

PROGRAM NAME

ecoBUDGET® – cycle management and strategic environmental assessment in Bologna

PROGRAM GOALS:

The main goals of ecoBUDGET in Bologna are:

- *To facilitate the appropriate allocation and management of resources available to implement actions and policies for the achievement of municipal objectives;*
- *To plan, control, manage, and monitor the amount of and changes in natural resources, along with the impacts of anthropogenic pressures;*
- *To define a supporting instrument for the administration's use to assist with land use decision-making and management;*
- *To improve the process of informing and involving citizens;*
- *To enhance the participation of private and public stakeholders;*
- *To disseminate the results of the process through seminars and publications.*

MUNICIPAL PROFILE:

Bologna is the capital of the Emilia-Romagna region and has an important tradition of implementing policies to promote sustainability. In 1993 the city participated in the Urban Carbon Dioxide (CO₂) Reduction Project promoted by ICLEI and formulated an agenda for local energy-saving activities. Bologna confirmed its commitment to sustainability by signing the Aalborg Charter in June 1996 and starting a Local Agenda 21 process. In 1996 Bologna was one of thirteen recipients of a Certificate of Distinction under the "European Sustainable City Award" scheme. In November 2006, the City of Bologna signed the Aalborg Commitments which signalled a new phase of planning processes in which the city began to think systematically about its future in terms of sustainability. The implementation of these commitments demonstrates the city's intention to further develop and integrate city development planning by utilizing a management process. The aim is to draw on Bologna's long-standing experiences, strong participatory processes (such as Local Agenda 21), and available instruments, particularly *ecoBUDGET*.

Therefore, the main aim of the current planning phase is to strengthen the effectiveness of initiatives that result in increased environmental quality within the long-term actions set out in the city's sector plans (for air quality, noise abatement, energy, transport and mobility, etc).



MUNICIPAL PROFILE

Population:

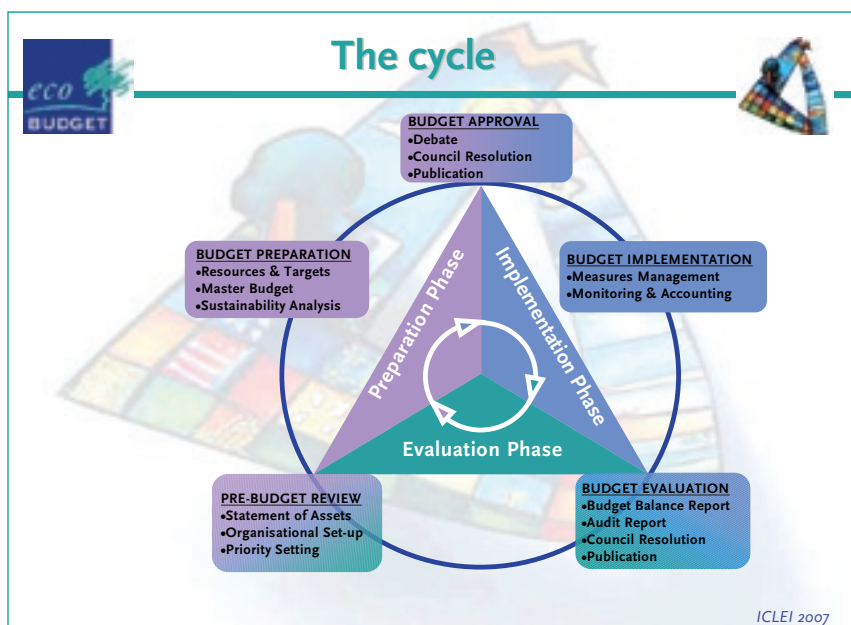
373,000 (2006)

Area:

141 km²

Municipal budget:

EUR 496,000,000
(USD 663,856,320) (2007)



The ecoBUDGET cycle

ISSUE ADDRESSED:

Environmental management system

SUMMARY OF THE PROGRAM:

The City of Bologna has adopted *ecoBUDGET* as the core environmental management system for its institutional activities. Major decisions regarding resource and territory management are assessed for their suitability against Master Budget targets. The first goal was to use *ecoBUDGET* as a management and communication instrument within the city's Local Agenda 21 plan. However, Bologna has found that there are multiple benefits to using the *ecoBUDGET* process for the implementation of strategic environmental assessment including being able to clearly communicate the impact of different planning scenarios. Therefore, a key element of Bologna's implementation of *ecoBUDGET* is the role of spatial and urban planning. Unique to Bologna is the application of so-called "mayoral targets" valid for one legislative term. In this way the city government aims to bind its political programme to a transparent and voluntary set of quantifiable targets.

IMPORTANCE OF THE ISSUE:

The City of Bologna is very active in sustainability issues. Nevertheless, several questions have challenged the city: are we fully aware of the results of our efforts? Will

we meet our objectives? What are the factors and conditions that allow local sustainability processes to be effective? While setting long-term objectives are we able to guarantee the achievement of short-term goals to ensure the best quality of life for our citizens today? In Bologna *ecoBUDGET* explores successful practices, factors, and conditions to support good governance for sustainable development. In particular, it is used as a communication instrument within the city, thereby supporting the dissemination of the environmental impact of various scenarios defined by a structural plan, as required by Italian legislation.

DESCRIPTION OF THE PROGRAM:

ecoBUDGET is an environmental management system designed uniquely with and for local governments. It allows municipalities to manage natural resources as efficiently as they manage financial resources. The traditional accounting system is complemented by an environmental accounting system, in which physical environmental quantities are measured instead of money. *ecoBUDGET* aims to plan, control, monitor, report on, and evaluate the consumption of natural resources (such as climate stability, air quality, land, water, raw materials, and biodiversity) for issues of significant priority within the geographical area of the municipality. The ultimate aim is to keep

environmental spending within the limits set in an environmental “Master Budget.” The Master Budget allocates physical indicators to short- and long-term environmental – and potentially social – targets oriented to the sustainable management of environmental resources. Approved by the municipal council, the targets become politically binding for the entire organization. Political decision-makers and senior urban managers are involved systematically in the *ecoBUDGET* cycle, allowing political steering of the use of environmental resources.

The *ecoBUDGET* cycle mirrors the three phases of the municipal financial budgeting cycle including budget planning (i.e. the preparation of an environmental budget), budget spending (i.e. the implementation of planned measures to meet the budget), and budget balancing (i.e. balancing the annual environmental accounts).

At the end of the financial period a Budget Balance is prepared that shows to what degree the previous year’s Master Budget was met. A complementary set of indicators graphically displays progress towards the municipality’s short- and long-term targets. Two other documents, the Statement of Environmental Assets and the Sustainability Analysis, supplement the municipality’s snapshot of its level of sustainability.

Bologna began its implementation of *ecoBUDGET* in April 2002 with the creation of its Local Implementation Team (LIT). The 21-member team is composed of staff from different municipal and regional departments and agencies. The team’s first task was to identify the local environmental resources and indicators that would be the foundation of Bologna’s Master Budget.

Bologna’s *ecoBUDGET* – including most of the indicators and the data - is based on its existing State of the Environment Report. This report analyzes the quality of Bologna’s environment using data from 73 indicators, focusing on urban environmental quality, urban flows (of traffic, people, etc) and development patterns. In addition, it addresses the needs of three different stakeholder groups: a detailed technical report for experts, an environmental atlas to support Bologna’s planning system, and a Master Budget and summary report that highlights key environmental issues that can be easily understood by the public.

Bologna’s first Master Budget was presented to city council on February 3, 2003 and was the subject of intense debate among the councillors. The opposition party members were in favour of the *ecoBUDGET* concept but felt that the proposed targets and measures were not as challenging as they could be. The

The 2004 Master Budget of the City of Bologna (Extract)

RESOURCE	Indicator	Reference year value	Value 2004	New target 2006	Mandate Target 2009	Mid-term target 2010 - 2015	Actions to reach the target 2006/2009
AIR QUALITY	Concentration of PM10 (µg/m³)	64 (2000)	40	40	38	-	<ul style="list-style-type: none"> - ITS (intelligent transport system) - New tickets for public transport - Parking Plan - Implementation of Urban Traffic Plan

The 2004 Budget Balance of the City of Bologna (Extract)

RESOURCE	Indicators	Reference year value	Value 2004	Value 2003	Short term target (2003)	Mid-term target (2005- 2010)	Short-term target evaluation	Comments
AIR QUALITY	Concentration of PM10 (µg/m³)	64 (2000)	53	45	45	40 (2005)		The concentration of PM10 was affected by extraordinary meteorological events
	Distance to	-	46%	77%	79%	100%		



Bologna Mayor Sergio Cofferati with representatives from Guntur, India (March 2005). The two partner cities participate in a development cooperation project to implement and further *ecoBUDGET*. Photo by A. Burzacchini.

Master Budget was eventually passed with a majority of councillors voting in support of the document.

In May 2004 the first budget balance was ratified by the city council. Nearly all of the short-term targets were met except those in the areas of air quality resources (ozone values) and raw material (waste collection). In June 2005 municipal elections were held and a different political party won a majority of seats on the city council. Despite the political change in the administration the *ecoBUDGET* system continued with the formation of a new LIT in November 2005. In contrast to the previous LIT, experts from non-environmental departments (such as finance and culture) were invited to join the team. This meant that *ecoBUDGET* could truly be an instrument for the entire city. Additionally, experts from the local utility company (responsible for waste management, energy, water and wastewater) and the public transport agency also joined the LIT. Cross-departmental co-operation and creativity in policy-making were important factors for success. In July 2006 Bologna's second Master Budget was ratified by city council.

A key element of Bologna's implementation of *ecoBUDGET* is the role of spatial and urban planning. The city has identified its planning system as a key public policy area to anticipate and prevent adverse impacts

and take advantage of opportunities. Since 2000 Bologna has been subject to a new regional law on Strategic Environmental Assessment (SEA), originally called ValSAT in Italy. Since the introduction of *ecoBUDGET* in Bologna, municipal staff have aimed to have their *ecoBUDGET* work support their strategic environmental assessment planning. Building *ecoBUDGET* indicators and targets into planning processes and systems allows for early action, which is generally more cost-effective than responding to changes as they occur. Bologna has found that there are multiple benefits to using the *ecoBUDGET* process for the implementation of strategic environmental assessment including being able to clearly communicate the impact of different planning scenarios using *ecoBUDGET* indicators and giving environmental issues greater prominence in planning processes.

Since the *ecoBUDGET* process is linked to Bologna's existing spatial planning process, *ecoBUDGET* feeds into existing public and stakeholder participation processes. In this way, *ecoBUDGET* has reached out to involve the municipality as a whole, not just its internal administration. As well, information on the *ecoBUDGET* cycle (such as budget balance results) is disseminated through public presentations, brochures, and the internet.

PROGRAM RESULTS:

The City of Bologna has now adopted *ecoBUDGET* as the environmental management system for its institutional activities. Major decisions regarding resource and territory management are assessed for their suitability against Master Budget targets. As well, *ecoBUDGET* has helped to more effectively coordinate several municipal initiatives and consequently provided a better structure for these initiatives since it is easier to see links and gaps between and among them. The process of setting targets and then carefully monitoring progress towards them has also been a valuable exercise for Bologna. The LIT has decided to add a third kind

of target besides the short- and long-term targets: the “mayoral targets.” The current mayoral targets have a deadline of 2009, when the legislature will be dissolved and new mayoral and city council elections will take place. In this way the city government aims to bind its political programme to a transparent and voluntary set of quantifiable targets, which can serve as a monitoring framework at the end of its mandate.

Finally, incorporating *ecoBUDGET* into urban planning processes has facilitated better links between staff in the urban planning and environment departments that may ultimately result in more integrated, and therefore more effective, strategies.

LESSONS LEARNED:

The positive results of this experience led the City of Bologna to adopt *ecoBUDGET* as a permanent environmental budgeting system for the city. Bologna’s aim is to consolidate, systemize, organize, and prioritize existing municipal tools, programmes and sector plans. Co-ordination is therefore crucial and the main focus of this system is the integration of all environmental – and in the future even sustainability – work in the municipality. With this perspective, *ecoBUDGET* “compels” the administration to draft a plan of action with corresponding activities defined for each actor (individual, department) in the process.

It is important to assign each *ecoBUDGET* indicator to an individual person who is then responsible for data collection, monitoring, accounting, and any other tasks related to the indicator. This person is also in charge of reporting to the LIT on all aspects related to his/her assigned indicator.

Bologna has discovered that it is not always possible to influence the trend of an indicator within a one-year timeframe. Some indicators have a longer “rhythm” and might need a two-year period to identify a clear trend upon which future initiatives can be based.

In its experience, Bologna has found that *ecoBUDGET* documents (such as the Master Budget and budget balance) are clear and easy

to read and understand both for politicians and citizens. Clear understanding and awareness among politicians is fundamental because *ecoBUDGET* in Bologna is intended as an instrument for controlling sustainable local development politically. In the *ecoBUDGET* process, discussion and debate among councillors and senior managers in preparation for a decision are of great importance since, after ratification, the Master Budget becomes binding for the municipality.

Moreover, there is a continuous focus on bringing together environmental, social and economic issues as a way of moving towards sustainability management. From this perspective, the Lord Mayor of Bologna, Sergio Cofferati, argues that:

“Nowadays, there are two contradictory ways to view development. The first of these considers monetary profit as being the only criterion to measure success. The second links development to the impassable limits of workers’ dignity, of mankind’s health and the conservation of natural resources. I believe that ecoBUDGET is instrumental for cities that strive to pursue the second form of development.”

KEY REPLICATION ASPECTS:

The experiences of Bologna and other cities that have implemented *ecoBUDGET* have shown that *ecoBUDGET* can be readily applied in a range of local governments. The instrument is applicable in various world regions, in large cities and small towns, and developed and developing countries, regardless of political persuasion. The concept, methodology, practical approach and the analyses are easily transferable to other administrations.

STAFF:

Two full-time municipal staff members spend part of their time coordinating the *ecoBUDGET* process. Since *ecoBUDGET* is completely integrated into the environmental department and the city council, no extra capacity is required to run the system.

An additional 21 people from different municipal and regional departments, agencies, and companies manage and monitor resources and indicators as members of the Local Implementation Team.

BUDGET AND FINANCING:

The Municipality of Bologna has used funding from the European Union's LIFE program to implement *ecoBUDGET* in its administration. Now that *ecoBUDGET* is completely integrated into the environmental department and the city council, no extra funds are required to run the system.

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ICLEI-Local Governments for Sustainability is an international association of local governments implementing sustainable development. ICLEI's mission is to build and serve a worldwide movement of local governments to achieve tangible improvements in global sustainability with special focus on environmental conditions through cumulative local actions.

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