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ANNEX 12

**ANNEX**

**ITALY**

*to the*

**EU Anti-Corruption Report**

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# ITALY

## 1. INTRODUCTION – MAIN FEATURES AND CONTEXT

### *Anti-corruption framework*

**Strategic approach.** For the last two decades, Italy's strategic anti-corruption approach has relied to a considerable extent on the repression side. A new anti-corruption law was adopted on 6 November 2012, aiming at ensuring a more balanced approach towards anti-corruption policies and providing for a strengthened preventive line and enhanced accountability within public administration.<sup>1</sup> In September 2013, the national anti-corruption authority (the *Commissione indipendente per la Valutazione, la Trasparenza e l'Integrità – CIVIT*) approved the three-year national anti-Corruption plan prepared by the Department of Public Administration.<sup>2</sup> The action plan takes a risk-oriented approach and focuses on preventive and transparency measures for the public administration, but also comprises few measures aimed at increasing detection of corrupt practices. Some performance indicators are also provided, while deadlines for fulfilment of the measures are not defined in detail. The wide preventive framework provided by the new legislative framework puts significant burden on the public administration and requires considerable efforts to ensure the necessary capacity for effective implementation. Similar considerations apply with regard to the capacity of the national anti-corruption agency (CIVIT) to drive forward ambitious anti-corruption policies.

**Legal framework.** Italy ratified the Council of Europe Criminal Law and Civil Law Conventions on Corruption in June 2013.<sup>3</sup> In response to serious corruption-related concerns reflected by perception surveys<sup>4</sup> and by the number of high-level corruption cases investigated,<sup>5</sup> a new set of anti-corruption reforms was launched by the Italian Government in 2012. The Government called a confidence vote to secure adoption of a new anti-corruption law adopted on 6 November 2012.<sup>6</sup> The new law aims at securing a shift of mentality within the Italian public administration and providing, *inter alia*, for: strengthened coordination of anti-corruption policies at central, regional and local level; an enhanced prevention approach; an obligation on all public institutions to adopt and apply integrity plans; a widened scope of criminal law provisions on corruption-related offences; enhanced integrity rules for elected officials; transparency of public expenditure; access to information, etc.<sup>7</sup> The law nevertheless left certain issues unaddressed. It does not introduce new rules on the statute of limitations or any new criminal law provisions on false accounting and

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1 Law No. 190 of 6 November 2012 on the prevention and repression of corruption and irregularities in the public administration.

2 [http://www.funziopubblica.gov.it/media/1092881/p\\_n\\_a.pdf](http://www.funziopubblica.gov.it/media/1092881/p_n_a.pdf).

3 [http://www.coe.int/t/dghl/monitoring/greco/evaluations/round2/GrecoRC1&2\(2011\)1\\_Add\\_Italy\\_EN.pdf](http://www.coe.int/t/dghl/monitoring/greco/evaluations/round2/GrecoRC1&2(2011)1_Add_Italy_EN.pdf).

4 See below under 'Opinion Polling'.

5 See for more details below.

6 Law No. 190 of 6 November 2012 on the prevention and repression of corruption and irregularities in the public administration.

7 The law provides, *inter alia*, for a national anti-corruption authority in charge of the overall policy (task to be fulfilled by the *Commissione indipendente per la Valutazione, la Trasparenza e l'Integrità – CIVIT*), widens the scope of corruption offences, criminalises trading in influence through a new provision that covers also the active side of the offence, criminalises private sector corruption, and increases criminal penalties for a number of corruption-related offences. It provides for new corruption offences (such as 'undue inducement to give or promise money or other advantages' – *induzione indebita a dare o promettere utilità*), for the ineligibility of those convicted in last instance of offences against public administration, and for increased accountability of management positions for prevention and repression of corrupt practices. It introduces an obligation upon administration to develop its own anti-corruption action plan, introduces provisions on enhanced transparency of public expenditure, and facilitates access to information, disclosure of assets (i.e. disclosure of data on the wealth of officials entrusted with political powers – elected officials and any other persons with policy-making powers at national, regional and local levels). It introduces material accountability for damage to the reputation of public administration, provides for codes of ethics, introduces provisions on whistle-blowers protection and reinforces some provisions on conflicts of interest and incompatibilities (such as introduction of cooling-off periods) and disciplinary proceedings.

self-laundering ('*autoriciclaggio*'). It does not provide for vote-buying offences. It further fragments the criminal provisions on bribery and corruption, which may lead to ambiguities in practice and possibly to more limited discretion for prosecution.<sup>8</sup> Moreover, the new provisions on private sector corruption and whistleblower protection are still not comprehensive, as explained in more detail below. In the context of the 2013 European Semester of economic policy coordination, the Council recommended that Italy strengthen its legal framework for the repression of corruption, including by revising the rules governing limitation periods.<sup>9</sup>

**Institutional framework.** Italy's drivers for anti-corruption measures have for a long time been limited to law enforcement, prosecution, the judiciary and, to some extent, the Court of Audit. The latter has had an active role in the implementation of anti-corruption policies, including with regard to the new anti-corruption law, and through its operational activity consisting of an effective control coupled with a rather unique prosecutorial power for recovery of damages for losses incurred by the public administration. Transparency International's 2011 National Integrity Report assessed that the Court of Audit, law enforcement authorities, the judiciary and electoral services perform relatively well against corruption.<sup>10</sup> However, the overall capacity of public administration, Parliament, Government, anti-corruption agencies, political parties, businesses, the Ombudsman and the media to control corruption was found to be rather low.<sup>11</sup>

### *Opinion polling*

**Perception surveys.** The 2013 Special Eurobarometer on Corruption<sup>12</sup> showed that 97% of Italian respondents (second highest percentage in the EU) believe that corruption is widespread in their country (EU average: 76%), while 42% say that they are personally affected by corruption in their daily life (EU average: 26%). 88% of Italian respondents believe that bribery and the use of connections is often the easiest way to obtain certain public services (EU average: 73%). Mistrust in public institutions appears to be widespread. According to the same survey, the public offices and sectors most distrusted are: political parties; politicians at national, regional and local levels;<sup>13</sup> officials awarding public tenders and officials issuing building permits.

**Experience of corruption.** When it comes to direct experience with bribery, Italy scores better than the EU average in the 2013 Special Eurobarometer on Corruption, with only 2% saying that they were asked or expected to pay a bribe in the previous year (EU average: 4%).

**Business surveys.** 92% of Italian business respondents to the 2013 Eurobarometer Business Survey on Corruption<sup>14</sup> believe that favouritism and corruption hamper business competition in Italy (EU average: 73%), while 90% say that bribery and the use of connections is often the easiest way to obtain certain public services (EU average: 69%) and 64% that the only way to succeed in business is to have political connections (EU average: 47%). According to the Global

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8 The new law provides for more specific and circumstantiated offences derived from the text of a single offence defined in more general terms (e.g. *the case of 'concussione' and the new offence of 'induzione indebita a dare o promettere utilità'*).

9 Council recommendation 2013/C 217/11 of 9 July 2013.

10 [http://www.transparency.org/whatwedo/nisarticle/italy\\_2011](http://www.transparency.org/whatwedo/nisarticle/italy_2011).

11 The assessment concluded that Italy's National Integrity System is not sufficiently robust, stating that corruption is 'able to flourish almost everywhere, as state institutions enjoy considerable autonomy not corresponding to standards of accountability and integrity'.

12 2013 Special Eurobarometer 397.

13 In terms of regional variation, the Quality of Governance study commissioned by the European Commission, which looked into the regional perspective of governance-related issues and was published in December 2010, placed Italy among the Member States with the highest degree of sub-national disparities: i.e. it has regions that are both well above and well below the average EU score of quality of governance. The 2013 European Quality of Governance Index, which considered an increased number of European countries, regions and respondents, confirmed these findings: <http://nicholascharron.wordpress.com/european-quality-of-government-index-eqi/>

14 2013 Flash Eurobarometer 374.

Competitiveness Index 2013-14, diversion of public funds due to corruption, favouritism in decisions of government officials and declining public trust in the ethical standards of politicians are among the most problematic areas of governance in Italy.<sup>15</sup>

### **Background issues**

**Estimated impact of corruption.** The Italian Court of Audit pointed out that the total direct costs of corruption amount to EUR 60 billion each year (equivalent to approximately 4% of GDP). In 2012 and 2013 the president of the Court of Audit reiterated concerns as to the impact of corruption on the national economy.<sup>16</sup> This had an impact on the country's economy, already affected by the consequences of the economic crisis. A 2012 Report by the ad-hoc commission<sup>17</sup> set up to analyse and develop proposals on transparency and prevention of corruption within public administration stated that, apart from the estimates of the Court of Audit on direct costs of corruption, there are also indirect economic costs (e.g. costs linked to administrative delays, malfunctioning of public office, the inefficiency or even uselessness of public works or services rendered, loss of competitiveness, and reduced investments).<sup>18</sup> For large public works, such indirect costs were estimated at around 40% of the public procurement costs. Studies on the development of the shadow economy estimated that it reached 21.5% of the Italy's GDP in 2012.<sup>19</sup>

**Whistleblowing.** The anti-corruption law introduced for the first time provisions on the protection of whistleblowers for reporting corruption within the public sector. The provisions are applicable to government employees who report wrongdoing under the condition that they do not commit libel or defamation or infringe on anybody's privacy. The information can be disclosed by the employees only to their superior, the Judicial Authority or the Court of Audit. The identity of whistleblowers cannot be revealed without their consent. These provisions are however rather generic and not comprehensive as they do not consider all reporting aspects or all the types of protection that should be granted under these circumstances. Moreover, whistleblowing in the private sector remains unregulated. To ensure a fully functional whistleblower protection mechanism, additional measures would have to be put in place, including clarity on reporting channels, protection mechanisms, and awareness-raising.

**Transparency of lobbying.** Lobbying is not regulated by law in Italy. There are no obligations to register lobbyists or to report contacts between public officials and lobbyists.

**Media.** While the capacity of printed media to report corruption is quite high,<sup>20</sup> independence and ownership, mainly of electronic media, have faced considerable challenges over time, notably due to a long-standing quasi-monopoly.<sup>21</sup> More recently, market competition in this area has slightly improved. Italy has a low score in the 2013 Freedom of the Press index of Freedom House, which places it in the category of countries where the press is assessed as 'partially free'.<sup>22</sup>

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15 [http://www3.weforum.org/docs/WEF\\_GlobalCompetitivenessReport\\_2013-14.pdf](http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2013-14.pdf).

16 [http://www.corteconti.it/procura/giudizio\\_parificazione/parifica\\_2011/](http://www.corteconti.it/procura/giudizio_parificazione/parifica_2011/).

17 The Commission was set up by the Government and its members are among the ranks of magistrates and academia.

18 [http://www.giustizia.it/giustizia/it/mg\\_6\\_1\\_1.wp?contentId=NOL783861](http://www.giustizia.it/giustizia/it/mg_6_1_1.wp?contentId=NOL783861).

19 [http://ec.europa.eu/europe2020/pdf/themes/06\\_shadow\\_economy.pdf](http://ec.europa.eu/europe2020/pdf/themes/06_shadow_economy.pdf).

20 In the Global Integrity Report 2010 the capacity of media to report corruption scores 89 out of max.100:

<https://www.globalintegrity.org/global/the-global-integrity-report-2010/italy/>.

21 ECtHR also ruled against Italy in the case Centro Europe 7 srl and Di Stefano v. Italy finding a violation of article 10 ECHR (freedom of expression) due to broadcasting legislation that did not favour market competition:

[http://hudoc.echr.coe.int/sites/eng/pages/search.aspx?i=001-111399#{"itemid":\["001-111399"\]}](http://hudoc.echr.coe.int/sites/eng/pages/search.aspx?i=001-111399#{).

22 <http://www.freedomhouse.org/report-types/freedom-press>.

## 2. ISSUES IN FOCUS

### *High-level corruption and links with organised crime*

The prosecution of corruption is key to the credibility of an effective and dissuasive anti-corruption framework. Public perceptions indicate some concern as to the dissuasiveness of sanctions applied in this area. As reflected by the 2013 Special Eurobarometer on Corruption,<sup>23</sup> only 27% of Italian respondents consider that there are sufficient successful prosecutions to deter people from giving and receiving bribes.

The reports issued by the Council of Europe's Group of States against Corruption (GRECO) and the OECD indicate that the overall criminal legislative framework is in place. Nevertheless, there are a number of shortcomings that contribute to the perception of a climate of quasi-impunity and act as obstacles to successful prosecutions and finalisation of court proceedings.<sup>24</sup>

The relationship between politicians, organised crime and businesses, and the degree of integrity within the ranks of elected and appointed officials, are among the most present concerns in Italy today, as reflected by the number of investigations and corruption cases, both at national and regional level. A study carried out by the Center for the Study of Democracy in 2010 argues that the case of Italy is among the most illustrative for showing how closely organised crime and corruption are related.<sup>25</sup> According to the study, it is mainly widespread corruption within the social, economic and political spheres that attracts organised criminal groups rather than organised crime being the main cause for corruption. According to Italian prosecutors, the links between mafia and corruption are still evident, including in regions outside the home territories of the organised criminal groups.

Over recent years, public attention was drawn to a considerable number of investigations into allegations of corruption and illegal electoral and party financing involving prominent politicians and elected officials at regional level. These led to a series of resignations, triggering in one case early regional elections, and government decisions to dissolve municipal councils because of alleged links with mafia groups. Criminal investigations and pre-trial arrests of several regional politicians in almost half of the 20 Italian regions were reported for 2012 alone. Out of the 201 municipal councils dissolved in Italy in application of Law 221/1991,<sup>26</sup> 28 have been dissolved since 2010 (mostly in southern Italy, but some also in the north) because of alleged links with organised crime. There were also situations in which some of the charges in such cases became time-barred before any conclusion in court.

A series of corruption cases in recent years has also led to resignations of party leaders and senior members. In many of these cases the allegations concerned misuse of party funds. More than 30 MPs of the former Parliament have been or are being investigated for corruption-related offences or illegal party financing. Some of these are still undergoing investigation or court proceedings, and some have been convicted in the first instance. For some, the cases were dismissed as they became time-barred or the offences were decriminalised. For some, the statute of limitations intervened before the cases were adjudicated in court through a final decision. One case to be mentioned concerns an MP investigated for links with the Camorra – the Casalesi criminal group – related to the financing of his electoral campaign in exchange for exerting political influence at national level, notably in the area of recycling toxic waste. A pre-trial arrest of the MP in question

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23 2013 Special Eurobarometer 397.

24 [http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoEval3\(2011\)7\\_Italy\\_One\\_EN.pdf](http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoEval3(2011)7_Italy_One_EN.pdf).

<http://www.oecd.org/daf/anti-bribery/anti-briberyconvention/Italyphase3reportEN.pdf>.

25 Examining the links between corruption and organised crime. Center for the Study of Democracy, 2010.

[http://ec.europa.eu/home-affairs/doc\\_centre/crime/docs/study\\_on\\_links\\_between\\_organised\\_crime\\_and\\_corruption\\_en.pdf](http://ec.europa.eu/home-affairs/doc_centre/crime/docs/study_on_links_between_organised_crime_and_corruption_en.pdf).

26 Of these 75 were in Campania, 49 in Sicily and 34 in Calabria.

was twice denied in the Italian Parliament (i.e. refusal to lift immunity). During the parliamentary electoral campaign of early 2013, a petition circulated and gathered over 150 000 signatures from citizens and 878 from electoral candidates who committed to making the new anti-corruption law more effective.<sup>27</sup>

Establishing a legal framework that would ensure effective processing and finalisation of court proceedings in complex cases was hampered on various occasions. On a number of occasions, Parliament passed or attempted to pass *ad personam* laws favouring politicians who were also defendants in criminal proceedings, including for corruption offences. One example is the draft law on 'short prescription term' (*prescrizione breve*) which would have increased the risk of dismissing cases involving defendants with no prior convictions.<sup>28</sup> Another one was the law allowing for the suspension of criminal proceedings until the end of the term of office for offences committed prior to or while in office by a certain category of high-level officials.<sup>29</sup> The law was later found to be unconstitutional.<sup>30</sup> Another law adopted in 2010 gave the members of the Council of Ministers the possibility to invoke a 'legitimate impediment' for not showing up at court hearings in a criminal proceeding.<sup>31</sup> These provisions were declared unconstitutional.<sup>32</sup> Decriminalisation of certain offences, such as certain forms of false accounting in 2002,<sup>33</sup> could also be mentioned in this context.

A positive step was taken with the new anti-corruption law, and the legislative decree subsequently adopted by the Government at the end of 2012 regarding the ineligibility for public office at both central and regional level of those who have been convicted under a final court decision for corruption offences or other offences against public administration.<sup>34</sup> According to the decree, the ineligibility term runs twice as long as the corresponding penalty and in any case no less than six years. A legislative decree was also adopted in early 2013 concerning the ban (temporary or permanent, depending on the type of penalty applied) on holding public office for those convicted through final or non-final court decisions for offences against the public administration, including corruption.<sup>35</sup> The ineligibility provisions resulting from the anti-corruption law have been enforced in a case leading to the exclusion from the Senate of a former prime minister and MP convicted on tax evasion charges. Also, the president of a province was suspended from office as a result of the same provisions following his conviction on abuse of office charges. The implementation of the legislative provisions with regard to the termination of the MP's mandate as a result of a final conviction required a vote of the chamber of Parliament to which the MP belongs to with regard to the termination of the MP's mandate as a result of the final conviction.

Apart from the above-mentioned provisions, there are no codes of ethics applicable to elected officials at central or regional level. In relation to conflicts of interest, there are no specific verification mechanisms in place. Such codes of conduct for elected officials, accompanied by regulatory provisions on sanctions applicable in case of breaches of ethical rules would enhance

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27 Riparte Il Futuro: <http://www.riparteilfuturo.it/petizione/>.

28 Ex-Cirielli law: <http://leg16.camera.it/561?appro=715&Il+c.d.+%22processo+breve%22+%28A.C.+3137%29>.

29 Law No. 128 of 2008: <http://leg16.camera.it/561?appro=677>.

30 Constitutional Court Decision 262/2009: <http://www.cortecostituzionale.it/actionPronuncia.do?jsessionid=5F85228828EDDCABC6A33FB0A18C7FD2>.

31 Law No. 51 of April 7, 2010, on Rules Regarding Lawful Impediment (Legittimo Impedimento):

32 Constitutional Court Decision 23/2011: [temiapi/temi16/corte%20costituzionale%2023%202011.pdf](http://temiapi/temi16/corte%20costituzionale%2023%202011.pdf).

33 Legislative Decree 61/2002: <http://www.parlamento.it/parlam/leggi/deleghe/02061dl.htm>.

34 Legislative Decree 235 of 31 December 2012:

[http://www.gazzettaufficiale.it/atto/serie\\_generale/caricaDettaglioAtto/originario?atto.dataPubblicazioneGazzetta=2013-01-04&atto.codiceRedazionale=13G00006](http://www.gazzettaufficiale.it/atto/serie_generale/caricaDettaglioAtto/originario?atto.dataPubblicazioneGazzetta=2013-01-04&atto.codiceRedazionale=13G00006).

35 Legislative Decree 39 of 8 April 2013:

[http://www.gazzettaufficiale.it/atto/serie\\_generale/caricaDettaglioAtto/originario?atto.dataPubblicazioneGazzetta=2013-04-19&atto.codiceRedazionale=13G00081&elenco30giorni=false](http://www.gazzettaufficiale.it/atto/serie_generale/caricaDettaglioAtto/originario?atto.dataPubblicazioneGazzetta=2013-04-19&atto.codiceRedazionale=13G00081&elenco30giorni=false).

integrity and accountability standards and would ensure a wider range of non-criminal sanctioning of unethical behaviour that is to the detriment of the public interest. It would also ensure more effective implementation of integrity rules through self-regulatory solutions given the particularities of non-criminal sanctions applicable to elected officials as compared with other categories of public officials (appointed officials, civil servants, etc).

### *Financing of political parties*

Financing of political parties in Italy currently relies both on public (which can currently be as high as 80% of the party's resources) and private sources. In March 2012, GRECO identified 'critical shortcomings' in the legal framework on financing of political parties in Italy, as well as in practice.<sup>36</sup> It concluded that the current deficiencies leave room for abuse and hence there are insufficient guarantees in place for effective detection and disclosure of potential improper influence on party funding. The control exerted by public authorities over political funding was found to be fragmented and formalistic, and exercised by three different institutions with limited powers and no coordination either among themselves or with law enforcement bodies. Thus, the Board of Auditors in Parliament checks the annual financial reports of political parties, the Board of Comptrollers of the Court of Audit is in charge of verifying electoral expenditure of political parties, while the Regional Electoral Guarantee Board checks electoral expenditure of candidates.

GRECO urged political parties to develop their own internal control systems and to subject their accounts to an independent audit. Political parties are not required to prepare financial statements in a consolidated form. Currently the financial reports submitted by political parties do not provide a complete overview of their financial activities. GRECO also recommended more transparency in political finances by substantially lowering the thresholds for individual candidates and political parties under which the identity of the donor remains unknown to the public. Likewise, a ban on anonymous donations was recommended.<sup>37</sup>

The current sanctions provided by legislation consist of fines and suspension of electoral reimbursement. A criminal offence of illegal party funding is also provided. GRECO noted in its report of 2012 that the current sanctioning regime for the violation of funding rules appeared insufficiently dissuasive and recommended to review the existing administrative and criminal sanctions relating to infringements of political financing rules so as to ensure that they are effective, proportionate and dissuasive.<sup>38</sup>

In December 2013, the Government adopted a law decree for the gradual abolition over three years of the public funding,<sup>39</sup> replacing it with individual contributions from citizens that can later be deducted from their taxes.<sup>40</sup> The law decree comprises some guidelines on the definition of strict procedures regarding transparency statutes and budgets of parties. It does not however address some of the concerns raised by GRECO as regards the rigour of internal control mechanisms, the level of private donation caps or the dissuasiveness of the applicable sanctions. More recently, the Court of Audit was granted the power to check the funding of regional political groups.

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36 [http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoEval3\(2011\)7\\_Italy\\_Two\\_EN.pdf](http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoEval3(2011)7_Italy_Two_EN.pdf).

37 Now at EUR 50 000.

38 [http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoEval3\(2011\)7\\_Italy\\_Two\\_EN.pdf](http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoEval3(2011)7_Italy_Two_EN.pdf).

39 i.e. reduced to 60% in the first year after the law would have passed, 50% in the second year, 40% in the following year and ultimately full abolition.

40 <http://www.governo.it/Governo/ConsiglioMinistri/dettaglio.asp?d=71338>.

## Statute of limitations

The issue of the statute of limitations has been a constant serious concern as to the general framework for investigating and adjudicating corruption cases in Italy. The prescription period applicable under Italian law, in combination with lengthy court proceedings, the rules and calculation methods applicable to statute of limitations, the lack of flexibility regarding the grounds for suspension and interruption and the existence of an absolute time-bar that cannot be interrupted or suspended led and continue to lead to the dismissal of a considerable number of cases.<sup>41</sup> Revising the existing rules governing limitation periods was raised by the country specific recommendations addressed by the Council to Italy in July 2013, in the context of the European Semester, as an important driving force to strengthen the legal framework for the repression of corruption.

According to Transparency International's 2010 study on the impact of statutes of limitations on prosecution of corruption in the EU, roughly one in ten proceedings in corruption cases had been closed during the period examined (i.e. between 2005 and 2010) due to expiry of prescription terms.<sup>42</sup> The situation does not appear to have improved over time, in spite of concerns expressed repeatedly by GRECO<sup>43</sup> and the OECD,<sup>44</sup> from 2009 to 2013. According to one study,<sup>45</sup> approximately 11.14% of the criminal cases in Italy in 2007 were time-barred during court proceedings and 10.16% in 2008. The average for other Member States mentioned in the study in the same reference period is between 0.1 and 2%. OECD data show that, as of 2011, cases of foreign bribery against 30 of 47 defendants (i.e. over 62 %) became time-barred.

For most of the 'classic' corruption-related offences<sup>46</sup> the relative prescription term<sup>47</sup> was, before the entry into force of the new anti-corruption law, of around 6 years,<sup>48</sup> while the absolute prescription term was 7.5 years.<sup>49</sup> A reform of the statute of limitations rules in 2005 changed the calculation rules only to differentiate the extension of the prescription term according to the criminal record of the defendant.<sup>50</sup> Aggravated circumstances for first time offenders would not lead to higher prescription terms. A notable, more fundamental, impediment of the current rules arises from the fact that the statute of limitations continues to run after the first instance court decision (i.e. until the court judgment becomes final). Against a background of rather lengthy court proceedings, this led to situations where cases have been dismissed as time-barred even after a first instance conviction.

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41 These include a case against a former prime minister that was dismissed as statute-barred in February 2012. The case concerned an allegation of corruption in judicial proceedings against the former prime minister who allegedly paid 600 000 USD bribe to a foreign lawyer in exchange for his testimony in a number of older trials against the same defendant. The court proceedings had lasted five years before the statute of limitations intervened. Other defendants involved in the same offence (i.e. the active side of the corruption deed) were convicted in first instance (confirmed on appeal). However, even for the latter the prescription intervened on second appeal. More recently, some of the corruption charges against one vice-president of a regional council in a large scale case were also prescribed.

42 Timed Out: Statutes of Limitations and Prosecuting Corruption in EU countries.

43 [http://www.coe.int/t/dghl/monitoring/greco/evaluations/round2/GrecoRC1&2\(2011\)1\\_Italy\\_EN.pdf](http://www.coe.int/t/dghl/monitoring/greco/evaluations/round2/GrecoRC1&2(2011)1_Italy_EN.pdf).

44 [http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoEval3\(2011\)7\\_Italy\\_One\\_EN.pdf](http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoEval3(2011)7_Italy_One_EN.pdf);  
[http://www.coe.int/t/dghl/monitoring/greco/evaluations/round2/GrecoRC1&2\(2011\)1\\_Add\\_Italy\\_EN.pdf](http://www.coe.int/t/dghl/monitoring/greco/evaluations/round2/GrecoRC1&2(2011)1_Add_Italy_EN.pdf).

45 <http://www.oecd.org/daf/briberyininternationalbusiness/anti-briberyconvention/49377261.pdf>.

46 [http://www.transparency.it/upload\\_doc/SOL.pdf](http://www.transparency.it/upload_doc/SOL.pdf).

47 Bribery, trading in influence.

48 The so-called 'relative' prescription term can be suspended or interrupted, while 'absolute' prescription terms are lengthier but cannot be suspended or interrupted.

49 Higher for some offences, such as *concussione* – an aggravated form of passive bribery in which the public official forces/imposes/induces the act of bribery upon the bribe giver, money laundering, corruption within judiciary – 12 to 20 years for aggravated forms.

49 Higher for some offences, such as *concussione*, money laundering, corruption within the judiciary – 15 up to 25 years in aggravated forms.

50 Ex-Cirielli law no. 251 of 5 December 2005.



The 2012 anti-corruption law did not however change the prescription rules. The new law increases the maximum penalty for some offences, leading to an extension of the prescription period, since the two are interlinked. Nevertheless, for some other new offences, such as the so-called '*concussione per induzione*' (or '*induzione indebita a dare o promettere utilità*')<sup>51</sup> which is considered by practitioners as occurring more frequently than classic '*concussione*', the penalties are lower, leading to a shorter prescription period<sup>52</sup>. Account should also be taken of the fact that the more favourable criminal law applies to ongoing proceedings, i.e. those which would ensure a shorter prescription period for the defendant.

The Ministry of Justice set up a working group (ad hoc commission) to study the issue of the statute of limitations and available alternatives for a reform in this area.<sup>53</sup> The commission analysed the impact of the statute of limitations on cases from 2005 to 2010 and presented the results of its analysis in April 2013. The analysis covered the most representative prosecution services in Italy and showed a slight decrease (lower than 3%) in the rate of time-barred corruption cases. In the opinion of the ad hoc commission, this represents a normal rate, partly justified by the legality principle (i.e. mandatory prosecution) system. GRECO stressed that it is the combination of the calculation method for prescription terms and other factors (such as delays, overload of criminal proceedings, and complexity of corruption cases) that increases the risk of corruption cases becoming time-barred. It highlighted that the increase in the level of sanctions for certain corruption offences cannot in itself adequately address the concerns and called for the adoption of a plan with a specified timeframe and available policy options to address this problem.<sup>54</sup>

### ***Ability to ensure effective implementation of the new anti-corruption law***

The Government adopted a number of implementation decrees after the adoption of the 2012 anti-corruption law. The first legislative decree at the end of 2012 concerned the ineligibility for public office of public officials convicted under final decisions for certain offences against the public administration, including corruption.<sup>55</sup> Two other decrees were adopted in March and April 2013. One concerned the ban on holding certain public offices in case of convictions (final or non-final) for offences against the public administration, including corruption, and the incompatibility and prohibitions for holders of public office to move to the private sector.<sup>56</sup> The other decree concerned the transparency and dissemination of information by public administration.<sup>57</sup> In 2013, the Government approved a code of ethics for the public administration as prepared by the Department for Public Administration.<sup>58</sup> Some other areas covered by the 2012 law, such as a coordinated approach for control mechanisms, are still to be considered.

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51 Form of active bribery in which the public official, abusing his office or his powers, determines somebody to give or promise undue advantage (material or otherwise) for the official or for third persons.

52 E.g. as far as *concussione per induzione* is concerned, penalties are from 3 to 8 years, instead of 4 to 12 years and the prescription term would fall from 15 to 10 years.

53 [http://www.giustizia.it/giustizia/it/mg\\_1\\_12\\_1.wp?previousPage=mg\\_1\\_12&contentId=SPS914317](http://www.giustizia.it/giustizia/it/mg_1_12_1.wp?previousPage=mg_1_12&contentId=SPS914317).

54 [http://www.coe.int/t/dghl/monitoring/greco/evaluations/round2/GrecoRC1&2\(2011\)1\\_Add\\_Italy\\_EN.pdf](http://www.coe.int/t/dghl/monitoring/greco/evaluations/round2/GrecoRC1&2(2011)1_Add_Italy_EN.pdf).

55 Decreto Legislativo 31 dicembre 2012, n. 235: Testo unico delle disposizioni in materia di incandidabilità e di divieto di ricoprire cariche elettive e di Governo conseguenti a sentenze definitive di condanna per delitti non colposi, a norma dell'articolo 1, comma 63, della legge 6 novembre 2012, n. 190.

56 Decreto Legislativo 8 aprile 2013, n. 39: Disposizioni in materia di inconfiribilità e incompatibilità di incarichi presso le pubbliche amministrazioni e presso gli enti privati in controllo pubblico, a norma dell'articolo 1, commi 49 e 50, della legge 6 novembre 2012, n. 190.

57 Decreto Legislativo 14 marzo 2013, n. 33: Riordino della disciplina riguardante gli obblighi di pubblicità, trasparenza e diffusione di informazioni da parte delle pubbliche amministrazioni.

58 Code of Conduct approved on 4 June 2013 through Decree of the President of the Republic 62/2013 which substitutes in its entirety the Code of Conduct contained in the Ministerial Decree of the Department of Public Function approved 28 November 2000.

The 2012 anti-corruption law designated the *Commissione indipendente per la Valutazione, la Trasparenza e l'Integrità* (CIVIT) as the national anti-corruption authority for Italy, in charge of coordinating the preventive anti-corruption policies nationwide. CIVIT appears however to lack the necessary capacity to effectively perform such a role. It counts only three members and some 30 support staff, the latter subject to frequent replacement. CIVIT itself sees its role in a rather limited way, mostly in a reactive rather than a proactive function, with a focus on transparency, advisory functions and formal verification of strategic documents prepared by administrations. The investigative and inspection tasks referred to in the anti-corruption law appear to have low priority. CIVIT's sanctioning powers are almost non-existent, notably when it comes to regional and local levels.

The 2012 anti-corruption law provides for the adoption of a three-year national anti-corruption plan, and integrity action plans (focused on the prevention side) for all administration bodies. The integrity action plans must be based on risk assessments. The trade chambers at regional level are also developing multi-annual action plans for the prevention of corruption. A large number of chambers have already prepared such action plans.<sup>59</sup>

In July 2013, CIVIT adopted a set of guidelines for updating the three-year programme for transparency and integrity 2014-16.<sup>60</sup> In September 2013, it approved the three-year national anti-corruption plan prepared by the Department of Public Administration.<sup>61</sup> The action plan sets the general lines for implementing the anti-corruption law by public administrations. Many administrations (including local) have already submitted their action plans to CIVIT; over 100 integrity plans were prepared in 2011 and 2012.<sup>62</sup>

Each administrative body must appoint an official to be responsible for integrity issues whose accountability in case of deficiencies found would be triggered from both a disciplinary and managerial point of view. The vast majority of these appointments were already made in 2013.

While the ambition of the new approach related to integrity policies within public administration is welcome, it is equally important to mitigate the risk of this large-scale exercise turning into a formalistic process focusing more on programmatic documents and institutional settings rather than taking more targeted and immediate actions to address existing vulnerabilities. It is not clear whether all administrations have the necessary capacity to develop relevant action plans and ensure their effective implementation and monitoring. This is a particular concern with regard to local administrations.

In 2012, the ad hoc commission responsible for preparing proposals on transparency and prevention of corruption within public administration assessed that one of the main corruption risk areas concerns local governments. Among the risks highlighted: the relationships between administration and politics (notably regarding urban planning decisions), and between administration and the private sector (e.g. increased use of outsourcing and of negotiated procedures as a consequence of the economic crisis), and the lack of clarity in the division of powers across various levels of governance. The ad hoc commission proposed a series of measures to address these risks, including: a clear delimitation of competences between regional councils and administrative bodies; more transparency and discipline in implementing administrative procedures; strengthened internal control mechanisms and prioritising areas of higher risk such as urban planning.<sup>63</sup>

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59 <http://www.unioncamere.gov.it/P42A0C1570S1064/Piani-di-prevenzione-della-corruzione.htm>.

60 Deliberation no. 50/2013 'Guidelines for the updating of the three-year programme for transparency and integrity 2014-2016'.

61 [http://www.funzionepubblica.gov.it/media/1092881/p\\_n\\_a.pdf](http://www.funzionepubblica.gov.it/media/1092881/p_n_a.pdf).

62 [http://www.coe.int/t/dghl/monitoring/greco/evaluations/round2/GrecoRC1&2\(2011\)1\\_Add\\_Italy\\_EN.pdf](http://www.coe.int/t/dghl/monitoring/greco/evaluations/round2/GrecoRC1&2(2011)1_Add_Italy_EN.pdf).

63 [http://www.giustizia.it/giustizia/it/mg\\_6\\_1\\_1.wp?contentId=NOL783861](http://www.giustizia.it/giustizia/it/mg_6_1_1.wp?contentId=NOL783861).

## *Conflicts of interest and asset disclosure*

The legislation applicable to public administration<sup>64</sup> and the 2012 anti-corruption law comprise specific provisions defining a broad scope of the actual, apparent and potential conflicts of interest, and follow-up actions, including on revolving door practices (i.e. cooling-off periods of three years). Contracts or other assignments taken in breach of revolving door rules are null and void. In case of violation of revolving door rules, private entities that have entered such assignments will not be awarded any public administration contract in the subsequent three years.

Following the adoption of the 2012 anti-corruption law, in March 2013, the Government passed a legislative decree on transparency of information within public administration<sup>65</sup> under which assets of elected and appointed officials and their relatives as far as second degree are made public. The decree builds on the principle that access to public information is the rule and that exceptions should be expressly provided for by law. This asset disclosure system is applicable to elected and appointed officials at central, regional and local level, including those who carry out temporary tasks on behalf of public authorities. Moreover, a legislative decree issued in May 2013 sets out incompatibility rules and a prohibition on having certain public managerial positions in case the official in question was previously convicted for offences against public administration, whether under first instance or final court decision.<sup>66</sup> It also provides for incompatibilities between public managerial positions and those of state-owned and state-controlled companies or companies regulated or financed by public administration, as well as incompatibilities between public managerial positions and political appointments.

In spite of these commendable rules, there is not much clarity in the legal framework as to the setting up of an independent professional verification mechanism and a corresponding sanctioning system that acts as a deterrent relating to asset disclosure and conflicts of interest for public officials at central, regional and local levels. It is not entirely clear how severe breaches in this area can lead to sanctions such as dismissal from office, nor how decisions taken in such situations can be repealed and damages remedied. The same is valid for asset disclosure concerning elected and appointed officials.

GRECO's latest assessment concerning the first and second joint evaluation rounds includes references by the Italian authorities to the Competition Authority's role in monitoring conflicts of interest of members of Government (including their spouses and relatives). According to the Italian authorities, the Competition Authority adopted strict interpretation guidelines promoting a wide scope of the legal provisions in this area. The available case law appears to confirm this approach. Moreover, the Italian authorities reported that the Competition Authority has also used financial declarations submitted to it to determine particular sectors at risk where conflicts of interest were more likely to occur (e.g. radio and television).<sup>67</sup> It is not clear, however, how the verification of asset declarations and conflicts of interest will be carried out in practice in view of the 2012 anti-corruption law. CIVIT is now responsible for ensuring that publication requirements are respected and for monitoring potential irregularities, but its powers are mainly of a regulatory, advisory or guiding nature. It does not have any role in verifying in substance conflicts of interest and asset declarations regarding public officials. GRECO also stressed that 'the issue of conflict of

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64 Law 215 of 2004 on conflicts of interest: <http://www.camera.it/parlam/leggi/042151.htm>.

65 Legislative Decree No. 33 of 14 March 2013 Disclosure, Transparency and Dissemination of Administrative Information.

66 Decreto Legislativo 8 aprile 2013, n. 39: Disposizioni in materia di 'inconferibilit  e incompatibilit  di incarichi presso le pubbliche amministrazioni e presso gli enti privati in controllo pubblico, a norma dell'articolo 1, commi 49 e 50, della legge 6 novembre 2012, n. 190.

67 [http://www.coe.int/t/dghl/monitoring/greco/evaluations/round2/GrecoRC1&2\(2011\)1\\_Add\\_Italy\\_EN.pdf](http://www.coe.int/t/dghl/monitoring/greco/evaluations/round2/GrecoRC1&2(2011)1_Add_Italy_EN.pdf).

interest is a highly controversial matter in Italy which merits careful oversight in order to preserve the credibility of the system'.<sup>68</sup>

### ***Public procurement***

Public works, goods and services in Italy accounted for about 15.9% of GDP in 2011.<sup>69</sup> The value of calls for tender published in the Official Journal as a percentage of total expenditure on public works, goods and services was 18.3% in 2011. In the report of October 2012 of the ad hoc commission tasked to analyse and prepare proposals on transparency and prevention of corruption within public administration, public procurement was highlighted as an area where corruption risks are high.<sup>70</sup> The use of negotiated procedures in Italy (in particular without publication of contract notices) appears to be higher than the average: in 2010, it accounted for 14% of value of contracts, as compared with 6% in the EU. This may be a factor which increases the risk of corrupt and fraudulent practices.

According to the 2013 Eurobarometer Business survey on corruption,<sup>71</sup> 70% of Italian respondents consider that corruption is widespread in public procurement managed by national authorities (EU average: 56%) and 69% in that managed by local authorities (EU average: 60%). In particular, Italian respondents stated that the following practices were widespread in public procurement procedures: specifications tailor-made for particular companies (52%); abuse of negotiated procedures (50%); conflicts of interest in the evaluation of the bids (54%); collusive bidding (45%); unclear selection or evaluation criteria (55%); involvement of bidders in the design of the specifications (52%); abuse of emergency grounds to avoid competitive procedures (53%); and amendments of contractual terms after conclusion of contract (38%).

Infrastructure appears to be among the areas most vulnerable to corruption in public procurement in Italy. Given the large resources it accounts for, this sector is more exposed to corruption and infiltration by organised criminal groups. Moreover, the type of works, supplies and services to be provided in these areas concerns a rather limited number of providers, thus increasing the risk of collusion. According to empirical research, corruption returns in Italy most frequently occur in the post-award phase, notably as regards checks on the quality or completion of works, services or supplies.<sup>72</sup> The Court of Audit concluded on several occasions that the public procurement process is proper, procedures are respected, and winning bids indeed seem to be the most advantageous, but in contrast, the quality of deliverables is intentionally compromised in the execution phase. While not necessarily indicating corrupt practices, such irregularities, and the Eurobarometer indicators above, illustrate the vulnerabilities of the current control mechanisms, notably as regards the implementation phase of public contracts. The Court of Audit has also pointed to a weakness regarding its powers of control: the impossibility to perform ad hoc checks without advance warning which may decrease the detection rate of irregularities.<sup>73</sup> False accounting is not penalised,<sup>74</sup> which affects adversely the prevention of irregularities, notably in the execution phase.

For large public works alone, corruption (including indirect losses) is estimated to amount to as much as 40% of total public procurement value.<sup>75</sup> Large construction works such as those related

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68 [http://www.coe.int/t/dghl/monitoring/greco/evaluations/round2/GrecoRC1&2\(2011\)1\\_Add\\_Italy\\_EN.pdf](http://www.coe.int/t/dghl/monitoring/greco/evaluations/round2/GrecoRC1&2(2011)1_Add_Italy_EN.pdf).

69 [http://ec.europa.eu/internal\\_market/publicprocurement/docs/modernising\\_rules/public-procurement-indicators-2011\\_en.pdf](http://ec.europa.eu/internal_market/publicprocurement/docs/modernising_rules/public-procurement-indicators-2011_en.pdf).

70 [http://www.giustizia.it/giustizia/it/mg\\_6\\_1\\_1.wp?contentId=NOL783861](http://www.giustizia.it/giustizia/it/mg_6_1_1.wp?contentId=NOL783861).

71 2013 Flash Eurobarometer 374.

72 Ecorys, PwC, London Economics, *Public Procurement in Europe: cost and effectiveness*, 2011.

73 Idem.

74 There is no actual offence of false accounting, as it was de-criminalised in 2002. It can be however considered to some extent under some other offences.

75 [http://www.corteconti.it/procura/giudizio\\_parificazione/parifica\\_2011](http://www.corteconti.it/procura/giudizio_parificazione/parifica_2011).

to the reconstruction in L'Aquila after the 2009 earthquake, the World Expo 2015 to take place in Milan or the future Turin-Lyon high-speed railway, were identified in the public sphere as large-scale projects facing high risk of potential diversion of public funds or infiltration by organised crime. High-speed railway is among the most expensive infrastructure works and gives rise to considerable discussion as to unit price comparisons. According to research, one kilometre of high-speed railway track on the Paris-Lyon line costs around EUR 10.2m, from Madrid to Seville it is EUR 9.8m; from Tokyo to Osaka, EUR 9.3m, while from Rome to Naples, EUR 47.3m, from Turin to Novara, EUR 74m; from Novara to Milano, EUR 79.5m and from Bologna to Florence, EUR 96.4m. In total, the estimation was of an average cost in Italy of EUR 61 million per km.<sup>76</sup> While the differences in cost do not prove anything in themselves, they may serve as an indicator, to be corroborated with others, of potential mismanagement-related issues or irregularities in public procurement procedures.

Given the risks of corruption and infiltration by organised crime in public procurement, Italy has paid increasing attention to these challenges. It has adopted new legislation such as on traceability of funds in public procurement, promoted new projects to trace financial transactions and to prevent infiltration by mafia groups, and increased the capacity of the Committee for coordination of high-level surveillance of large public works (*grandi opere*).<sup>77</sup>

Further measures provided by the 2012 anti-corruption law included the online publication by all administrations of annual accounts and balance sheets, and the broken down costs of public works and services, and detailed information about ongoing and past tendering procedures. The law also provides for a database on public contracts and for the obligation on prefects to establish 'white lists' of economic operators who are not exposed to risks of infiltration by organised crime. The implementation of this measure is ongoing.

With regard to the wider issue of transparency of public spending and public administration, the Italian authorities implemented a considerable number of measures to ensure increased transparency. A legal initiative worth mentioning in this context is Law No. 136 of 2010 on the control of financial flows which provides for a single dedicated account for all payments in the execution of public procurement contracts, thus contributing to the overall prevention of corruption in this area.<sup>78</sup> Moreover, a 2012 legislative decree provides for the use of e-administration, streamlined application procedures for companies participating in public tenders, and the appointment of managers to whom citizens can turn in the event of administrative inaction.<sup>79</sup>

#### ***Good practice – transparency platforms***

***Bussola della trasparenza***<sup>80</sup>: a tool managed by the Department of Public Administration and Simplification that monitors the availability and level of accessibility of information on the websites of ministries.

***Avviso Pubblico*** (<http://www.avvisopubblico.it/>): a network of over 200 regional, municipal and provincial administrations working together with the aim of actively preventing corruption and mafia infiltration in public structures.

<sup>76</sup> Ivan Cicconi, Il libro nero della TAV

<sup>77</sup> <http://www1.interno.gov.it/mininterno/export/sites/default/it/sezioni/ministero/ccasgo>. and <http://www.civit.it>.

<sup>78</sup> Law 136 of 13 August 2010 regarding an extraordinary anti-mafia plan: <http://www.gazzettaufficiale.it/gunewsletter/dettaglio.jsp?service=1&datagu=2010-08-23&task=dettaglio&numgu=196&redaz=010G0162&tmstp=1283782945903>

<sup>79</sup> The decree 'Semplifica Italia' of 4 April 2012: [http://www.funzionepubblica.gov.it/media/970067/semplificaitalia\\_opuscolo.pdf](http://www.funzionepubblica.gov.it/media/970067/semplificaitalia_opuscolo.pdf)

<sup>80</sup> <http://www.magellanopa.it/bussola/>.

**ITACA**<sup>81</sup>: an association working on transparency in public procurement and of public expenditure in general. Its members cover almost 90% of regional public administration.

**CAPACI**<sup>82</sup> (Creation of automated procedures against criminal infiltration in public contracts): an EU-funded project for monitoring financial flows in the supply chain of large public contracts. The system will enable authorities to prevent the infiltration of capital of illicit origin by creating a database of bank transfers and alerts to identify abnormal behaviour. The project is at a piloting stage in a number of regions in Italy.

**Linee guida**<sup>83</sup>: The Committee for coordination of high-level surveillance of large public works approved an anti-mafia strategic document as a prevention measure against mafia infiltration in the programme for strategic infrastructures. Guidelines were issued including instructions for anti-mafia checks on contracts and sub-contracts regarding works, supplies and services in strategic infrastructure projects such as the reconstruction of Abruzzo or the World Expo 2015.

### **Corruption in the private sector**

Italy has not yet fully transposed the Framework Decision 2003/568/JHA on combating corruption in the private sector.<sup>84</sup> Private sector corruption is not designated as a crime in the Italian Criminal Code, but is covered by criminal law provisions in the Civil Code. The 2012 anti-corruption law amended these provisions, providing for a new definition of private sector corruption and new sanctions. However, they still do not address all deficiencies related to the scope of corruption offences in the private sector and to the sanctioning regime. The new provisions do not define broadly enough the leading positions in a company that may make the company liable for corruption offences committed by the holders of these positions. They do not provide for liability in cases of lack of supervision. The sanctioning regime applicable to legal persons appears to be insufficiently dissuasive. The current provisions on bribery in the private sector are therefore too narrow, and they limit the scope as to the categories of private sector managers accountable for the offence. In addition, it is not prosecuted ex officio, but only upon complaint, except for the cases where it leads to distortion of competition in the procurement of goods and services.

With regard to accounting requirements for companies, GRECO noted that the accounting system in Italy does not comply with the Council of Europe Criminal Law Convention on Corruption. This is evident in particular as regards the thresholds for liability, the limited scope of accounting requirements (i.e. applicable only to listed companies, state-owned companies and insurance companies), the setting of penalties and the scope of false accounting offences.<sup>85</sup>

When it comes to foreign bribery, Italy has a comprehensive framework for prosecution of this crime and has made significant efforts to investigate and prosecute such offences.<sup>86</sup> Recent investigations of alleged corrupt practices abroad in the defence and energy sectors suggest that foreign bribery is still present, but also show that law enforcement is making credible efforts in detecting and investigating such cases. The OECD points to remaining deficiencies in the sanctioning regime, noting in December 2011 that although 60 defendants had been prosecuted and 9 cases are under investigation, final sanctions were only imposed against 3 legal persons and

81 <http://www.itaca.org/index.asp>

82 <http://www.cbi-org.eu/Engine/RAServePG.php/P/280110010410/L/0>.

83 [http://www1.interno.gov.it/mininterno/export/sites/default/it/sezioni/ministero/ccasgo/linee\\_guida/](http://www1.interno.gov.it/mininterno/export/sites/default/it/sezioni/ministero/ccasgo/linee_guida/).

84 COM(2011) 309 final, Second Implementation Report of FD 2003/568/JHA of 6 June 2011: [http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/organized-crime-and-human-trafficking/corruption/docs/report\\_corruption\\_private\\_sector\\_en.pdf](http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/organized-crime-and-human-trafficking/corruption/docs/report_corruption_private_sector_en.pdf).

85 [http://www.coe.int/t/dghl/monitoring/greco/evaluations/round2/GrecoRC1&2\(2011\)1\\_Add\\_Italy\\_EN.pdf](http://www.coe.int/t/dghl/monitoring/greco/evaluations/round2/GrecoRC1&2(2011)1_Add_Italy_EN.pdf)

86 <http://www.oecd.org/daf/anti-bribery/anti-briberyconvention/Italyphase3reportEN.pdf>.

9 individuals, in all cases through settlement (*'partteggiamento'*).<sup>87</sup> It also stressed that many cases against legal persons were dismissed as time-barred.

### 3. FUTURE STEPS

The adoption of the anti-corruption law in November 2012 represents a significant step forward in the fight against corruption in Italy. It highlights prevention policies that aim to raise the level of accountability within public administration and political elites and to balance the anti-corruption burden which is currently falling almost exclusively on the law enforcement side. However, despite considerable efforts by the Court of Audit, law enforcement bodies, prosecution services and the judiciary, corruption remains a serious challenge in Italy. A new wave of political corruption cases has emerged, involving a number of top regional elected officials and revealing illegal financing of electoral campaigns and political parties, as well as ties with mafia groups. Cases against high-level officials in which dissuasive sanctions were actually enforced remain scarce. Concerns have not been addressed as to the obstacles posed by the restrictive regime of the statute of limitations to the adjudication of corruption cases. The framework applicable to conflicts of interest and financing of political parties remains to some extent unsatisfactory. Public procurement and the private sector continue to be sectors vulnerable to corruption despite a number of measures already taken. Overall, further efforts need to be made to ensure effective implementation and monitoring of the anti-corruption legal framework, including the legislative decrees, to secure a sustainable impact on the ground.

The following points require further attention:

- Strengthening the integrity regime for **elected and appointed officials**, at national, regional and local levels, including through comprehensive ethical codes with adequate accountability tools and dissuasive sanctions for potential violations of such codes. Consider promoting codes of ethics within political parties or ethical pacts among political parties and groups. Refraining from passing *ad personam* laws. Strengthening the legal and implementation framework on **party funding**, notably as regards stricter provisions on donations, consolidation of accounts of political parties, coordination and adequate level of powers for supervision of party funding and application of dissuasive sanctions.
- Addressing the deficiencies of the **statute of limitation** regime, as requested by the recommendations addressed to Italy in July 2013 in the context of the European Semester, by considering amending the rules applicable to the course of prescription (including exclusion of appellate instances from the prescription term) and introducing more flexible rules on suspension and interruption. Evaluating the risks of pending corruption cases becoming time-barred and ensuring prioritisation of cases that are running such risks.
- Reinforcing the powers and capacity of the national anti-corruption agency (CIVIT) for it to perform a strong **coordination role** and effective inspection and supervisory functions, including at regional and local levels. Ensuring a uniform framework for **internal controls** and use of external **independent audits at regional and local levels** with regard to public spending, including in the implementation of public contracts. Ensuring a uniform, independent and systemic verification of conflicts of interest and asset declarations of public officials and a corresponding sanctioning system that acts as a deterrent.

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<sup>87</sup> Idem.

- Enhancing transparency in **public procurement**, pre- and post-award, as requested by the recommendations addressed to Italy in July 2013, in the context of the European semester. This could be achieved through publication online by all administrative structures of annual accounts and balance sheets, as well as broken down costs of public works, supplies and services, in line with the anti-corruption legislation. Consider granting the Court of Audit the power to carry out ad-hoc checks without prior warning. Ensuring full transposition and implementation of Framework Decision 2003/568/JHA on combating **corruption in the private sector**. Consider developing anti-corruption prevention and monitoring tools for companies active in sectors where large-scale cases revealed vulnerabilities to foreign bribery, such as defence and energy.