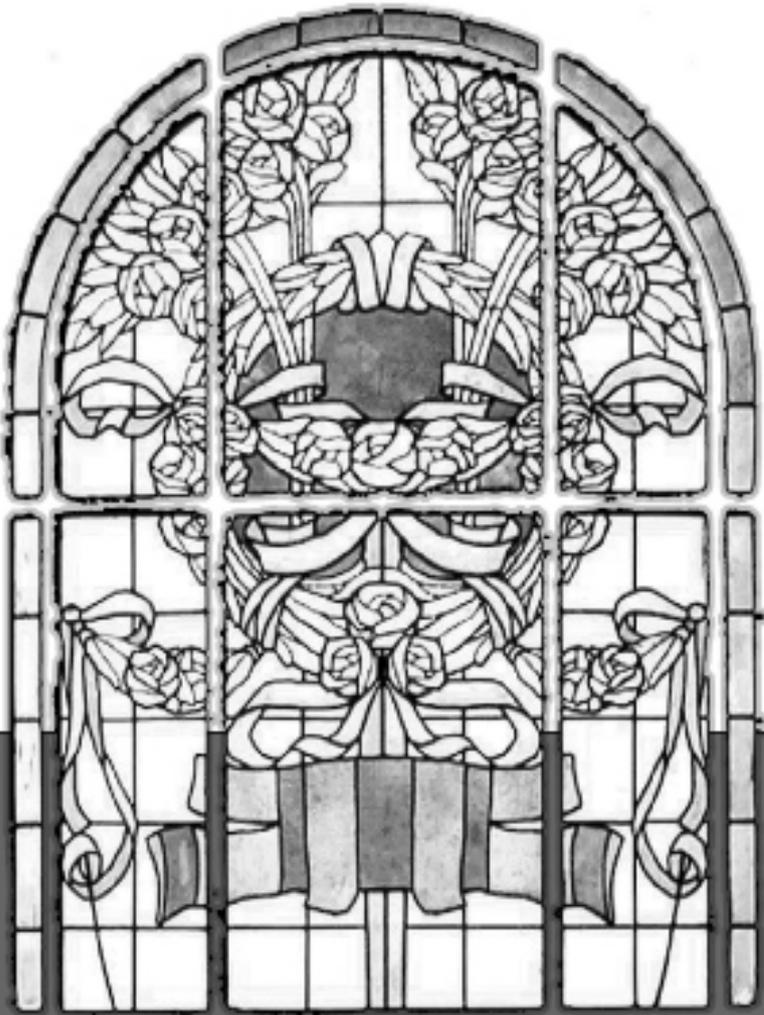


MATERIALI UVVAI

Analisi e studi

Documenti

Metodi



Issue 19 - 2010

**MEASURABLE OBJECTIVES FOR
PUBLIC SERVICES PROVISION:
MIDTERM ASSESSMENT 2009**



Ministero dello Sviluppo Economico
Dipartimento per le Politiche di Sviluppo
Unità di Valutazione degli investimenti Pubblici



The Public Investment Evaluation Unit (UVAL – *Unità di valutazione degli investimenti pubblici*) provides technical support to government bodies by preparing and disseminating methods for evaluating public investment programs and projects before, during and after the projects themselves, in part to optimize the use of EU Structural Funds. The unit is a part of the network of central and regional evaluation teams.

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The unit determines whether investment programs and projects comply with economic policy guidelines, assesses the financial and economic feasibility of the initiatives, and determines whether they are compatible and appropriate as compared with other solutions, while also evaluating their social and economic impact in the areas concerned.

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Graphic design: Communication and External Relations Office, DPS
Court of Rome Authorisation no. 306/2004 (print version)
Court of Rome Authorisation no. 513/2004 (electronic version)

First printed in July 2010

Materiali UVAL is also published in electronic format at <http://www.dps.mef.gov.it/materialiuval>

Measurable objectives for public services provision: mid term assessment 2009

Abstract

Italian regional development policy under the 2007-2013 National Strategic Reference Framework incorporates an innovative performance-based mechanism that sets explicit targets for the provision and quality of selected public services in southern Italy. The eight regional governments and the Ministry of Education, Universities and Research (for the Education objective only) have to reach quantified objectives in four fields of public services (education, child and elderly care, urban waste management and water services), achievement of which is measured with eleven statistical indicators. A €3 billion performance reserve has been set aside to reward the achievement of each target in 2013. At the end of 2009, a mid-term assessment of the progress achieved was conducted on the basis of 2008 data and a share of the performance reserve was paid out. This study contains a report on the activities carried out by all the participating entities to implement the system and updates the indicators to 2008. After an analysis of the progress recorded for each objective, details on the methodology used by the Central Technical Support Group in calculating the €642 million mid-term performance bonuses are provided. The analysis allows us to identify, to at least some extent, areas where local governments have made remarkable progress in accelerating the expansion of service provision, which could be further analysed as best practices. Conversely, the analysis also identifies a number of critical situations that the entire system must tackle in order to improve performance. The annexes (available only in the Italian version) include methodological notes on the statistical surveys that produced the data for the calculation of indicators of the mechanism.

Obiettivi di Servizio: stato di avanzamento per la verifica intermedia 2009

Sommario

Gli Obiettivi di Servizio sono una innovativa modalità di *policy* orientata ai risultati introdotta dal Quadro Strategico Nazionale (QSN) 2007-2013. Le otto Regioni del Mezzogiorno, cui si aggiunge il Ministero dell'Istruzione, dell'Università e della Ricerca (per il solo obiettivo istruzione) sono chiamate a concentrare risorse e attività su quattro ambiti di servizi essenziali per i cittadini (istruzione, servizi di cura per gli anziani e per l'infanzia, gestione dei rifiuti urbani e servizio idrico integrato) per raggiungere obiettivi quantificati e misurati da un set di 11 indicatori. Al sistema è associato un meccanismo premiale: il raggiungimento al 2013 dei *target* stabiliti comporta l'assegnazione di premi per un ammontare complessivo di 3 miliardi di euro. Alla fine del 2009, tappa intermedia del percorso, è avvenuta la verifica dello stato di avanzamento del sistema e la conseguente attribuzione di una parte delle risorse premiali. Con riferimento ai dati disponibili per l'annualità 2008, sono stati calcolati i premi intermedi da assegnare alle Amministrazioni coinvolte per un ammontare di 642 milioni di euro. La Relazione illustra le attività dei diversi soggetti che partecipano all'attuazione del sistema degli Obiettivi di Servizio e presenta l'aggiornamento degli indicatori al 2008. Nel documento, dopo un esame dello stato di avanzamento per singoli Obiettivi, seguono dettagli relativi ai premi intermedi per ogni Regione risultanti dall'istruttoria del Gruppo Tecnico Centrale. Pur con limiti e cautele, l'analisi permette di individuare alcune realtà settoriali e territoriali dove si sono prodotti apprezzabili passi in avanti da cui trarre indicazioni per un'accelerazione complessiva verso i *target*. In modo speculare, le stesse rilevazioni segnalano alcune situazioni critiche con cui sarà necessario confrontarsi, per produrre effetti più robusti e virtuosi, con uno sforzo molto significativo delle Amministrazioni responsabili e, più in generale, dell'intero sistema istituzionale legato agli Obiettivi di Servizio. In Appendice sono riportate note metodologiche di approfondimento sulle rilevazioni statistiche dei dati alla base degli indicatori degli Obiettivi di Servizio oggetto della verifica intermedia.

This issue contains the initial report on the progress made on the Measurable Objectives for essential services provision to the National Committee for the coordination and oversight of unified regional policy. The annexes (available only in the Italian version –link) include methodological notes on the surveys conducted.

The report was drafted by Iolanda Anselmo with the input of Simona De Luca, Marco Magrassi and Francesca Matalucci.

The annexes (available only in the Italian version) were prepared by Simona De Luca and Francesca Matalucci.

The authors wish to thank:

- *for their contribution in preparing the materials required for the annual report: Tito Bianchi, Elisa Calò, Oriana Cuccu, Giulio Guarini, Emanuela Incicco, Clara Serretta, and Benedetta Stratta;*
- *for their contribution to the methodological notes: Corrado Abbate – ISTAT (Water), Andrea Lanz – ISPRA, Giulia Milan – ISTAT (Daycare), Cristina Tamburini – Ministry of Health;*
- *for their editorial assistance, Franca Acquariva and Marta Paragona.*

This report was presented to the National Committee for the coordination and oversight of unified regional policy on 17 February 2010.

CONTENTS

I.	Introduction	7
II.	Launch and consolidation of the Measurable objectives for public services provision system	9
II.1	The participants	9
II.2	The sectoral central government entities	11
II.3	The Central Technical Support Group	13
II.4	The Department for Development and Cohesion Policies (DPS)	14
III.	Progress made towards achieving the objectives	16
III.1	General developments and mid-term assessment	16
III.2	Progress by individual objective	22
III.2.1	<i>Education</i>	22
III.2.2	<i>Child and elderly care</i>	24
III.2.3	<i>Urban waste management</i>	28
III.2.4	<i>Integrated water service</i>	31
IV.	Conclusions	36

I. Introduction

The system of measurable objectives for the delivery of essential public services (Measurable objectives for public services provision),¹ introduced under the 2007-2013 National Strategic Reference Framework, is an innovative results-oriented planning approach in four areas (education, child and elderly care, urban waste management and integrated water services) that the eight regions of Southern Italy and the Ministry of Education (MIUR) have agreed to focus on in the Education Objective. A performance reserve is incorporated into the system, providing incentive resources totalling €3 billion from the Fund for Under-Utilised Areas (FAS). Disbursement of the bonuses is tied to achieving specified targets for the 11 indicators representing the four service areas by 2013 (Table I.1).

Figure I.1 Measurable objectives for public services provision: indicators, baseline values (South) and 2013 targets

	OBJECTIVE	INDICATOR	Baseline value	2013 target
	Improve the skills of students and the population's learning ability	S.01 - percentage of the population aged 18-24 holding, at most, a middle school diploma	26%	Reduce the percentage to 10%
		S.02 – percentage of 15 year olds with poor reading skills (OECD-PISA)	35%	Reduce the percentage to 20%
		S.03 – percentage of 15 year olds with poor mathematics skills (OECD-PISA)	48%	Reduce the percentage to 21%
	Increase the availability of child and elderly care services to promote women's participation in the workforce	S.04 – percentage of municipalities with childcare services	21%	Raise the percentage to 35%
		S.05 – percentage of children aged 0-3 in childcare	4%	Raise the percentage to 12%
		S.06 – percentage of population over 65 benefiting from home assistance	2%	Raise the percentage to 3.5%
	Protect and improve the quality of the environment in relation to urban waste management	S.07 – quantity of urban waste discarded in landfills per inhabitant	395 kg	Reduce to 230 kg per inhabitant
		S.08 – percentage of recycled urban waste	9%	Increase the percentage to 40%
		S.09 – percentage of composted waste	3%	Increase the percentage to 20%
	Protect and improve the quality of the environment in relation to integrated water service	S.10 – percentage of water delivered	59%	Increase the percentage to 75%
		S.11 – percentage of inhabitant equivalents served by waste water treatment plants with at least secondary treatment	63%	Increase the percentage to 70%

Source: Department for Development and Cohesion Policies (DPS)

To accelerate the introduction of the system, a mid-term assessment was conducted using data available at the end of the 2009. Based on the assessment, a percentage (no

¹ The system of Service Objectives is governed by CIPE Resolution 82/2007. All the information and updates on the system are found in the section of the DPS website on the "Measurable objectives for public services provision": http://www.dps.tesoro.it/obiettivi_servizio/.

more than 50 percent) of the potential reserve allocable for each indicator was assigned. Table I.1 shows the amount of the total potential performance reserve resources broken down by government entity and indicator.

Table I.1 Measurable objectives for public services provision: potential performance reserve resources by indicator and government entity in 2013 (millions of euros)

Government entity	Objectives / indicators											Total performance reserve resources by govt. entity
	education			child and elderly care services			waste management			water		
	S.01	S.02	S.03	S.04	S.05	S.06	S.07	S.08	S.09	S.10	S.11	
Abruzzo	10.86	10.86	10.86	8.87	8.87	17.74	13.30	13.30	8.87	17.74	17.74	139.01
Molise	6.06	6.06	6.06	4.95	4.95	9.89	7.43	7.43	4.95	9.89	9.89	77.56
Campania	52.16	52.16	52.16	42.60	42.60	85.20	63.90	63.90	42.60	85.20	85.20	667.68
Puglia	41.57	41.57	41.57	33.95	33.95	67.90	50.92	50.92	33.95	67.90	67.90	532.10
Basilicata	11.44	11.44	11.44	9.34	9.34	18.68	14.01	14.01	9.34	18.68	18.68	146.40
Calabria	23.74	23.74	23.74	19.39	19.39	38.78	29.08	29.08	19.39	38.78	38.78	303.89
Sicily	54.80	54.80	54.80	44.76	44.76	89.52	67.14	67.14	44.76	89.52	89.52	701.52
Sardinia	28.95	28.95	28.95	23.64	23.64	47.29	35.47	35.47	23.64	47.29	47.29	370.58
MIUR	20.42	20.42	20.42	-	-	-	-	-	-	-	-	61.26
Total by indicator	250.00	250.00	250.00	187.50	187.50	375.00	281.25	281.25	187.50	375.00	375.00	3,000.00

Source: Table 2.1 of CIPE Resolution 82/2007

Key:

- S.01 - Early school leavers (percentage of the population aged between 18-24 holding, at most, a middle school diploma)
- S.02 - Students with poor reading skills (percentage of 15 year olds with poor reading skills)
- S.03 - Students with poor mathematics skills (percentage of 15 year olds with poor mathematics skills)
- S.04 - Distribution of childcare services (percentage of municipalities with childcare services)
- S.05 - Delivery of childcare services (percentage of children aged 0-3 in childcare)
- S.06 - Delivery of home assistance for the elderly (percentage of population over 65 benefiting from home assistance)
- S.07 - Urban waste discarded in landfills (kg of urban waste discarded in landfills per inhabitant)
- S.08 - Recycled urban waste (percentage of recycled urban waste)
- S.09 - Quantity of wet waste treated in composting facilities for the production of quality compost (percentage of composted waste)
- S.10 - Efficiency of water distribution for human consumption (percentage of water delivered)
- S.11 - Percentage of population served by waste water treatment plants (percentage of inhabitant equivalents served by waste water treatment plants with at least secondary treatment)

This report discusses the activities undertaken by the various entities involved in implementing the system of Measurable objectives for public services provision and provides an updated picture of the indicators based on the latest information available. The report forms part of the process of assigning mid-term performance reserve resources and incorporates the results of the assessment performed by the Central Technical Support Group,² which are presented in the section on progress achieved on the Measurable objectives for public services provision. Annex B (available only in the Italian version) details the rules followed by the Central Technical Support Group to determine the performance reserve bonuses and calculate each indicator.

² The Central Technical Support Group for the Essential Services Objectives, provided for by CIPE Resolution 82/2007, was formed with an Order of the Head of the Department for Development and Cohesion Policies (DPS) in June 2008. Its job involves supporting and monitoring the system and it conducts the assessments for the assignment of performance reserve resources at the 2009 and 2013 evaluation dates. The Central Technical Support Group is comprised of two DPS representatives, who are responsible for coordination, two representatives of the regions, one MIUR representative and one representative of the National Statistical Institute (ISTAT).

II. Launch and consolidation of the Measurable objectives for public services provision system

CIPE Resolution 82 of 3 August 2007,³ which marked the conclusion of a lengthy technical assessment process and discussions among the partners to define the rules, authorised the launch and consolidation of the Measurable objectives for public services provision system, in which the various players involved at the regional and central government levels developed the framework required to implement it fully. The entities taking part in the performance reserve mechanism – the eight southern Italian regions and the MIUR – prepared their respective Action Plans⁴ and launched programmes to achieve the objectives. The competent central government entities⁵ activated the project for “technical assistance initiatives and systemic actions in support of the Measurable objectives for public services provision”. The Central Technical Support Group took important measures to ensure that the performance reserve mechanism operates properly and the DPS intensified its monitoring of the general operation of the system, both through autonomous actions and through the support and coordination of the activities of the Central Technical Support Group.

II.1 The participants

The Action Plans, prepared and formalised between the end of 2008 and early 2009, are the primary instrument for implementing the Measurable objectives for public services provision.⁶

In preparing the Action Plan, the Regions and the MIUR conducted a planning exercise involving the reconstruction of organisational, regulatory, administrative, institutional conditions and those involving the investment of resources available for achieving each objective. Through the Action Plan, the participants had to put into place and implement investment decisions for the individual objectives made under various programmes and investment plans funded using additional resources (Structural Funds and the Fund for Under-Utilised Areas) and ordinary resources (regional laws, national funds such as, for example, the “Daycare Plan” and the “Fund for the non-self-sufficient”).

³ The full text of the resolution can be found at:

http://www.dps.tesoro.it/documentazione/docs/obiettivi/4_delibera_E070082.pdf

⁴ CIPE Resolution 82/2007 sets out the minimum content of the Action Plans: the actions to be promoted within the territory to achieve the objectives; the organisational procedures for each action; the human and financial resources required; the expected timetable for each activity; the instruments to be used to ensure that the actions are carried out; the monitoring mechanisms; the methods for publicising and reporting progress.

⁵ These are the Ministry for the Environment for the Urban Waste Management and Integrated Water Services objectives; the Ministry of Labour and the Department for Family Policy of the Office of the Prime Minister for childcare services, with the inclusion of the Ministry of Health for elderly-care services.

⁶ The Action Plans prepared by the eight southern regions and MIUR can be found at: http://www.dps.tesoro.it/obiettivi_servizio/monitoraggio.asp. Abruzzo’s Action Plan for Education is not available as it has not yet been formally submitted to the DPS.

The results of this unified results-oriented planning effort vary. Certain Action Plans set out a very clear strategy and seem to be working well, while others resemble programmes that still require a further phase to become operational.

In drafting the Action Plans, the participating entities had to tackle the problem of agreeing objectives and instruments that were new for many of those involved and developing untested collaboration methods. The adoption of a planning-by-objectives approach (represented by indicators and binding targets) required the planners – more used to viewing indicators as an appendix to the planning process - to make an enormous effort to adapt. The indicators, their meaning, their limitations and their dynamics gradually became a focus of discussion and exchange.

The growing understanding of the indicators and data sometimes does not translate into a systematic understanding of the characteristics of the phenomenon in one's own territory, therefore limiting the scope of the exercise. In just a few cases, the Action Plans set out strategies that differ at the territorial level to address varying internal needs.

A further difficulty faced by the participants in preparing the Action Plans regarded the uncertainty surrounding the use of the FAS, which for certain territories represents the primary source of funding for new initiatives. The problem was most noticeable in relation to the Education Objective, which was affected by a cut in the funding originally provided for under the FAS National Implementation Plan, which was to have involved all the southern regions, thereby supplementing initiatives co-financed using Structural Funds targeted solely at the four regions within the Convergence Objective.

Despite the difficulties and delays, the Action Plan represented, for all the participating entities, the start of a process, currently under way, of learning and dialogue within the structures responsible for coordination (the planning offices) and the sectoral structures involved in implementation (the offices responsible for environmental policies, infrastructures, social services, healthcare and education).

The Measurable objectives for public services provision have produced a variety of technical and thematic networks within the regional governments, between the regional governments and the local entities responsible for delivering the services, and between the regional and central government departments. These function as environments for training and the exchange and dissemination of information. The networks sprang up spontaneously, as a result of the process of defining and implementing the Action Plans, or were generated by the system support activity CIPE Resolution 82/2007 assigns to the sectoral central government entities and to the DPS.

Obviously, this process will necessarily lead to updates and refinements of the strategy and, therefore, the Action Plans themselves. The regions and the MIUR will have a formal opportunity to revise the Action Plans through the Annual Progress Report (the

RAOS) that the participating entities are required to prepare under the provisions of the CIPE Resolution.

The initial Annual Reports, prepared between October and November 2009, did not offer substantial innovations over the Action Plans, having been prepared just shortly thereafter and lacking more current indicator data.

Impetus for greater development and implementation of the Action Plan strategy could come in 2010 in the light of new data, which for certain indicators should be available at an even finer territorial levels (the municipal level for childcare and separate waste collection; local health authorities (ASLs) for services for the elderly; optimal service areas (OSAs) for integrated water services).

During the first few months of 2010, the regions were also required to develop sub-regional performance reserve mechanism systems in order to take advantage of the option provided for by CIPE Resolution 82/2007 giving the entities responsible for providing the services that performed well direct access to part of the reserve bonus even if the 2013 target is not achieved at the regional level. This exercise will also help the regions extend their analysis of the condition of services in their territory and make their strategy more effective.

II.2 The sectoral central government entities

In preparing the project for technical assistance initiatives and systemic actions in support of the Measurable objectives for public services provision, approved in February 2008,⁷ the competent central government entities undertook to reinforce and accelerate their ordinary policy actions (e.g. the implementation of Community directives, policy-setting instruments and defining standards) and to carry out specific initiatives to support the regions and local entities in achieving the targets (e.g., support for regional planning and procedures for awarding service contracts, identifying measures to contain the costs of operating services and facilitate financial sustainability, improving IT systems, developing innovative approaches).

All the central government entities responsible for the project elected to carry out their work using in-house resources, entering into specific agreements.⁸ The partnership and

⁷ The project for technical assistance initiatives and systemic actions in support of the Measurable objectives for public services provision, financed by CIPE with €7 million in 2007-2013 FAS funding (CIPE Resolution no. 82 of 2007), was approved and issued with an Order of the Head of the Department for Development and Cohesion Policies on 20 February 2008. It can be found at http://www.dps.tesoro.it/obiettivi_servizio/soggetti_istituzionali.asp

⁸ Currently, there are six agreements in force: an agreement between the Ministry for the Environment and Sogesid for activity related to the waste management and integrated water service; three separate agreements with Formez, entered into, respectively, by the Department for Family Policy, by the Directorate General for Social Inclusion and by the Ministry of Health, for activities relating to Integrated Home Assistance (ADI) services, and, finally, two separate agreements with the Istituto degli Innocenti (a children's advocacy institute), entered into respectively by the Department for Family Policy and by the Directorate General for Social Inclusion, for activity relating to childcare services.

administrative complexity inherent in a project jointly run by different entities, together with issues concerning the transfer of resources (due to more general factors independent of the project itself), delayed the start-up of the operational stage: the agreements were only signed at the end of 2008 and the initiatives got under way in 2009.

The start-up of the project highlighted the weakness of the original idea of having the relevant central government entity for the sector take on the role of “national competence centre”, given that such entity may lack the necessary specialised technical expertise or a structure that would enable it to support developments at the territorial level.

Conversely, it was also found that the capacity to make optimal use of technical assistance resources is boosted when it is possible to focus these resources on institutional objectives, consistent with the commitment of the regions to achieving the targets, that formally involve the regions and for which the central government body is directly responsible, since the compulsory nature of these duties exists independently of the Measurable objectives for public services provision (e.g., such circumstances were found with respect to Community infraction proceedings in the water treatment sector and the implementation of the “Daycare Plan”).

At the same time, the launch of the systemic actions and technical assistance has shown that the project's greatest potential rests in its ability to consolidate and enhance the vertical and horizontal partnership, laying the groundwork, through the actions funded under the project, for greater integration between the regional structures involved in “horizontal” coordination of planning and those with sectoral responsibilities, and between the latter and the sectoral central government entities. Despite problems, during the first year of implementation formal and informal thematic partnership networks were forged, which stimulated a high-level technical and institutional discussion on sectoral policies, which also useful for refining and coordinating the territorial aspect of sectoral policies, also providing the DPS and the Central Technical Support Group with an important observatory on the process.

In turn, strengthening the vertical partnership seems to have improved the understanding on the part of the central entities and the regions of the actions that should be undertaken, thereby moving beyond the initial generalist approach. This should make it possible, during the second year of the project, to overcome the critical issues touched on above and to fully implement technical assistance, training and specialised consulting services.

Finally, the project is also proving itself useful with regard to the quality of statistical information. While this is not an objective in the strict sense, it still provides the benefit allowing comparisons to be made based on the nature of the indicators and on the interpretation of their values and dynamics.

This process of exchange and dialogue between the central government bodies and the regions has not emerged in the same way for Education, an area not addressed by the project since the competent central government body plays a direct role in pursuing the objectives. In this area, the positive effects of initiatives co-financed by the Structural Funds and in large part implemented through the programmes managed by the MIUR starting from the 2000-2006 planning period are apparent, as discussed in section III.2.1, which analyses the most recent data. However, for Education, it has been difficult to develop – apart from those activities strictly connected with the implementation of the co-financed programmes - new networks that foster integration with ordinary policies and coordination with regional actions, and therefore increase the impulse towards achievement of the objectives, even with the involvement of other MIUR structures not involved in the management of the Structural Funds.

II.3 The Central Technical Support Group

During this initial implementation stage, the Central Technical Support Group and the DPS were involved in numerous activities consolidating the system, with a particular focus on fully implementing the rules framework and ensuring the availability and quality of the data underlying the indicators selected to monitor the objectives and award performance-reserve funds.

The Central Technical Support Group, responsible for monitoring and supporting the system under CIPE Resolution 82/2007, was formed in June 2008 and began its work at the start of 2009. The representatives of the DPS, the regions, the MIUR and the National Statistical Institute (ISTAT) that are members of the group meet regularly to discuss and decide - based on the preparatory work performed by the DPS - issues that, during the initial stage, mainly regarded the effective operation of the performance reserve mechanism.

Specifically, the Central Technical Support Group detailed and supplemented the framework of rules set out under CIPE Resolution 82/2007 for awarding interim performance reserve funds (see Annex B available only in the Italian version for more information) and for directly assigning the final performance reserve funds to the entities responsible for local delivery of the services in the event the regional targets are not met by 2013. These two lines of activity yielded two official documents: “*Linee guida per l’attivazione di sistemi di premialità regionali previsti dalla Delibera CIPE 82/2007*” (guidelines for implementing regional performance reserve systems under CIPE Resolution 82/2007), which was transmitted to the entities involved in September 2009 and “*Obiettivi di Servizio: verifica intermedia e calcolo delle risorse premiali*” (Measurable objectives for public services provision: mid-term assessment and calculation of performance reserve awards), which was transmitted to the Head of the DPS on 14 January 2010.

In addition to activity related to the application of the performance reserve mechanism, the Central Technical Support Group also promoted and provided general support to the system. It organised a number of meetings and provided guidance to the participating entities (e.g. on preparing the Annual Reports). Following the receipt of the Annual Reports as at the end of 2009, it also began to study the individual objectives more closely, work that will continue throughout 2010.

II.4 The Department for Development and Cohesion Policies (DPS)

With regard to activities aimed at ensuring the availability and the quality of the information underlying the individual indicators for monitoring the objectives and assigning performance reserve funds, in 2008 the DPS signed agreements and memorandums of understanding with the individual data providers⁹ to ensure the timeliness of the release of the information and the required territorial breakdown.

A systematic monitoring function was introduced in 2009 to evaluate the statistical surveys that supply data for calculating the indicators. Its purpose is to anticipate and recommend solutions for any issues that arise in using and interpreting the data and to ensure maximum transparency and the agreement of methodologies used among the various players involved in the system. In-depth analysis¹⁰ was performed and disseminated for each statistical survey as to the nature of the survey, the manner in which it is conducted (questionnaires, glossaries, estimation methods), the parties involved, the territorial scope and the timing of the release of information.

The DPS's efforts to improve the availability, quality and transparency of the data and the surveys have contributed to increasing general awareness about what is being surveyed and how to measure the phenomena pertaining to the Measurable objectives for public services provision and, therefore, how to improve understanding of the data for planning and implementation purposes.

The agreements with data providers and the greater involvement of the regional governments involved have already had an impact on the quality of the surveys conducted in 2009, for which the entities responsible have seen clear improvements in response rates, higher quality information and faster data release.

These findings are encouraging, further consolidating the instruments used to measure the phenomena to effectively support policy analysis and decision-making.

⁹ Specifically, cooperation agreements were signed with the *Istituto nazionale per la valutazione del sistema educativo di istruzione e di formazione* (INVALSI), for the Education Objective and with the Quality Department of the Ministry of Labour, Health and Social Policies, for elderly-care services. Two contracts were signed with the *Istituto di Ricerca per la Protezione Ambientale* (ISPRA, formerly APAT), for the urban waste objective, and with ISTAT for data on early school leavers, childcare services and the integrated water system.

¹⁰ Explanatory notes can be found at www.dps.tesoro.it/obiettivi_servizio/documenti.asp/.

The DPS has taken steps in this direction through actions to make the data received from providers available to the public in a timely fashion once it is checked and validated appropriately.¹¹ The *DPS eXplorer*¹², an innovative data visualisation tool with thematic maps and dynamic graphics that offers users the opportunity to produce customised analytical views, will soon join the traditional databases already available on the DPS site. In launching this tool, the DPS seeks to encourage consultation of the data to facilitate the distribution, sharing and exchange of information and analysis, thereby offering policymakers, citizens and institutions up-to-date information broken down to the lowest possible territorial level.

¹¹ All the statistical information available can be found in the appropriate section of the website on the Measurable objectives for public services provision:

http://www.dps.tesoro.it/obiettivi_servizio/dati.asp

¹² A customised version of OECD eXplorer, developed as part of the OECD Global Project on “*Measuring the progress of societies?*”, found at:

http://www.oecd.org/document/53/0,3343,en_2825_35731996_42852853_1_1_1_1,00.html

III. Progress made towards achieving the objectives

III.1 General developments and mid-term assessment

The year 2010 marks the first overall review of the progress made towards achieving the Measurable objectives for public services provision. Until 2009, data availability was irregular and certain indicators had not been updated from the baseline. Information updated to 2008 was collected for nearly all the indicators on the occasion of the mid-term assessment conducted in the final months of 2009. Information at the sub-regional level also became available for some indicators for the first time, with crucial information for a clearer understanding of the phenomena and a more effective intervention strategy (as well as for defining and launching the sub-regional performance reserve mechanisms).¹³

Although data availability has been accelerated, the picture as of 2008 does not yet show the effects of the strategies for achieving the targets developed and implemented by the participating entities. Considering that the Action Plans were drafted during 2008, we cannot point to a cause and effect relationship between these Plans and changes in the indicators as at the end of that year. In effect, the most important impacts on the system in terms of improved understanding and awareness of the critical issues, while crucial for determining the desired changes in the indicators, cannot be seen by looking at the data.

Nevertheless, in a number of sectors the 2008 data have already begun to show visible, encouraging progress towards achieving the targets, progress that, clearly, is at least in part attributable to the investments begun during the previous programming cycle with goals that were then confirmed and emphasised in the Measurable objectives for public services provision. Moreover, the very establishment of the performance reserve mechanism – which began to take shape starting in 2006 – certainly helped gradually raise the level of attention and commitment of the participating bodies.

Albeit with limitations and a certain degree of prudence, an analysis of the 2008 data points to a number of sectoral and territorial situations (and thus institutional and administrative as well) where significant strides have been made, from which we can see signs of an overall acceleration of movement towards the targets. The same surveys also highlight a number of critical situations that the responsible entities and, more generally, the entire institutional system connected with the Measurable objectives for public services provision will have to tackle with a major effort to produce more robust and virtuous results.

¹³ The agreements between the DPS and the data providers (see note 9) have enabled early release of certain data normally available after a greater time lag as well as data disaggregated by municipality or by relevant area usually not published by providers. It was not possible to accelerate availability of the indicators on student skills based on the OECD-PISA study, which will be released in 2010.

Figure III.1 shows the starting point for each indicator¹⁴ and the progress made towards the targets between the base year and 2008. To facilitate comparison of the information, all of the indicators have been normalised to between 0 and 1 with respect to the targets to be reached by 2013. In interpreting Figure III.1, it should be borne in mind that for each indicator:

- the wider the lightly coloured band, the better the starting situation;
- the wider the darkly coloured band, the better the progress made towards the target;
- the wider the white band, the worse the overall situation at the time of the mid-term assessment and, therefore, the larger the gap to close in the future to reach the target;
- the wider the diagonally-striped band, the greater the deterioration in the indicator with respect to its starting point.

Certain information stands out from a overall examination of the figure: out of a total of 72 cases (indicator/region combinations¹⁵), progress was made in 64, of which the target was exceeded in 7, while in the remaining 8 cases the situation deteriorated from the baseline. In various cases, current values remain distant from the target level.

A number of initial conclusions can be drawn from the data by region. Sardinia stands out for the progress made on a fair number of the indicators and the satisfactory levels achieved. At the opposite end of the spectrum is Sicily, which showed no significant progress and remains at the bottom among the southern regions for several indicators. Between these two extremes it is not easy to rank the other regions, as their performance differs depending on the indicator. However, special mention should be made of Calabria, which showed improvement across all the indicators, in some cases making significant gains. For Education and Integrated Water Service, where the variations in the indicators are linked more closely to structural changes, progress was less significant across all the regions.

A closer reading of the data by objective or indicator reveals that progress was greatest - although limited in certain regions - in Urban Waste Management and Child/Elderly Care Services, the areas where the targets exceeded are concentrated. However, the deteriorations from the baseline were also concentrated in these areas, and in some cases significant ground was lost, demonstrating the sensitivity of the indicators to the nature of the phenomena monitored.

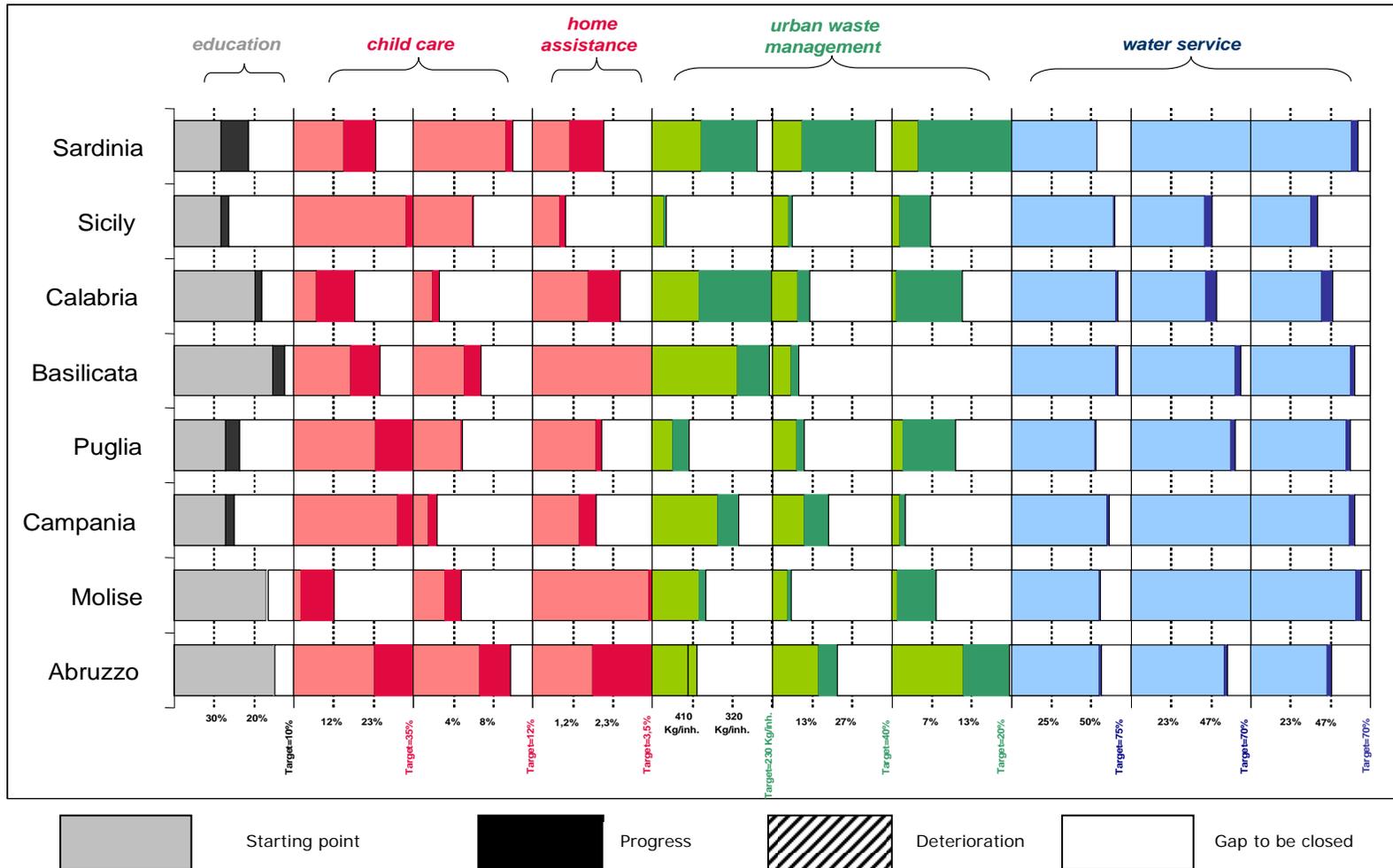
¹⁴ The figure does not include indicators S.02 and S.03 on the student skills in Italian and mathematics since up-to-date information is not yet available. The figure includes indicator S.11 for civil waste water treatment only, based on information from the ISTAT 2008 survey.

¹⁵ In the 72 cases regarding waste water treatment, only indicator S.11 was used.

An analysis of the progress made for each objective is found in Section III.2, while Annex A (available only in the Italian version) contains tables summarising the data by region. To conclude this initial general analysis of the 2008 data, the results of the mid-term assessment with regard to the bonuses to be awarded under the performance reserve mechanism are presented here, focusing on a number of factors of use in properly interpreting the connection between the performance of the individual indicators in the different territories and the performance reserve mechanism.¹⁶

¹⁶ Details on the rules and results of the calculation of the mid-term performance reserve awards are found in Annex B (available in the Italian version).

Figure III.1 Measurable objectives for public services provision: progress made towards the 2013 targets – Status at 30 November 2009



Source: DPS-UVAL

Note: For more information on the indicators, see the key for Table 1.1 - Indicator S.11 Percentage of civil inhabitant equivalents served by advanced waste water treatment plants.

The purpose of the mid-term assessment was to encourage from the outset action by the participating entities to pursue objectives that are relatively long-term but whose achievement generally requires complex actions implemented over an extended period of time. The outcome of the mid-term assessment is therefore associated with an award granted as an advance on that envisaged for achievement of the 2013 targets.

More specifically, up to 50 percent of the potential final performance bonus projected for 2013 may be awarded if the target is reached for each entity and each of the 11 indicators (3 for the MIUR) on the basis of the 2009 mid-term assessment. The total performance reserve resources (€3 billion) are divided by indicator¹⁷ and entity¹⁸ to determine the potential awards for 2013 (Table I.1).

The mid-term awards are calculated by taking into the account the path taken by each entity in approaching the target. The reasoning behind this is to reward the progress made towards the target rather than focusing on absolute or relative performance. Under the CIPE Resolution, the award for each indicator based on the mid-term assessment shall reflect the percentage of the gap between the baseline value and the target that has been closed. This means that the same change with respect to the baseline value will give rise to a larger bonus if the baseline value is closer to the target. In addition, the CIPE Resolution establishes that changes up to 25 percent of the distance closed shall be rewarded more than proportionately (e.g., a 10 percentage point change means a reward of 15), while changes above 50 percent of the gap closed are not considered in the calculation of the bonus.¹⁹

To give a concrete example, the percentage bonus may be similar where the starting position is already good and minimal progress is needed to reach a target (as in the case of Sicily for the indicator on the availability of childcare services, which went from 33.1 percent to 36.9 percent, exceeding the 35 percent target) and where a considerable leap is made towards achieving the target from a much more distant starting position (as in the case of Sardinia for the indicator on the percentage of recycled waste, which went from 9.9 percent to 34.7 percent, coming close to the 40 percent target).

¹⁷ The €3 billion is split among the 11 indicators using different percentages for each indicator. Each of the four objectives is associated with a financial weight equivalent of around €750 million. The award is distributed equally among the indicators for the Education (S.01, S.02 and S.03) and Integrated Water Service (S.10 and S.11) objectives. As for child and elderly care services, half of the award is allocated to integrated home assistance (S.06) and half to child daycare (S.04 and S.05). For the Urban Waste Management objective, the indicator for composting (S.09) carries a weight equal to one quarter of the total; the remainder is divided equally between the indicator for waste discarded in landfills (S.07) and for recycling (S.08).

¹⁸ The resources are divided among the entities administrations using a allocation criterion based on the endowment of financial resources envisaged in the FAS annex to the National Strategic Reference Framework approved by CIPE on 22 December 2006.

¹⁹ This is a consequence of the rule that the maximum percentage distributable in advance during the mid-term assessment phase shall be 50 percent. This is reached when 50 percent of the gap has been closed.

One must therefore exercise caution in using the data on the mid-term awards as a measure of the performance of an entity or an indicator.

One must be even more circumspect when interpreting the data on the total percentage award by entity calculated as the ratio between the total mid-term award and the total final potential award. In addition to being affected by the formulas for calculating the bonuses by indicator, this percentage is also influenced by the different weights assigned to the individual indicators.²⁰ If an entity posts good performance for the more heavily weighted indicators, the total award is higher than in cases in which performance is positive for indicators with a smaller weighting.

It should be noted that the award for MIUR (calculated for just one of the three Education Objective indicators pending release of the data of the OECD-PISA study for the student skill indicators) has been determined on the basis of the performance of the individual regions.

The following table provides a summary of the total and percentage awards by entity (Table III.1). Detailed information on the bonuses by individual indicator is reported in the annexes (available only in the Italian version)²¹.

Table III.1 Measurable objectives for public services provision: calculation of performance reserve resources at mid-term (database updated at 30 November 2009), in millions of euros

Participating entity	Calculation of performance reserve resources at mid-term assessment (€ millions)	Potential performance reserve resources at 2013 under CIPE Resolution 82/2007 (€ millions)	Portion of the mid-term resources out of the total potential awards at 2013 (%)
Abruzzo	37.53	139.01	27
Molise	12.80	77.56	17
Campania	142.49	667.68	21
Puglia	91.40	532.10	17
Basilicata	38.46	146.40	26
Calabria	92.08	303.89	30
Sicily	105.35	701.52	15
Sardinia	118.21	370.58	32
MIUR	3.78	61.26	6
Total	642.10	3,000.00	21

Source: DPS-UVAL

Under the provisions of CIPE Resolution 82/2007, the performance reserve resources awarded for progress made with respect to the individual indicators are linked to the planned initiatives in the respective sector of competence and may be assigned by the regional governments and the MIUR to the service providers. The resources not disbursed following the mid-term assessment are allocated to the government entity, which may receive them upon achievement of the targets in 2013.

²⁰ See note 18.

²¹ In Annex A, the tables by region report the award coefficients and the awards in euros for each indicator. In Annex B, the final tables by indicator show how the awards are calculated. The annexes are available only in the Italian version.

III.2 Progress by individual objective

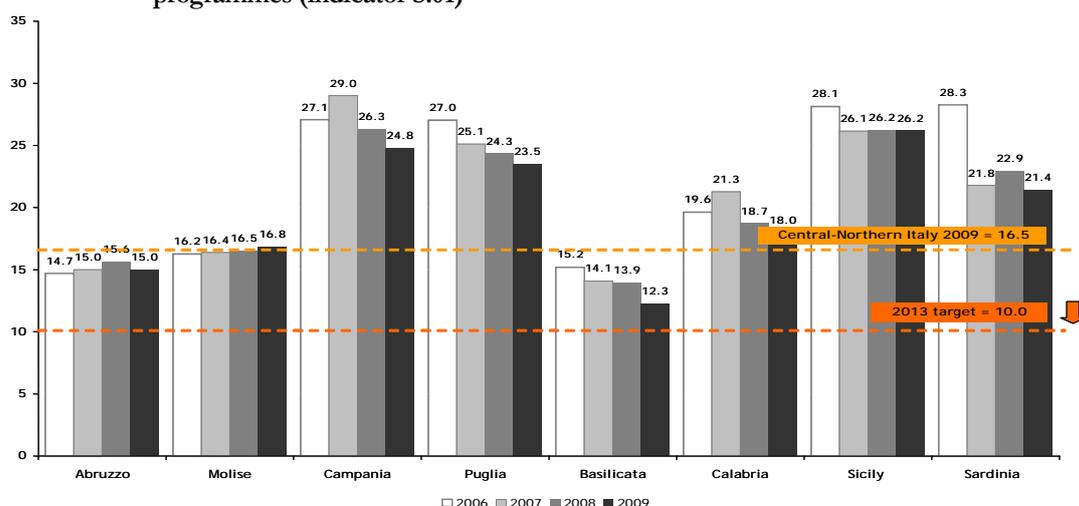
This section analyses the data for each objective more closely, with some initial remarks on the actions pursued by the participating entities and the possible effects. The Central Technical Support Group is studying certain issues to provide a clearer picture of the relationship between the entities' strategy and the results. The conclusions of these studies will be presented in the next Report, which may also rely on the results of the more complete implementation of the Action Plans.

III.2.1 Education

In the area of Education, the Measurable objectives for public services provision system monitors (i) early school leavers and (ii) students with poor skills in reading and mathematics. The three indicators are, on the one hand, closely tied to the level of the overall quality of teaching and to the opportunities for social advancement that the Italian educational system offers to varying degrees. On the other, they all relate to problems affecting the most vulnerable segments of Italy's student and youth population. Thus, they do not reflect an average level of school quality, but rather measure the ability of the Italian public education system in the various regions to handle and correct the most problematic and challenging cases that it faces.

A look at developments in the data on early school leavers – measured as the percentage of persons between 18 and 24 years of age holding, at most, a middle school diploma, who have not completed a vocational training course of more than 2 years recognised by the regional government and do not attend school courses or training programmes (indicator S.01) – reveals the generally slow progress in reducing this phenomenon (Figure III.2).

Figure III.2 Percentage of persons between 18-24 holding, at most, a middle school diploma, who have not completed a vocational training course of more than 2 years recognised by the regional government and do not attend school courses or training programmes (indicator S.01)

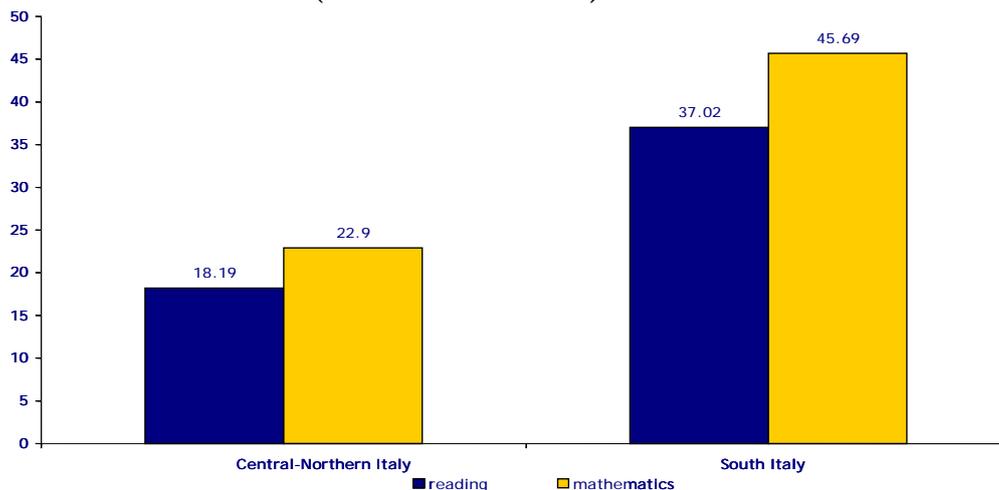


Source: ISTAT, "Rilevazione continua sulle forze del lavoro"

Note: The figure for 2009 is provisional, calculated by ISTAT based on the last four quarters for which data is available (last two quarters of 2008 and the first two of 2009).

For the indicators relating to skills (S.02 and S.03), which show that in 2006 there was a high percentage of 15 year olds with difficulty in reading and mathematics in the South (Figure III.3), no data collected during the 2009 survey is available yet. Once the findings are released in 2010, data broken down by region will be available, making it possible to monitor the level of student skills at a more detailed level.²²

Figure III.3 Percentage of 15-year-olds who at most have achieved the first level of reading and mathematics skills according to the ranking for the PISA test conducted by the OECD - 2006 (indicators S.02 and S.03)



Source: OECD, PISA

In conclusion, the status of the Education Objective raises some concern in view of the slow progress of the indicator for early school leavers and, presumably, the skills indicators, which even more than the drop-out rate are affected by social, cultural and economic variables.

However, the improvements reported do show the importance of actions carried out in recent years thanks to the additional resources. Therefore, one should not underestimate the potential negative impact of cutting ordinary or additional funding for Education at the national level, of the difficulties and delays experienced by a number of regional governments in preparing thematic Action Plans, and of the difficulty in coordinating initiatives (even ordinary policy initiatives) by the MIUR and the regions. Special action is needed to identify effective ways of focusing the efforts of the various administrations on the objectives, maximising the concentration and the effectiveness of the use of the available resources, mindful of the urgent need to deploy additional financing at least for those regions that do not have access to the Structural Funds.

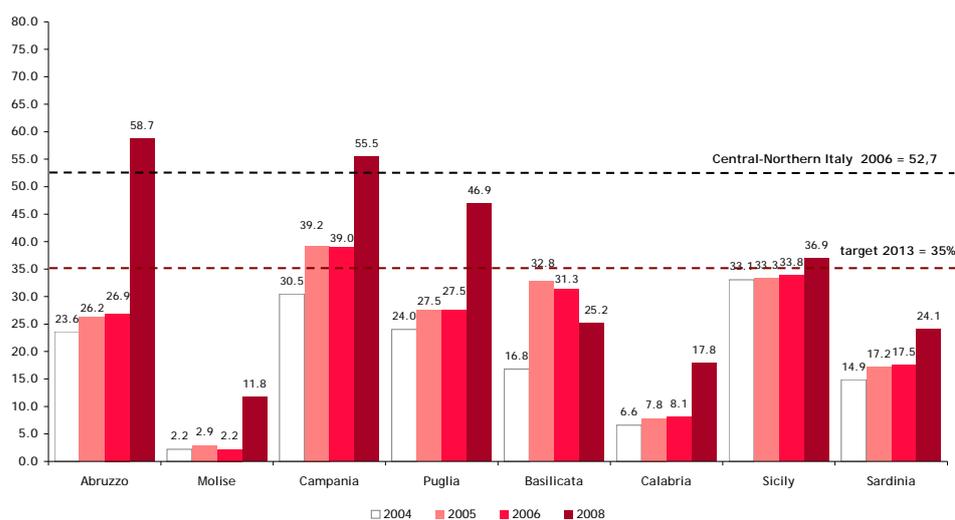
²² With the latest OECD-PISA study (2006), over-sampling that would make it representative of data at the regional level was only carried out for certain regions (Campania, Basilicata, Puglia, Sicily and Sardinia).

III.2.2 Child and elderly care

Child and elderly care are included among the Measurable objectives for public services provision in view of the role they play in easing the burden of the household responsibilities of women and, therefore, indirectly promoting the participation of women in the labour force, especially in the South, where the female participation rate is particularly low. The indicators regard services for children up to age 3 and for seniors over 65 years of age.

The availability of childcare services rose dramatically (indicator S.04) in all regions (from 21.1 percent to 37.7 percent for the South as a whole). The percentage of municipalities that introduced this service in 2008, sometimes in conjunction with other towns, is already higher for the South than the 2013 target, with Abruzzo, Campania, Puglia and Sicily recording especially high levels (Figure III.4).

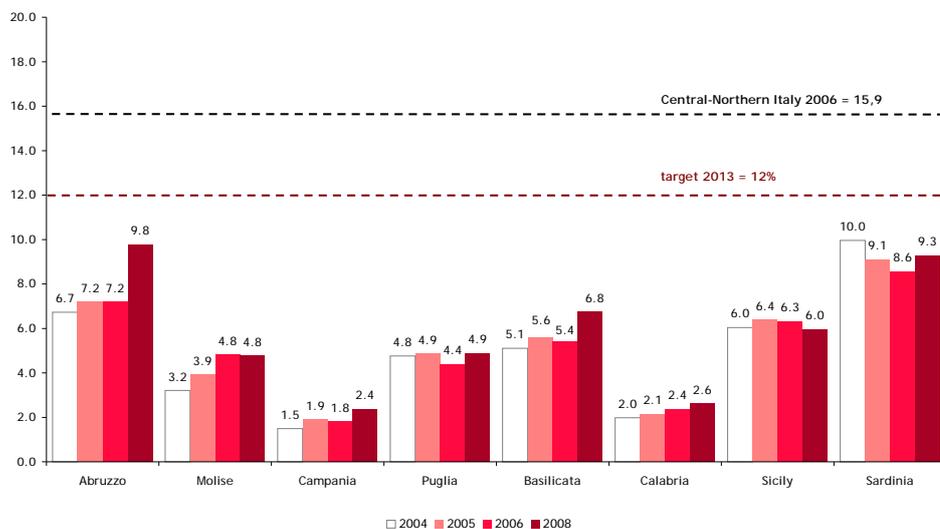
Figure III.4 Percentage of municipalities that provide childcare services (daycares centres, mini daycares facilities or supplementary and innovative services) out of total municipalities (indicator S.04)



Source: ISTAT, "Indagine censuaria sugli interventi e i servizi sociali dei Comuni"

While there was a significant increase in the availability of this service, the coverage of the relevant age group (indicator S.05) rose only to a limited extent and is still far from the 2013 target for almost all the regions (Figure III.5).

Figure III.5 Percentage of children up to age 3 using childcare services (daycares centres, mini daycares facilities or supplementary and innovative services) out of total population aged 0-3 (indicator S.05)



Source: ISTAT, "Indagine censuaria sugli interventi e i servizi sociali dei Comuni"

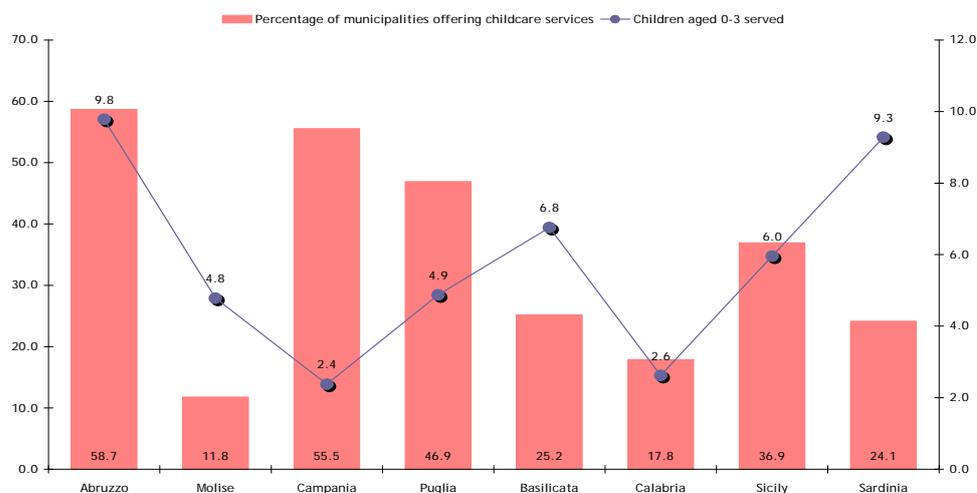
Except for Abruzzo, where a high level of service availability is linked with relatively good population coverage, the other regions that have reached the target for service availability still report a limited percentage of children aged 0-3 who made use of these services in 2008 (Figure III.6).

This inconsistency in the progress made in the two indicators may be partly explained by impact of municipalities joining together to offer childcare services (in this case all the associated municipalities are credited for the service and, therefore, the number of services reported may be lower than number of municipalities involved) and alternatives to daycares (which care for a smaller number of children).²³ An initial analysis of the sub-regional data shows that this impact is highest in Campania and Abruzzo, less so in Puglia, and zero in Sicily (where all users access services provided by individual municipalities).

Another explanation may be found in the relationship between the supply and demand for the service. On the one hand, there may be insufficient supply in urban areas where one would expect demand to be higher. On the other, it is possible that, due to economic or cultural reasons, families are generally less inclined to use the service. In fact, it is possible that, despite subsidies, the fees payable by the family are still too high and that the offering is not differentiated enough to allow more extensive reconciliation of work and family responsibilities. As a result, the female participation rate could be kept low partly due to an inadequate supply of childcare services, but at the same time demand for these services, in some situations, remains low precisely because women are not working.

²³ It should be specified that the indicator is constructed in such a way as to include children that make use of innovative and supplementary services up to a maximum of 30 percent of the total.

Figure III.6 Childcare services (daycares centres, mini daycares facilities or supplementary and innovative services), 2008



Source: ISTAT, "Indagine censuaria sugli interventi e i servizi sociali dei Comuni"

Close analysis of municipal data will make it possible to conduct any necessary additional studies, to be supplemented by an evaluation of the specific approaches adopted in the regions, which are not always specified in the Action Plans and in the Annual Reports: it is necessary to understand whether the policies enacted to expand supply are appropriate for the demand and what actions are needed to stimulate demand. At the same time there is the problem of the financial sustainability of the services, both from the point of view of the operating costs of the structures and the effective financial capacity of families to contribute to the service, an aspect that is not adequately addressed in the available documentation.

With regard to services for the elderly, the indicator (S.06) regards home assistance services (*Assistenza Domiciliare Integrata - ADI*), specifically the healthcare component of the service. Home care, an alternative to hospital stays, is one of the Essential Assistance Levels that must be guaranteed in a uniform manner across the country. The established level, set to coincide with the 2013 Measurable objectives for public services provision, is 3.5 percent of the population over 65 years of age.

In 2008, the percentage of seniors receiving ADI in the South was still below the target of 3.5 percent, but the situation varies greatly from region to region, with some at very low levels with little growth (Sicily), others with performance consistent with achieving the 2013 target (Calabria and Sardinia), and still others that are very close to reaching the target (Molise) or are above the target (Basilicata and Abruzzo). This variability is associated with specific features of the organisational models adopted by the various health authorities and by the extent to which the hospital network has been rationalised and, therefore, whether there has been a reduction in hospital stays in favour of greater recourse to home care. The indicator's performance may also be affected by the procedures used to gather the data, a process that is being refined thanks in part to the

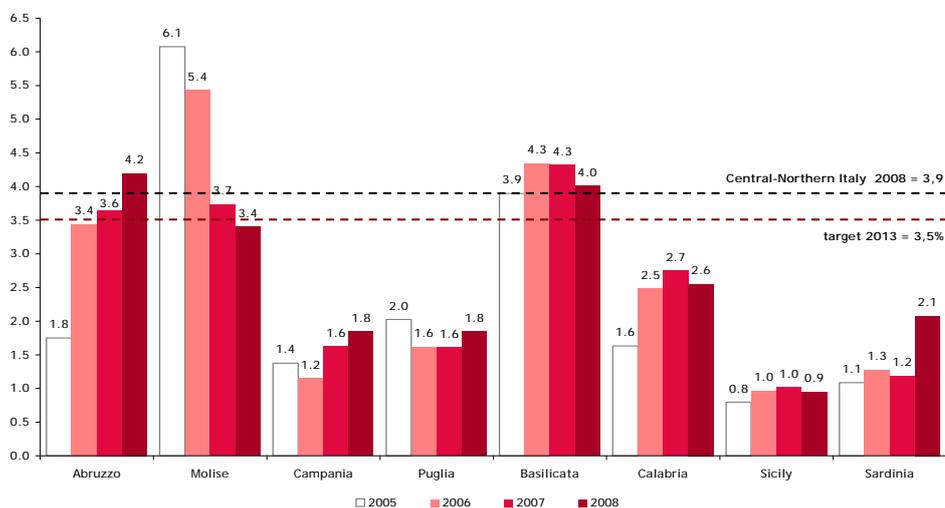
cooperation of the regions and the Ministry of Health under the project for technical assistance and systemic actions.

Developments in the indicator in recent years (Figure III.7) show that only two regions (Abruzzo and Sardinia) have posted constant improvement in ADI coverage. Performance has been inconsistent in the other regions, even where there has been an overall improvement between 2005 and 2008.

The three most populous regions of the South (Campania, Sicily and Puglia) have had the most difficulty in significantly improving ADI coverage of seniors in their territories. Among these, Campania is the only one to have shown progress, while Puglia (figure for 2008 below that for 2005), and especially Sicily (minimal increase of 0.1 percent observed, but starting from an initial coverage position much lower than the target and the other Southern regions) have encountered greater difficulties.

When analysing this data, it should be borne in mind that easing families' burden by taking on the care of the elderly cannot be viewed as separate from an effective integration between home healthcare services and social welfare/assistance services that families – often working-age women – provide, such as transportation, mobility assistance, housecleaning, purchasing medicines or other social activities. Currently, such integration is very limited.

Figure III.7 Percentage of seniors receiving home assistance services (ADI) out of the total population of those 65 years and over (indicator S.06)



Source: DPS-UVAL based on ISTAT and Ministry of Health data (*Sistema informativo sanitario - SIS*)

The creation of the Unified Access Services (PUA) and Multi-dimensional Evaluation Units (UVM) in healthcare districts is a step in the right direction. The preparation of social/healthcare plans on the basis of the provisions of Law 328/2000 and the effective application of social zone planning under this law have in certain cases enabled

greater coordination between social and healthcare assistance instruments, resources and initiatives. The Measurable objectives for public services provision are designed to contribute to the integration of healthcare and social welfare/assistance services (the project for technical assistance initiatives and systemic actions involves the Ministry of Health and the relevant administrations for the social services component). However, there is still a long way to go, and it is currently impossible to collect and process information and data for analysis purposes that, taken together with that available on ADI, provide a comprehensive picture of locally-provided social welfare/assistance services. In fact, none of the regions report a satisfactory level of integration of the work of healthcare districts (which are nonetheless more uniform and visible) on the healthcare-related aspects of ADI and that performed by municipalities and other agencies, including non-profit organisations, relating to social welfare and assistance (less uniform, with more scattered information). This strategic, institutional and administrative fracture produces a fragmentary picture that makes it impossible to incorporate into the ADI data the efforts made in recent years with highly significant results for certain regions (e.g. Puglia) to expand and enhance home assistance services.

III.2.3 Urban waste management

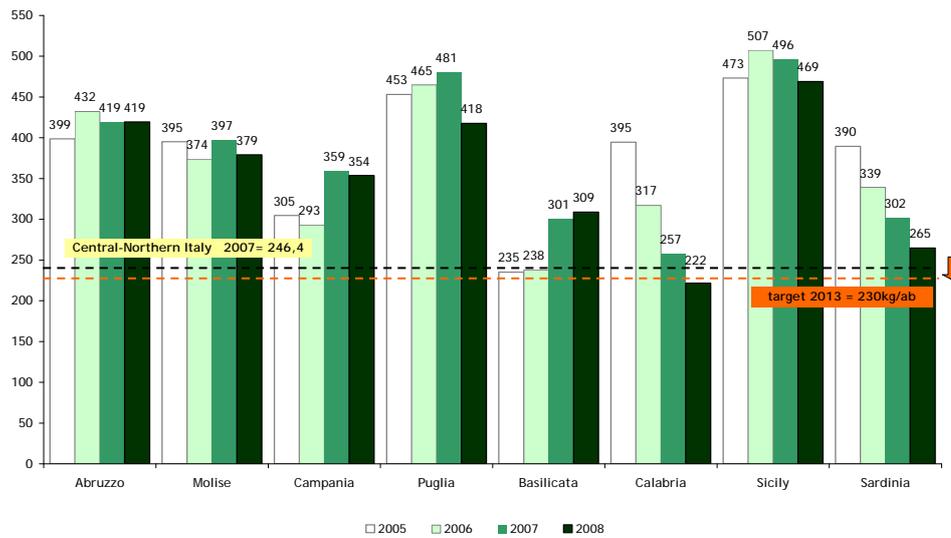
The urban waste management indicators regard a number of significant stages of the waste handling cycle (discarding in landfills, separate recycling and composting) that, taken together, signal the efficiency with which the system is managed and, therefore, the quality of the services provided to the public.

The indicator that measures the pro-capita volume of waste discarded in landfills annually (S.07) has a target of 230 kg per inhabitant per year²⁴. Between 2005 and 2008 (Figure III.8), Calabria posted the best performance among the southern regions compared with its baseline value, actually exceeding the target. Sardinia is in second place, having come very close to the target, with a significant reduction in solid urban waste discarded in landfills. These figures bring Calabria below and Sardinia very close to the average reported for central and northern Italy in 2007.

By contrast, Abruzzo, Campania and Basilicata are moving in the opposite direction with an increase in the volume of waste discarded in landfills as compared with the baseline value. This deterioration is particularly significant for Basilicata, which started at a point very close to the target. Although struggling, the remaining regions are all showing improvement, though they are still far from reaching the target.

²⁴ The indicator approaches the target when its value falls over time.

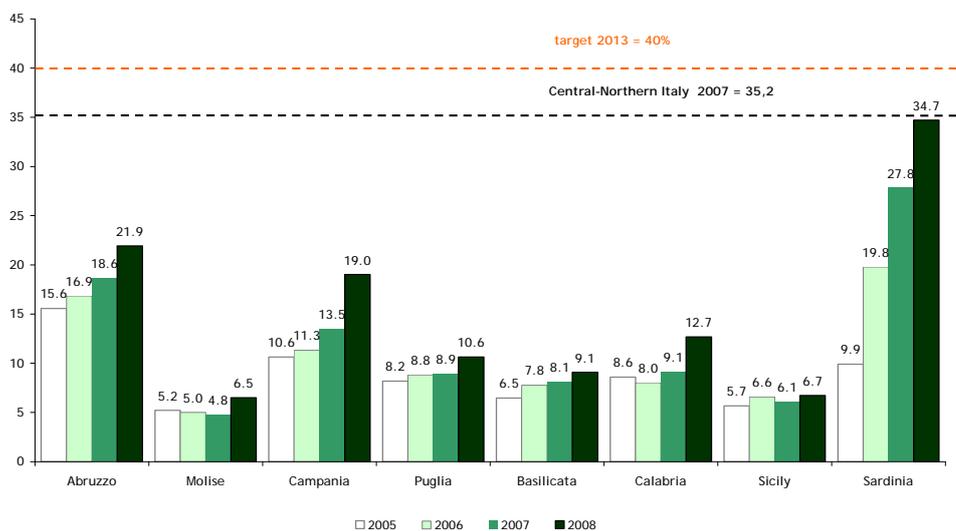
Figure III.8 Urban waste discarded in landfills per inhabitant (in kilograms) (indicator S.07)



Source: DPS-UVAL based on ISPRA and ISTAT data

The second urban waste management indicator (S.08) measures the percentage of waste recycled out of total urban waste produced. Figure III.9 shows the difficult position of nearly all the Southern regions, which remain below the 40 percent target for 2013 and the national average (27.5 percent in 2007), particularly compared with the North, where recycling exceeds 40 percent on average. Only Sardinia comes close to this figure with 34.7 percent, in line with central and northern Italy in 2007 (35.2 percent), and is now close to reaching the target.

Figure III.9 Percentage of urban waste recycled out of total urban waste (indicator S.08)

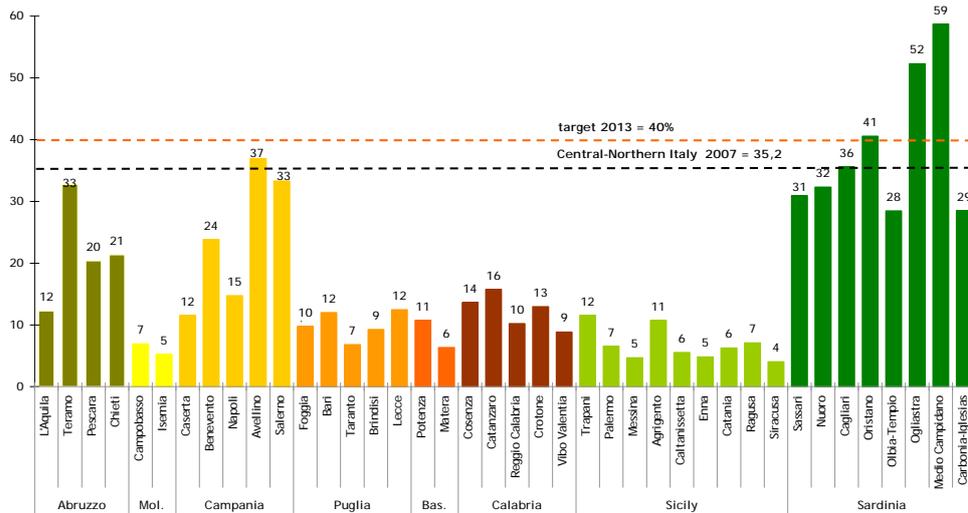


Source: ISPRA

Although on average they remain at low levels, since 2005 all of the regions have increased the percentage of separate waste recycling, and the trend is rising for almost all

of them. However, there is substantial variability, ranging from constant, rapid improvement in Sardinia to minor fluctuations in Sicily to gradual, but slow, progress in Campania and Abruzzo. Analysis of the data on recycling at the provincial level (Figure III.10) reveals considerable variation even within certain regions and shines a light on a number of examples of excellence, explained by effective local management (by municipalities or consortia) of separate waste collection.

Figure III.10 Percentage of urban waste recycled out of total urban waste, 2008



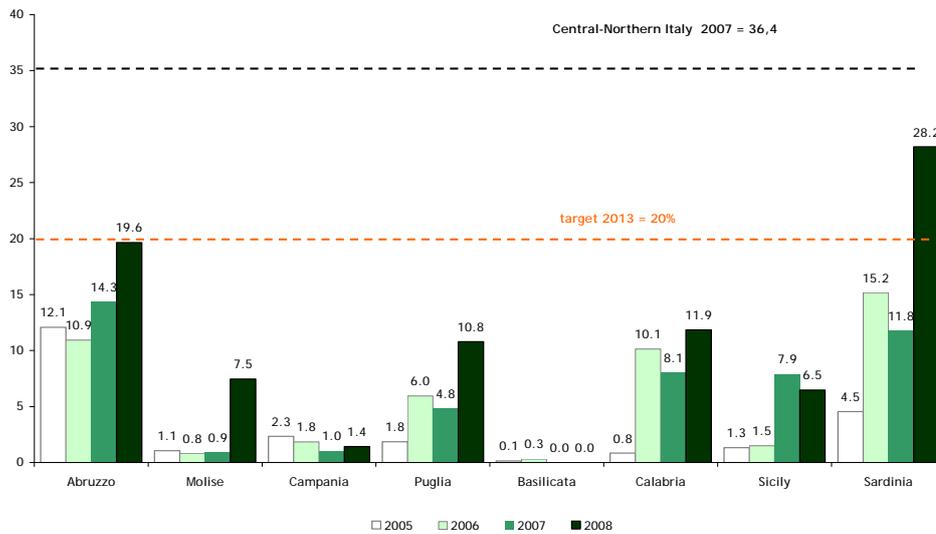
Source: ISPRA

In Campania, for example, the figures for Avellino and Salerno place them above 35 percent compared with a regional average of 19 percent. In Sardinia, there are two provinces (Ogliastra and Medio Campidano) that exceed 50 percent.

The third urban waste management indicator (indicator S.09) measures the amount of waste sent for composting out of total wet urban waste. With the sole exception of Abruzzo and Sardinia, the southern regions are still far from achieving the 20 percent target, itself a rather conservative level given the starting values, which were far below the rates of composting reported in northern and central Italy.

Nevertheless, the indicator has improved: with the sole exceptions of Campania and Basilicata, the southern regions reported an increase in the wet waste treated in composting facilities (Figure III.11). The best results are again reported by Sardinia, followed by Calabria (+11 points), which went from 0.8 percent to 11.9 percent, and Puglia, which went from 1.8 percent to 10.8 percent. Abruzzo is close to achieving the target with a percentage of 19.6 percent, while Molise and Sicily have a long way to go. Campania and Basilicata experienced a drop in the already minimal volumes of waste composted in those regions.

Figure III.11 Percentage of wet waste composted out of total wet urban waste (indicator S.09)



Source: ISPRA

Taking all of the data together, Sardinia emerges as the only region to have shown significant improvement in all three indicators. This is a sign of how effectively the waste cycle functions, with relatively balanced expansion in the number of recycling plants and services.

For regions with significant improvements in only one or two indicators, signs that the cycle is functioning well are more ambiguous and further study is required in the light of plant endowments and the management system. An example is Abruzzo, which improved both its separate waste recycling and composting figures, but saw its indicator for dumping in landfills worsen. In Calabria, while there was a drastic reduction in waste discarded in landfills, the region reported no similarly significant improvement in recycling or composting. In Campania, recycling figures rose, but there was no corresponding decrease in waste deposited in landfills.

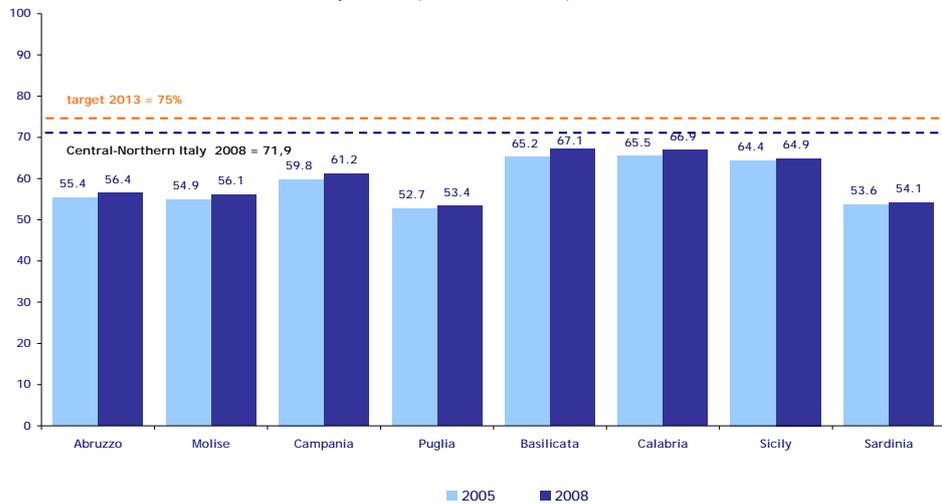
III.2.4 Integrated water service

The indicators used for integrated water service regard the efficiency of water distribution for civil uses and water treatment, which impact the quality of life of citizens as they affect the quality, conservation and efficient use of the resource.

As regards the efficiency of distribution (indicator S.10), which is proxied by the service provider's ability to contain leakage losses and maximise the delivery of water to municipal water distribution systems, progress towards the target has been very slow, with an improvement of less than one percentage point since 2005. This places the South at 60.3 percent in 2008, compared with a target of 75 percent in 2013. Although all the

regions have shown improvement in the quantity of water not lost, the increases for individual regions (Figure III.12) have been only around one or two percentage points.

Figure III.12 Percentage of water distributed out of total water entering municipal water distribution system (indicator S10)



Source: ISTAT, *Sistema di indagine sulle acque (SIA)*

The efficiency of distribution in 2008 ranged from a minimum of 53.4 percent in Puglia to a maximum of 67.1 percent in Basilicata.²⁵

Certain regions recognise that the actions undertaken in recent years have generally been too fragmented, rather than being based on a systemic view of requirements. This is why they have had little impact on the movement of the indicator.

These difficulties are attributable to two inter-related issues: the knowledge deficit at various levels (regional governments, OSAs, service providers) and delays in adopting an industrial management approach to integrated water services.

Nearly all the regions recognise that there is a lack of knowledge about plant conditions and service levels and are incorporating their own “knowledge projects” into their Action Plans in preparation for making new investments. As regards water leakage in particular, one problem is the difficulty of measuring network losses due to the lack of metering instruments. Even the ISTAT study, although ensuring that the data published is representative and statistically significant, is impacted by the limited knowledge of the sector, considering that, even in the most recent survey, the service providers interviewed very often supplied estimates rather than measured data on losses.

With regard to the transition towards the unified, integrated management of water service based on industrial criteria, although the southern regions have complied with the requirements contained in the applicable legislation (Law 36/1994, the so-called Galli Law and the subsequent reform introduced with Legislative Decree 152/2006) - in part thanks

²⁵ ISTAT revised the 2005 values for all regions downward on the occasion of the 2008 survey.

to the impulse of the system of constraints and rewards for the 2000-2006 planning cycle - management is in many cases still overly fragmented and industrial standards have been adopted in just a few instances. This lag, attributable at least in part to the knowledge deficit that makes it impossible to evaluate the service based on a sound, up-to-date analysis of the investment needs at the OSA level, is more generally associated with the difficulties of achieving complete regulation of the sector, with a clear separation of control and management roles at the OSA level.

The second aspect of the integrated water service monitored by the Measurable objectives for public services provision is water treatment, specifically the quantity of urban waste water treated with at least secondary treatment²⁶ as a proportion of urban water treatment requirements. The indicator (S.11) compares the number of inhabitant equivalents effectively served (IES)²⁷ with the total urban inhabitant equivalents (TUIE)²⁸.

A clarification about the methodology used for this indicator is in order, since ISTAT gathered data previously not available while conducting 2008 survey that enable more precise measurement. The issue is tied to mixed water treatment plants (civil and authorized industrial organic wastewater) which, as specified in CIPE Resolution 82/2007, had already been considered in calculating the indicator. The percentage of organic waste water from industrial uses processed in mixed treatment plans could not be extracted from the information, drawn from the 2005 ISTAT survey, available at the time the Measurable objectives for public services provision system was created. By contrast, using the information provided by the 2008 ISTAT survey for 2005 and 2008, it is possible to obtain data on treatment of just civil waste water and to separate out, in the case of mixed plants, the component for the treatment of organic waste water produced by industrial uses.

With this information now available, we can monitor the situation using data from the revised indicator (the so-called S.11 breakdown). In fact, the data pertaining to just the urban civil waste component is felt to provides more accurate information than the

²⁶ The secondary treatment is a process of biological oxidation of biodegradable organic substances suspended and dissolved in waste water, using aerobic bacteria. It requires the use of rotating biological contactors (biodisks), trickling filters and aerations tanks in the units comprising the plant's water treatment lines. The "most advanced" treatment (tertiary) involves effectively removing substances not completely eliminated during the previous treatments, such as microorganisms, salts and organic substances (nitrification-denitrification, phosphorous precipitation, chlorination and other chemical and physical treatments).

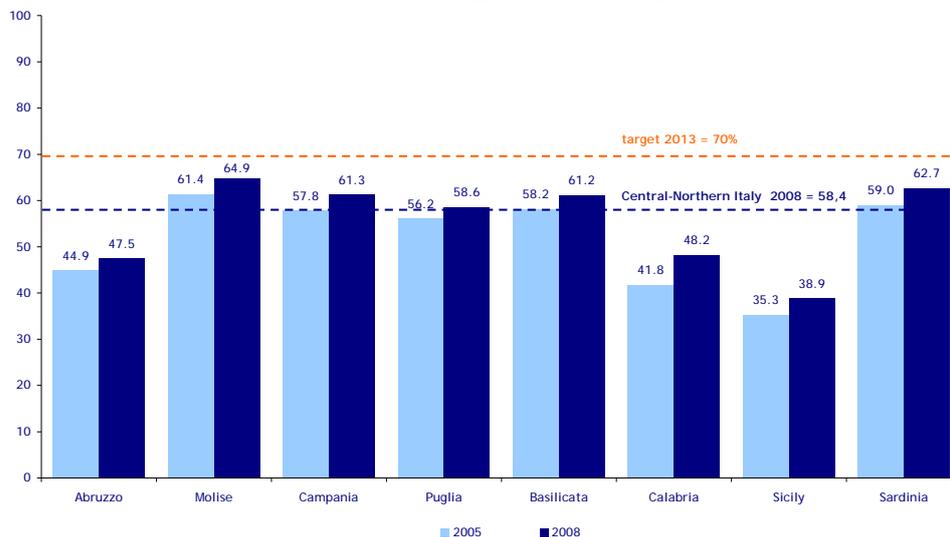
²⁷ Effective inhabitant equivalents served (IES) represents the unit of measure conventionally used to express the biodegradable organic pollution load arriving from the treatment plant, using the equivalence of 1 inhabitant equivalent = 60 grams/day of BOD5 (5-day biological oxygen demand). It measures the pollution load effectively flowing into the treatment plant.

²⁸ ISTAT estimates of the potential capacity required, called total urban inhabitant equivalents (TUIE) using a methodology agreed with MATT and the southern regions. Specifically, it considers the urban waste water delivered to the sewage system produced by domestic and comparable activities, including waste from hotels, tourist activities, schools and small businesses generally operating within urban centres, which have characteristics qualitatively equivalent to the human metabolism or domestic activities and in which pollutants consist primarily of biodegradable substances.

comprehensive figure considered in the CIPE Resolution, since its definition is standardised with respect to the number of total urban inhabitant equivalents (used as the denominator), which does not include waste water from industrial enterprises with more than 5 employees.²⁹

Analysis of developments in the indicators reveals that between 2005 and 2008 there were small improvements in both indicators in all the regions (Figure 3.13 for the S.11 breakdown). The two indicators showed almost identical changes, a sign that the percentage of industrial organic waste water treated by mixed treatment plants has remained fairly constant over time (only Molise and Sardinia showed an increase of around 3 percentage points).

Figure III.13 Percentage of effective urban inhabitant equivalents (civil only) served by waste water treatment plants with secondary or tertiary treatment, as a percentage of total urban inhabitant equivalents per region (indicator S.11 breakdown)



Source: ISTAT, *Sistema di indagine sulle acque* (SIA)

The most significant differences show up between the regions. The percentage of waste water attributable to industrial uses was highest in Campania (27.7 percent in 2005 and 27.3 percent in 2008), in Sardinia (28.3 percent in 2005 and 31.8 percent in 2008) and in Molise (9.8 percent in 2005 and 12.2 percent in 2008). Accordingly, the position of these

²⁹ However, it should be borne in mind that for the purposes of calculating the mid-term performance bonus, the Central Technical Support Group used the indicator values originally provided for under CIPE Resolution 82/2007, deeming it inappropriate to propose a change in the indicator so as not to modify the conditions applied by the regions in participating in the performance reserve mechanism (see Annex 2, available only in the Italian version, for a detailed description of the principles and rules followed by the Central Technical Support Group in calculating the mid-term awards). Although it supported and adopted this principle during the mid-term assessment stage, the DPS has already asked the Central Technical Support Group to consider changing the indicator for the final assessment in 2013 to take into account the unexpected availability of more detailed data and to avoid confusion and uncertainty in monitoring the sector in the future.

three regions declines when using the indicator for urban civil component alone (S.11 breakdown) because although they still report the highest levels among the southern regions they failed to exceed the 70 percent target in either 2005 or 2008.

The picture for 2008 painted by the indicator for the treatment of civil waste water only is therefore more uniform, with a group of five regions (Campania, Sardinia, Molise, Basilicata and Puglia) hovering around 60 percent of total urban inhabitant equivalents served and another group of three more backwards regions (Calabria, Abruzzo and Sicily) reporting figures of below 50 percent.

In analysing the water treatment data, it should be borne in mind that the indicator refers to waste water actually treated, stated in terms of inhabitant equivalents, and is therefore a measure of treatment infrastructure and plant operations, but not of the efficiency and quality of the treatment. These are important aspects that the system of Measurable objectives for public services provision does not capture due to the over simplification that inevitably results from the use of a small number of quantitative indicators to represent complex phenomenon. The regions are aware of this, however, and have incorporated initiatives for improving and monitoring the quality of the treatment, in line with the European directives and national legislation, into their Action Plans.

IV. Conclusions

The 2009 mid-term assessment marks an important milestone for the Measurable objectives for public services provision system for the southern regions, formally begun with CIPE Resolution 82/2007, which closed the lengthy phase of technical preparation and discussion among the partners to develop the rules. The conclusions that can be drawn from the first two and a half years of its implementation are crucial to guiding action for 2010, a decisive year if the expected results are to be achieved in the future.

Despite delays during the start-up phase, the Measurable objectives for public services provision can now be said to have been fully launched. Now that the break-in period is over, the Measurable objectives for public services provision system can proceed at different speeds based on the strategic decisions and operational performance, current and future, of additional resource programming (Structural Funds and the FAS) and ordinary policies (certain sectors could be involved in the federalism reform in the coming years).

The end-2009 cut-off for the assignment of the first performance reserve awards undoubtedly spurred the regions and the MIUR to take immediate action to achieve the objectives, which were viewed as long-term compared with the usual time horizon of these entities, establishing a close relationship between the actions undertaken and the expected results. The participants were forced to identify actions needed to solve problems that were frequently structural, involved knowledge deficits or an inadequate regulatory framework. Initiation of actions of this type, often boosted by reviving collaboration within the regional governments as well as by technical and thematic networks forged between the various administrations, is one of the first important effects of the Measurable objectives for public services provision system, one that cannot yet be seen merely by looking at the data for the indicators.

Analysis of the most recent data available, for 2008, reveals both the good and the bad. Significant progress was made in certain regions and on certain issues, progress that can, at least in part, be attributed to the Measurable objectives for public services provision system, which began to take shape starting in 2006. Nonetheless, these gains were the result of choices and actions undertaken in the previous planning period, which had already established certain objectives that were strengthened and made binding under the performance reserve mechanism.

A snapshot based on the data for 2008 shows certain rather encouraging situations, as in the case of Sardinia, as well as others, such as Sicily, where conditions have proven to be more difficult. At this stage, however, it is not easy to provide a composite assessment of the performance of the various regions.

It is more fruitful and interesting to focus how the variance of the results achieved in the various regions, including at the sub-regional level, where individual performance

seems to have been significantly affected by the different background contexts and the capacities of local players. The Measurable objectives for public services provision have, until now, served as a flywheel for certain situations in which regional decisions (such as the case of waste treatment in Sardinia and integrated water service in Basilicata) and/or the national and regional context (as in the case of services for the elderly in Abruzzo and, to a lesser extent, in Calabria) were clearly aimed at pursuing the objectives and local entities were already adequately informed.

In light of the experience during the initial implementation phase, in order to nurture and expand the effects of the mechanism even where a strong push or a reversal of trend is needed, the Measurable objectives for public services provision must more effectively and pervasively guide the action of regional and central government, with greater coordination with ordinary policies in the various sectors, the full involvement of those responsible for delivering services at the local level, and the effective mobilisation of the economic and social partners.

The journey taken so far offers material for a few observations about true capacity of the Measurable objectives for public services provision system to initiate improvement in services, especially as regard the time factor. For reasons that are discussed below, it can be argued that the “shock force” of the incentive mechanism on the Integrated Water Service and Education objectives seems to have had a positive, but more limited impact. The effectiveness and capacity of the mechanism to stimulate more rapid improvements in child and elderly care services and urban waste management appears greater and more readily apparent, albeit with certain risks.

In the case of the Education objective, although it is still too early to draw an overall conclusion in view of the lack of current information for the student skills indicators measured through OECD-PISA, the change in the indicator for early school leavers shows that the desired improvement is only coming about slowly.

Since education is an area that is strongly affected by social, cultural and economic factors, the added impulse by additional resources and the performance reserve mechanism can only be fully exploited if it is incorporated into a more comprehensive action. In addition, the reduction and rationalisation of ordinary expenditure under way in that sector, as well as the cancellation of the national FAS programme, must also be assessed from this perspective. The fact that the indicator deteriorated in only those regions that did not receive funding under the MIUR’s national programme between 2000-2006 is food for thought. If further analysis confirms this correlation between performance and the elimination of funding, the importance of restoring additional national resources lost through cuts to the Fund for Under-Utilised Areas in 2009, at least in those regions not eligible for Structural Funds, becomes clearer. In any case, the fact remains that in these and in other regions the Measurable objectives for public services provision may contribute to accelerating progress towards the targets if they prompt greater

concentration of ordinary and additional resources and a more intensive coordination of actions, including ordinary policy measures, by the MIUR and the regions.

Improvement has been slow for integrated water services, and here, too, factors independent of additional policy and the Measurable objectives for public services provision carry great weight. However, even if the Measurable objectives for public services provision cannot resolve the problems that hinder the completion of the process of sector regulation and the even more critical transition to industrial management of the system, they can lead to more efficient, results-oriented operation of the service. Achieving progress in this direction requires an exceptional effort to improve and organise the knowledge that is lacking or dispersed among the various players.

Against this slow progress in the indicators for integrated water services and education, there has been a rapid expansion (or in certain cases, contraction) of the supply of care services, which indicates a greater elasticity in these indicators with respect to the financial, institutional and administrative investments made by the entities involved. In other words, the trajectories of the indicators for childcare and home care services (which in certain cases have already reached or exceeded the target) show that the situation can be improved in just a few years. This is even clearer on a sub-regional scale, where there are examples of especially positive performance (e.g. in the increase in the number of children in public daycares in the province of L'Aquila, or of elderly receiving ADI through the ASL of Nuoro) showing how it is possible to scale service supply and demand. However, this greater elasticity also appears to be associated with a risk related to the sustainability of the results achieved: the same indicators that move rapidly towards their targets appear to be more sensitive to any drop in the level of institutional attention, to any problems in long-term financial planning, to unexpected uncertainties and obstacles that, although affecting just a single step in the operational or administrative cycle for the delivery of the service, may very quickly undermine past efforts and achievements.

Thus, the expansion of services in these sectors must be pursued within a planning process that considers the various forms of intervention and the different entities involved in delivering the services, the cost of the services and the characteristics of the demand for those services.

The Measurable objectives for public services provision can provide a significant push towards achievement of the targets for the waste management sector as well. Although there has been little generalised improvement yet, the cases of Sardinia and of a number of the provinces in Campania show how, over a relatively short period of time, substantial improvements can be made in recycling. However, taking the three Objective indicators together, we can see that, once again, the improvement in the service may not be sustainable or, in any event, not efficient (as in the case of Campania, where the increase in recycled waste, particularly wet waste, which constitutes the largest portion, has not been channelled through composting facilities located in the region). The improvement in the

level of service in the case of waste management should occur in step with the construction of facilities. As with integrated water services, the integrated, unified management of waste services based on industrial criteria must be pursued.

To conclude this initial assessment of the outlook for the achievement of the various objectives, bearing in mind the inevitable differences arising from the different natures of the indicators and differences in the action of the participating entities, the Measurable objectives for public services provision system retains two cornerstones: improving and sharing knowledge as the basis for decisions and integrating additional and ordinary policy action. Investment must continue to be made in these two areas, capitalising on the accomplishments of the start-up phase for the technical assistance project of central government and the activities aimed at enhancing the availability and quality of the data undertaken by the DPS.

To improve the effectiveness and incisiveness of the Measurable objectives for public services provision system, communication, information and involvement of other stakeholders must be intensified. First, making the local entities responsible for the services more aware of the issues is crucial to achieving the desired results. Extending the incentive mechanism to the sub-regional level by granting awards linked to the achievement of targets directly to the municipalities and to the other entities responsible for the service (ASLs or water service providers) is the most effective strategy, thereby sustaining the regions that have already begun preparing the instruments needed and encouraging the others to do likewise.

In parallel, greater mobilisation of support for the Measurable objectives for public services provision system is critical. This can be achieved through more specific and far-reaching communication initiatives that stimulate the active participation of the economic and social partners and, ultimately, pressure from citizens and users of the services. In the absence of such mobilisation, the mandatory nature of the rules may not be enough to achieve the objectives, the return on which will pay out in the medium/long-term.

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