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ITALY

INSIGHT PAPER

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RURALITY (1)

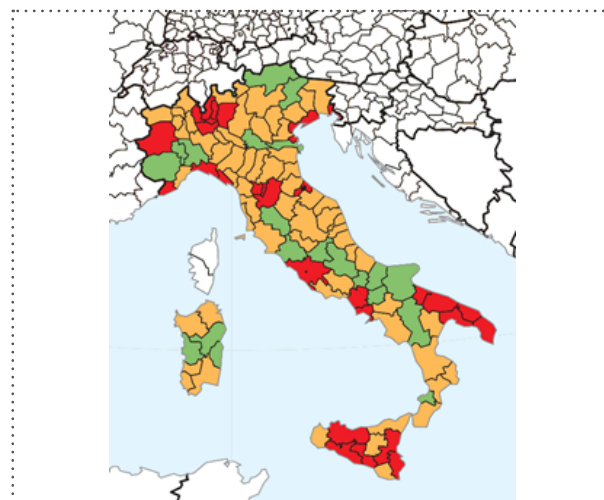
Degree of urbanisation for local administrative units level 2 (LAU2)



- Cities
- Towns and suburbs
- Rural Areas
- Data not available

Source: Eurostat, JRC and European Commission
 Directorate-General for Regional Policy, 20 January 2014

Urban-rural typology for NUTS level 3 regions



- Predominantly urban regions
 (rural population is less than 20% of the total population)
- Intermediate regions
 (rural population is between 20% and 50% of the total population)
- Predominantly rural regions
 (rural population is 50% or more of the total population)
- Data not available

Source: Eurostat, JRC, EFGS, REGIO-GIS, 24 June 2016

DISTRIBUTION OF POPULATION

34,1%

Share of people living in cities

41,2%

Share of people living in towns and suburbs

24.7%

Share of people living in rural areas

Source: Eurostat, 2017

GEOGRAPHY

Italy is divided into 20 regions (Regioni), of which five have a special autonomous status. The regions are autonomous entities with their own specific status, governing bodies and functions defined in the Constitution of the Italian Republic on regulatory, administrative and financial aspects. Although Italy can be considered a strongly urbanized country, rural areas represent a large part of the national territory: according to a survey carried out by the Italian Presidency of Council (Department for Cohesion Policy), "inner areas", i.e. those territories characterised by an inadequate offer of/access to essential services to assure a certain level of citizenship among population, represents

the 60% of national territory and about 23% of the population; population ageing is a national trend, and the concentration of inhabitants aged over 65 years in rural regions, which is increasing over time, has raised the demand for health care services. The main challenges in Italian rural areas can be summarised in: i) Improve the quality of life and wellbeing of local communities; ii) Increase local employment and work opportunities; iii) Recover unvalorised natural resources and territorial capital; iv) Reduce the social cost due to the progressive depopulation trend characterizing these areas and v) Strengthen local development factors, with the overall goal of reinforcement of the demographic structure.



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RURALITY (2)

28,7%

Share of people at risk of poverty or social exclusion in rural areas, **2017**

1.8%

Share of people aged 16 and over who reported unmet needs for health care in the previous 12 months due to expense, distance to travel or length of waiting list in rural areas, **2017**

10.7%

Unemployment rate, persons aged 15–64, in rural areas, **2017**

25,6%

Share of young people aged 18–24 neither in employment nor in education or training (NEETs) in rural areas, **2017**

Source: Eurostat

NATIONAL POLICIES RELATING TO RURAL MOBILITY AND PUBLIC TRANSPORT

In Italy, specific policies on mobility and transport in rural areas are not implemented. At the national level, the most relevant document on transport is the *"General Plan for Transport and Logistics"* edited by the Ministry of Transport and Infrastructures in 2001; however, in the Plan there is no a specific focus on rural mobility. Over the last fifteen years, no other national transport policies have been emanated by the Ministry.

Recently, a process of updating and releasing a new plan has started: *"Connettere l'Italia"* ("Connecting Italy" – Strategies for the transport and logistics infrastructures), a document emanated in June 2017 by the Ministry of Transport and Infrastructures, constitutes the first step with which the Ministry wants to activate a debate on the objectives and strategies for the national infrastructural policies, anticipating some premises that will be the target of the new *"General Plan of Transport and Logistics"*. In addition, research activities and studies have started in order to predispose the *"National strategic Plan for sustainable mobility"* and the related measures. No specific focus on rural mobility seems to be included.

Regarding the latter, the Strategy aims to encourage the development of new policies that meet the needs of target "inner" population and the restructuring of the organisation of the public transport services in inner areas introducing flexible and financially sustainable services.

Two documents, mandated by the EU legislative framework, guide rural policy development in Italy: i) the National Strategy Plan (NSP), emanated by the Ministry of Agricultural, Food and Forestry Policies (MiPAAF), and the National Strategic Framework (NSF), emanated by the Ministry of Economic Development (MiSE).

The NSP defines the national strategy for the agro-industrial sector and rural areas as a whole, while the NSF aims to improve context conditions to facilitate the development of agribusiness activities and other economic activities and to improve the attractiveness of rural areas through the diversification of the economy and improvement of quality life.



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From 2014, the Government of Italy has adopted a Strategy, i.e. National Strategy for Internal Areas (*Strategia Nazionale per le Aree interne - SNAI*), coordinated by the Agency for Territorial Cohesion in agreement with the Regions and in cooperation with ANCI (*Associazione Nazionale Comuni Italiani*) and UPI (*Unione delle Province d'Italia*) to combat the demographic decline and relaunch the development and services of the "inner areas", through ordinary funds of the Stability Law and community funds. One of the main objectives of this Strategy is to improve the quantity and quality of education, health and mobility services.

On November 20th 2015, the European Commission approved the 2014–2020 National Rural Development Program, which defines and finances the implementation, across the Italian territory, of investments in irrigation infrastructures, for the genetic improvement of animal biodiversity and tools for the management of risk.

Regarding the health policies, the National Health Plan (*Piano Sanitario Nazionale*) constitutes the main health planning tool that defines the objectives to be reached in a certain period of time and the activities and strategies needed for the implementation of the institutional services of the National Health Service.

INSTITUTIONAL FRAMEWORK

Italy has a decentralised institutional structure articulated on different levels: The State (with several central Public Entities), the Regions, the Provinces (currently under a redefinition process), and the Municipalities (the basic local authorities).

The regional governments are in charge of planning and programming the public transport and mobility services at a regional and local level and, accordingly, each regional government designs its own interventions in rural areas, usually in terms of "*minimum services*", with the power of transferring to the local entities all the functions that do not require a level of regional coordination. The local authorities have also the possibility to further integrate those minimum services defined at the regional level. The central government is in charge of general matters such as: air transport services, maritime transport services, large infrastructural networks, international services.

The transport services are planned and programmed in terms of basin or at overall region level (like in Toscana and Liguria Regions). In all the cases, Public Transport services are defined at the level of urban and extra urban areas without defining specific services for rural areas. For this level – referred to as "*low demand area*" – dedicated resources are foreseen, and managed by the local communities or, in some cases, by the Provinces and/or the Metropolitan Cities.

The presence and the number of the mobility agencies varies from region to region. For example, in the Piemonte Region there is a Regional Mobility Agency, while in Emilia Romagna there are 7 Mobility agencies.

In general, the scope of these agencies is to improve the sustainable mobility in the regional territory, optimizing the urban and peri-urban public transport services through the planning of mobility strategies and the management of the tariff system and of the information to citizens.



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Since August 2013, the "Transport Regulation Authority" (*Autorità di Regolazione dei Trasporti*) has been established. It is the responsible for establishing rules in the transport sector, for the definition of the key performances indicators of transport services, the criteria for setting rates, fees and tolls and the minimum contents of the rights that users can claim against managers.

In some regions (for example in Tuscany or in Umbria Region) mobility agencies do not exist yet. The main agencies with responsibility for planning, regulating and implementing rural mobility are the same agencies that govern cities adjacent to those areas. In some remote rural areas, small private transport operators are active, providing transport services in the target rural areas.

REGULATORY FRAMEWORK

Over the last two decades the Public Transport sector has been characterized by a process of change oriented towards the progressive liberalization of the sector.

In particular, this process has been driven by two laws, number 442/97 (namely "*Decreto Burlando*") and the following 400/99, which have transferred the financing of the Public Transport from the central (State) to the local (regional) level, with the aim of reducing the use of public resources, reducing the fragmentation of services and introducing competition. Based on the aforementioned national legislation, all the Regions have approved their own laws regarding the public transport sector; this has resulted in several different organizational structures for each Region, with a heterogeneity of the national regulatory framework.

Service contracts, i.e. formal agreements based on which the responsible authority (Region/Province/City) gives to the operator the task (and the right) to operate the transport services in the reference area for a target period, have been introduced – including qualitative and quantitative parameters for services, e.g. quality, distribution of traffic revenues, subsidies and incentives.

The assignment of regional and local public services, in compliance with European regulation 1370/2007

and national legislation (Legislative Decree 422/1997, Article 61 of the Law 99/2009, art 4 bis Law 102/2002) can be done either directly, through "*in-house*" awarding or through open tendering procedures. According to the European Regulation, the duration of public service contracts shall be limited and shall not exceed 10 (15) years for bus (rail) services.

Concerning the national framework, relevant changes have been brought by the law n.50 of 24th April 2017. In particular, the law: i) Promotes the award of public transport services via competitive tendering procedures, foreseeing penalties (in terms of reduction of national funds allocated) for those Regions which adopt other awarding process, ii) Introduces a complex mechanism for the subdivision of the National Fund allocated for the public transport services between each Region and iii) remove the general obligation to ensure that traffic revenues cover at least 35 percent of operating costs, introducing a new threshold based on the singular contexts of each region. In force of Art. 14 of law 422/97, the Regions, for the public transport services in territories with low demand, can adopt particular awarding procedures. In most cases, the public transport services in rural areas are regulated under the same instrument as urban transport and, in any case, under the Regional laws.

ORGANISATIONAL FRAMEWORK

In Italy, according to the law 422/97 the organization of transport services is delegated to each region, that usually plans, manages and organizes on the basis of four planning instruments:

- **Regional Transport Plan (*Piano Regionale dei trasporti, PRT*):** General regional planning/programming document finalized to the realization of a sustainable and efficient/effective regional transport system – in line with the objectives of the other relevant national planning documents – in connection with the regional spatial and socio-economic development plans. In particular, it defines in detail the Traffic

Basins (*Bacini di traffico*, whose definition is different from one region to another: in some cases (e.g. Campania, Lazio,) they correspond to the Province borders, in other cases they can include the territory of a number of Provinces (e.g. Abruzzo and Marche) and in others they can be constituted by target areas identified on the basis of the demand/offer needs (e.g. Calabria, Basilicata)) and the criteria for the eventual redefinition of the territorial limits of the Service Areas, fixes the criteria for the elaboration of the Basin Plans and determines the guidelines for the local transport planning.

ORGANISATIONAL FRAMEWORK

- *Basin Plan (Piano di Bacino)* : document prepared by the Provinces or by the Metropolitan Cities that defines in detail the transport network, the transport demand and the operating programmes for guaranteeing the minimum services (defined by the Law 422/97 as those services qualitatively and quantitatively sufficient to meet the mobility demand of citizens and whose costs are covered by Regional budget). The minimum services have to be planned considering the integration between transport networks, the school and work commuting, the accessibility of administrative, health and cultural services and the reduction of congestion and pollution; the Basins Plan, besides the minimum services, usually includes also the special services ("*Servizi Speciali*", e.g. target services for vulnerable users and Demand Responsive Transport Services) and the additional services ("*Servizi Aggiuntivi*", i.e. services directly planned (and funded) by the local entities in addition to the minimum services).
- *Minimum services Programme (Programma dei Servizi Minimi)* : It's a document prepared by the Regions in agreement with the Local Authorities that defines and plans the minimum services to be developed.
- *Triennial Service Program (Programma Triennale dei Servizi)* : programming tool approved by the Regions that aims to identify the network and the service organization, tariff integration, the resources to be allocated and the subsidies level to the operation of the services and the investments, the modalities for the tariff determination, methods of implementation (and revision) of the public contract services, the service monitoring system and the criteria for congestion reduction and environmental pollution.

The Minimum services Programmes and the Triennial Service Program (PTS) can be considered as an intermediate layer that includes both the regional and the basin one. At level of Basin Plans, the Provinces, or the metropolitan cities, usually launch periodically (5 or 9 years) a call for tender (or procurement) for the operation of the transport services in the target area. The tender specifies the network where services have to be developed that includes the urban and extra-urban network.

The main mobility services available in rural areas are the (conventional) peri-urban or extra urban transport services (*Servizi di trasporto extraurbano*), the school services and the health services. As regards the peri-urban/extra-urban transport services, they usually are conventional transport services connecting two main origins/destinations, with fixed routes and schedules.

Demand responsive transport services, where implemented, are planned and procured by the Provinces (or the Municipalities) addressing only the transport services in specific rural areas: Usually the tender is assigned to small private companies having more competitive services costs with respect the operators that manage the conventional transports in the overall area. In other cases, the local municipalities may decide to provide public transport services by themselves or through "in-house" awarding procedures to distinct entities managed by the municipalities. The health transport services are organised, managed and developed by volunteer associations named Public Assistances (*Assistenze Pubbliche*). The main activity of the Public Assistances is the first aid and planned social-medical transport (e.g. for medical examination, hospitalizations, dialysis, etc.). Regarding the school transport services, they are assigned through specific calls for tender which describe the journey and the timetables to be operated.

These tenders can be assigned to the same companies which operate also in the related urban areas or to small private companies. In some hamlets and small municipalities, the school services, planned in relation to the students' requirements (in terms of time and routes), are also open to the general public.

In Italy, there is not neither a public-sector operator with general responsibility to provide mobility coverage in rural areas and a mobility service manager/coordinator for a wide range of general and special services.

FINANCIAL FRAMEWORK

As stated by the law 422/97, each Region, in relation to the Regional Transport Plans and to the minimum services, annually constitutes a fund for the transport sector covered by both own resources and those transferred by the State.

The national fund reserved to the transport sector are specified each year in the financial law. The State transfers to the Region based on the following criteria:

- Ten percent of the amount of the Fund must be allocated on the basis of total traffic proceeds and the increase in the same recorded between 2014, taken as the base year, and the reference year;
- Ten percent of the amount of the Fund is allocated on the basis of the standard cost criterion;
- The remaining portion of the Fund is allocated on the basis of the Table referred to in Article 1 of the Minister of Infrastructure and Transport Decree (in agreement with the Minister of the Economy and Finance) 11 November 2014.

Regarding the determination of local public transport rates, the law n. 422/1997 and following considers the tariff issue as part of the planning activity of TPL services, identifying in the Regional Transport Plan, in the Triennial Services Program and in the contracts of service the main instruments within which define the tariff integration policies and the modalities of determination of tariffs. In particular i) in the Regional Transport Plan the general lines of the tariff policy are defined; ii) in the Triennial Services Program the methods for defining the price and the tariff integration policies are identified; iii) in the service contracts the applied tariffs are concretely determined.

Finally, it has to be noticed that within the contract services the amount is fixed on the basis of the km production (*produzioni chilometriche*, i.e. amount of kilometres/year operated by a transport company) and km fee/cost, that is defined for each mode and service typology (urban or extra-urban).



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Local Public Transport is a highly subsidized sector with more than half of revenues of the PT companies coming from public compensation. The remaining part of the amount comes from the revenues from traffic and from the revenues from the complementary services (e.g. advertisement or rents) and commercial services (e.g. parking) and from capital contributions.

There are also some examples of tender specification where the Demand Responsive Transport Services are remunerated with different payment criteria (for example, with a part of the total cost remunerated on the basis of the kilometres estimated during the tendering process and the remaining part paid on the basis of the service really performed).

OTHER INFORMATION

With the financial law of 2010 (Regional Law No. 65/2010) the Tuscany Region started a comprehensive reform of local public bus transport, to ensure the economic and social sustainability of the sector for the coming years. The reform included the transition from the current 14 basins to a single one covering all the regional territory, the adoption of spending criteria based on standard costs and revenues, and the service assignment to a unique operator. This process led to the definition of a single regional procurement for bus transport services, on a time frame of 11 years, covering all the “conventional” services in the Region, i.e. bus services in urban areas and the main extra-urban and peri-urban bus services.

For the school services (open to the general public) and for the low demand services, the reform allows the provinces and the municipalities to organise the specific procurements for target areas, with funding contributions from the Region.

The procurement process for such complex, extended and high-value tender, although started practically in 2011, is still ongoing due to the numerous proceedings among the competitors. In this context, a specific contract (“*Contratto Ponte*”) has been designed to manage the transitional period, pending the ruling by the European Court of Justice and the Council of State, through direct assignment of all the public transport services to the current aggregated transport operators/companies. The contract provides for a total payment of around 300 million a year for two years, in addition to the annual revenues (estimated at over € 110,000,000).



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Within this context, for example, the Florence Metropolitan City has carried out the procurement for the management of the transport services in different rural areas, such as Mugello, Alto Mugello and Valdarno, and stipulated a specific contract with the operator that won the bid.



Regione Toscana

KEY STAKEHOLDERS AND MINISTRIES ADDRESSING RURAL AREAS

TITLE	ROLE
Ministry of Infrastructure and Transport	The Ministry of Infrastructure and Transport (<i>Ministero delle Infrastrutture e dei Trasporti or MIT</i>) is the government ministry for transport; it is responsible for the planification and mangement of all transport infrastructures, as well as general transport planning and logistics. It is lead by the Italian Minister of Transports.
Ministry of Agricultural, Food and Forestry Policies	The Ministry of Agricultural, Food and Forestry Policies develops and coordinates the lines of agricultural, forestry, agrifood and fishing policies at national, European and international levels.
Ministry of Economic Development	The Ministry of Economic Development (<i>Ministero dello Sviluppo Economico or MISE</i>) is a government ministry of the Italian Republic. It deals with production, economic activities, energy and mineral resources, telecommunications, consumers, tourism, internationalisation and business incentives. It is headed by the Italian Minister of Economic Development; The National Rural Network (<i>Rete Rurale Nazionale or RRM</i>) is the program with which Italy participates in the broader European project (<i>European Rural - RRE</i>) that accompanies and integrates all activities related to rural development for the period 2014-2020. The program aims to support the development policies of agricultural areas with the sector and sector institutions.
Agency for territorial cohesion	Agency for territorial cohesion (<i>Agenzia per la coesione territoriale</i>) is an Italian public agency, supervised directly by the President of the Council of Ministers, whose objective is to support and accompany, according to criteria of effectiveness and efficiency, programs and projects for economic development and cohesion, and to strengthen, in order to implement the interventions, the planning and monitoring of these policies.
Transport regulatory authority	The transport regulatory authority (<i>Autorità di regolazione dei trasporti</i>) is an independent Italian administrative regulatory and guarantee authority. It is in charge of regulating the transport sector and accessing related infrastructures, defining minimum quality levels of services and defining minimum user rights to operators.

LINKS TO WEBSITES

- Ministry of Infrastructure and Transport www.mit.gov.it
- Ministry of Agricultural, Food and Forestry Policies www.politicheagricole.it
- Ministry of Economic Development www.sviluppoeconomico.gov.it/index.php/it
- The National Rural Network www.reterurale.it
- Agency for territorial cohesion www.agenziacoesione.gov.it/it
- Transport regulatory authority www.autorita-trasporti.it

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