-e-programmi/>
- <sup>13</sup> [https://opencoesione.gov.it/it/sistema\\_monitoraggio/](https://opencoesione.gov.it/it/sistema_monitoraggio/)



<sup>14</sup> This mapping is based on the [Istat indicators for the United Nations sustainable development goals](#), the [BES indicator set](#) and the *Matrice Relazioni*, developed by Italian authorities that compares BES and NSDS data to the IEAG-SDG Indicator list.

<sup>15</sup> NSDS 42 indicator set based on December 2017 ISTAT SDG Platform.

<sup>16</sup> OECD (2019), *Policy Coherence for Sustainable Development 2019: Empowering People and Ensuring Inclusiveness and Equality*, OECD Publishing, Paris, <https://doi.org/10.1787/a90f851f-en>.

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<sup>17</sup> OECD (2019), *Policy Coherence for Sustainable Development 2019: Empowering People and Ensuring Inclusiveness and Equality*, OECD Publishing, Paris, <https://doi.org/10.1787/a90f851f-en>, Chapter 3.

<sup>18</sup> On March 31<sup>st</sup> 2021 the Italian Ministry for Ecological Transition (MiTE), the Minister of Foreign Affairs and International Cooperation (MAECI) and the OECD (Public Governance Directorate and Development Cooperation Directorate) worked in close collaboration for the organisation of the workshop which brought together over 70 participants from the central administration, including the Italian Agency for Development Cooperation (AICS), subnational Governments (Regions, Provincia Autonoma, Metropolitan Areas), the European Commission, as well as civil society organisations and non-state actors, members of the Forum for Sustainable Development and of the National Development Cooperation Committee (CNCS).

# Annex A. Cohesion Policy in the European Union and Italy

## European Union

The **MF** (Multiannual financial framework, QFP – Quadro Finanziario Pluriennale in Italian) is the European U's long-term budget: it sets the limits for EU spending over a certain period, usually 7 years (2021-2027).

The European structural and investment funds (**ESIF** –SIE in Italian) are:<sup>1</sup>

- European regional development fund (**ERDF**) – promotes balanced development in the different regions of the European Union.
- European social fund (**ESF+**) – supports employment-related projects throughout Europe and invests in Europe's human capital.
- Cohesion fund (**CF**) – funds transport and environment projects in countries where the gross national income (GNI) per inhabitant is less than 90% of the EU average. In 2014-20, these are Bulgaria, Croatia, Cyprus, the Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, the Slovak Republic and Slovenia.

The other two Funds are the European agricultural fund for rural development (EAFRD) – focuses on resolving the particular challenges facing EU's rural areas; the European maritime fisheries fund (EMFF) – helps fishermen to adopt sustainable fishing practices and coastal communities to diversify their economies.

**EU Cohesion Policy:** it contributes to strengthening economic, social and territorial cohesion in the European Union and aims to correct imbalances between countries and regions.

EU Cohesion Policy is delivered through specific funds → **ERDF, CF, ESF+**, JTF (Just Transition Fund)

The Just Transition Fund, is a new instrument of the Cohesion Policy 2021-2027 which supports the regions most affected by the transition towards climate neutrality).<sup>2</sup> For this reason, ERDF, ESF+ and CF are commonly referred to as EU Cohesion Policy Funds.

## Italy

The **Common Strategic Framework – CSF** (*Quadro Strategico Comune*, QSC) is a key working document issued by the European Commission in 2012 to guide programming and sectoral and territorial co-ordination of interventions financed by ESIF (*Fondi Strutturali e d'Investimento Europei*, SIE in Italian).<sup>3</sup> The CSF sets out the objectives of Europe 2020 Strategy in the so-called “thematic objectives” at the basis of the 2014-2020 programming.

For the programming period 2014-2020, each Member State has produced a **Partnership Agreement** (Accordo di Partenariato, PA) in co-operation with the European Commission. This is a reference document for programming interventions from the EU Structural and Investment Funds (ESIF) and for linking them to the aims of the Europe 2020 growth strategy. The Partnership Agreement defines the

strategy and investment priorities chosen by the relevant Member State and presents a list of national and regional **operational programmes (OPs)** which it is seeking to implement in accordance with the development strategy outlined in the PA, as well as an indicative annual financial allocation for each OP.

On 29th October 2014, the European Commission adopted the 2014/2020 Italian Partnership Agreement, which defines the strategic programming areas for the use of the ESIF, which CIPE acknowledged with Delibera n. 8/2015. The Agreement was amended via Implementing Decision C(2018)598 final (8th February 2018) to acknowledge the greater EU resources assigned to Italy compared to 2014 allocations, as a result of the technical adjustment of the 2014-2020 MFF. During 2016, all the 2014-2020 Operational Programmes (both ONP/PON – National Operational Programmes and ROP/POR – Regional Operation Programmes) co-financed with ERDF and ESF resources entered their implementation phase. The **2021-2027 Partnership Agreement** is currently under definition: on 20th July 2021, the draft Partnership Agreement was sent to the services of the European Commission.<sup>4</sup>

For the 2014-2020 programming, total resources allocated to Italy from ESIF (ERDF, ESF, EAFRD and EMFF) amounted to around EUR 45 billion, in addition to national co-financing of around EUR 28 billion. **Italian Cohesion Policy** is thus financed by additional EU and national resources, respectively from the European budget (ESIF, with additionality obligation) and from the national budget (national co-financing to EU Funds, Development and Cohesion Fund – FSC and Cohesion Action Plan resources).<sup>5</sup> EU resources are indeed integrated with national resources from the Development and Cohesion Fund (Fondo di Sviluppo e Coesione – FSC), aimed at economic and social rebalancing actions. The FSC resources allocated for the 2014-2020 programming amount to approx. EUR 54.8 billion, 80% of which for southern regions and 20% for central-northern regions. These resources are **additional** – namely, they do not replace ordinary expenses borne by State budget and decentralised entities – in line with the same criterion of additionality provided for EU Structural and Investment Funds. These resources are then complemented with other national co-financing funds and resources allocated for complementary programmes.<sup>6</sup>

The **Development and Cohesion Fund** (*Fondo per lo Sviluppo e la Coesione*, **FSC**) is, together with the European Structural and Investment Funds, the main national financial instrument for the implementation of policies aimed at economic and social rebalancing in Italy. The Steering Committee for the FSC was established within the PCM for the 2014-2020 programming cycle by DPCM 25<sup>th</sup> February 2016 and it is composed of representatives of the central administrations, of the regions and of the autonomous provinces of Trento and Bolzano. It is chaired by the Minister for the South and Territorial Cohesion.<sup>7</sup> The Steering Committee is responsible for defining, for the purposes of the following proposal for approval by the CIPESS, specific operational plans (**Development and Cohesion Plans, PSC**) broken down by Thematic Areas, specifying the expected results, actions and interventions needed, the corresponding financial estimation, the national, regional and local implementation level, the timeframe for implementation and the monitoring arrangements. The CIPESS then allocates the financial resources of the FSC to the different Thematic Areas. The Steering Committee also operates on the resources for the FSC 2021-2027 programming cycle.<sup>8</sup> According to Delibera CIPESS n. 2/2021, on an annual basis, upon the proposal of the Minister for the South and Territorial Cohesion, a report is submitted to the CIPESS on the progress and implementation status of the development and cohesion plans, after submission to the FSC Steering Committee.<sup>9</sup> The programming of the FSC is multiannual, in line with the timing of the programming of the European Union's Structural and Investment Funds, ensuring the unity and complementarity of both the EU and Italian procedures for the activation of the resources.

## Notes

<sup>1</sup> [https://ec.europa.eu/info/funding-tenders/funding-opportunities/funding-programmes/overview-funding-programmes/european-structural-and-investment-funds\\_en](https://ec.europa.eu/info/funding-tenders/funding-opportunities/funding-programmes/overview-funding-programmes/european-structural-and-investment-funds_en)

<sup>2</sup> [https://ec.europa.eu/regional\\_policy/en/policy/what/investment-policy/](https://ec.europa.eu/regional_policy/en/policy/what/investment-policy/)

<sup>3</sup> <https://www.eesc.europa.eu/en/our-work/opinions-information-reports/opinions/common-strategic-framework>

<sup>4</sup> [bozza-accordo-partenariato-2021-2027-italia-23-06-2021.pdf](#) (opencoesione.gov.it)

<sup>5</sup> <https://opencoesione.gov.it/it/faq/#!cosa-e-la-politica-di-coesione>

<sup>6</sup> <https://www.agenziacoesione.gov.it/lacoesione/le-politiche-di-coesione-in-italia-2014-2020/?lang=en>

<sup>7</sup> <http://www.ministroperilsud.gov.it/it/archivio-ministro-provenzano/notizie/cabina-regia-fsc-18-marzo-2019/>

<sup>8</sup> [https://www.agenziacoesione.gov.it/wp-content/uploads/2021/04/compendio\\_normativo\\_agenzia\\_coesione\\_territoriale\\_Vol1-1.pdf](https://www.agenziacoesione.gov.it/wp-content/uploads/2021/04/compendio_normativo_agenzia_coesione_territoriale_Vol1-1.pdf)

<sup>9</sup> <http://ricerca-delibere.programmazioneeconomica.gov.it/media/docs/2021/E210002.pdf>



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