

FONDAZIONE ENI ENRICO MATTEI - ANNUAL REPORT 2008

ANNUAL REPORT 2008

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FROM THE DIRECTOR

The year 2008 is a truly special one in the life of the Fondazione Eni Enrico Mattei as it marks the successful completion of its first twenty years of activity. Over this time, thanks to solid stewardship and the ingenuity of its researchers, FEEM has grown to become a recognized leader in the field of sustainable development and global governance.

By producing innovative ideas on various environmental, energy and economic issues, FEEM has gained a strong reputation in the international scientific community and significant outreach and credibility in the policy sphere. This statement is not a self-declaration. Rather, it reflects the conclusions of a comprehensive review conducted in 2008 by independent experts who have certified the scientific quality of our most recent research. The impact of FEEM's output is also accounted for in the sections devoted to the social report and in the statements find by renowned scholars, and Italian and international leaders attesting to the importance of our achievements over the past twenty years.

The world has changed substantially since 1989, and even more so in the most recent years. Today the global economy is facing one of the most severe downturns of the last century. This crisis has dramatically shown how interdependent and interconnected the individual choices, markets and economies are, and how serious are the global challenges--such as responding to climate change, providing energy security, and addressing systemic and social risks. A sentiment is spreading that the crisis may not be overcome unless certain aspects of the current paradigm of development are called into question. In this difficult and uncertain landscape, the research community is called upon to challenge conventional wisdom and to devise new solutions for these big questions. Thanks to some forward looking decisions made several years ago, the primary fields of specialization of FEEM are core issues in today's global agenda.

In 2008, efforts have been focused on streamlining FEEM's research activity into three new research programmes, launching new projects, and improving communication and outreach. Leveraging on its history and with a strong commitment to taking up new challenges, FEEM is ready to move into this exciting new phase. We are confident that our researchers will give their valuable contribution to this endeavor, and to them goes our deep gratitude for what FEEM has achieved in 2008.

A handwritten signature in dark ink, appearing to read 'Bernardo Bortolotti'.

Bernardo Bortolotti

June 2009

ENRICO MATTEI



FEEM is entitled to Enrico Mattei, the founder of Eni and an economic leader in the national industrial system and international relations of the post-war period.

Born in Acqualagna (Pesaro) on April 29, 1906, Enrico Mattei became one of the leaders of the antifascist resistance movement in Northern Italy during World War II. After the peace declaration in 1945, Mattei was appointed by the government bankruptcy trustee of the distressed state-owned oil company Agip.

Instead of liquidating the company, Mattei successfully developed its business, starting an involvement with energy markets lasting 18 years. The unexpected discovery of natural gas in the Po Valley, the development of the business of extracting and marketing it, and his dedication to promoting legislation to regulate domestic energy markets constitute the most salient aspects of Mattei's early activities. In 1953, he was appointed Chairman of Ente Nazionale Idrocarburi (Eni), the state-owned energy company that he forcefully wanted and contributed to establish.

Mattei led the Eni group combining vision with pragmatism: the new terms of association offered to oil producing countries, the measures taken to contain the final energy prices to consumers, the launch of a large and modern domestic petrochemical and nuclear industry, the off-shoring of qualified engineering expertise to operations abroad, the focus on research, innovation and meritocracy witness his managerial skills, combined with a genuine commitment to economic and social progress.

During the expansion phase in Eni's history, Mattei died tragically in an aircraft crash on October 27, 1962 in the skies of Bascapè (Pavia). The key role he had assigned to culture, research, and cooperation represent the most valuable legacy for the Foundation that carries his name.

MISSION



FEEM is a nonprofit, nonpartisan research institution devoted to the study of sustainable development and global governance. Founded by the Eni group, officially recognized by the President of the Italian Republic in 1989, and in full operation since 1990, FEEM has grown to become a leading research centre, providing timely and objective analysis on a wide range of environmental, energy and global economic issues.

FEEM's mission is to improve – through the rigor of its research – the credibility and quality of decision-making in public and private spheres. This goal is achieved by creating an international and multidisciplinary network of researchers working on several innovative projects, by providing and promoting training in specialized areas of research, by disseminating research results through a wide range of outreach activities, and by delivering directly to policy makers via participation in various institutional fora.

FEEM's operations are inspired by some guiding principles. FEEM sets a bold research agenda addressing big questions and emerging issues in the economic and social context. While strictly linked with the academic community, it embraces intellectual curiosity and supports risk-taking in pursuing research. Its agenda emphasizes “real world” issues and the policy relevance of the outputs.

FEEM brings together researchers from various fields at different levels of experience, in order to fertilize ideas and foster the accumulation of human capital inside and outside the organization.

FEEM promotes excellence, boldness of ideas and creativeness, but quality, rigor and impact remain the distinctive features of its activity. Research outputs are theoretically sound, fact-based, and generally validated by the scientific community through peer review processes. FEEM aims at translating analyses into practical ideas, and at presenting them in user-friendly formats to inform and shape the public debate.

While remaining thoroughly Italian in location and perspective, FEEM promotes the international dimension of activities by selecting topics of global relevance, by creating networks and partnerships in various countries, and by attracting researchers trained and working abroad.

OUR HISTORY

The formal date of establishment is June 7, 1989, when the President of the Republic officially recognized FEEM's legal status. However, the project of establishing a research foundation had been discussed within the Eni group since the early 1980s.

In 1982, a commission of Eni executives and external experts drafted a first proposal for a foundation entitled to Enrico Mattei. The starting point of the commission was the realization of "the high level of complexity of the problems emerging in international energy markets, and more particularly the need to foster awareness on the interaction between the firm and the environment, the economy and energy scenarios, corporate responsibility and social conflict, and cultural responsibility". In 1986, a second working group further endorsed the project

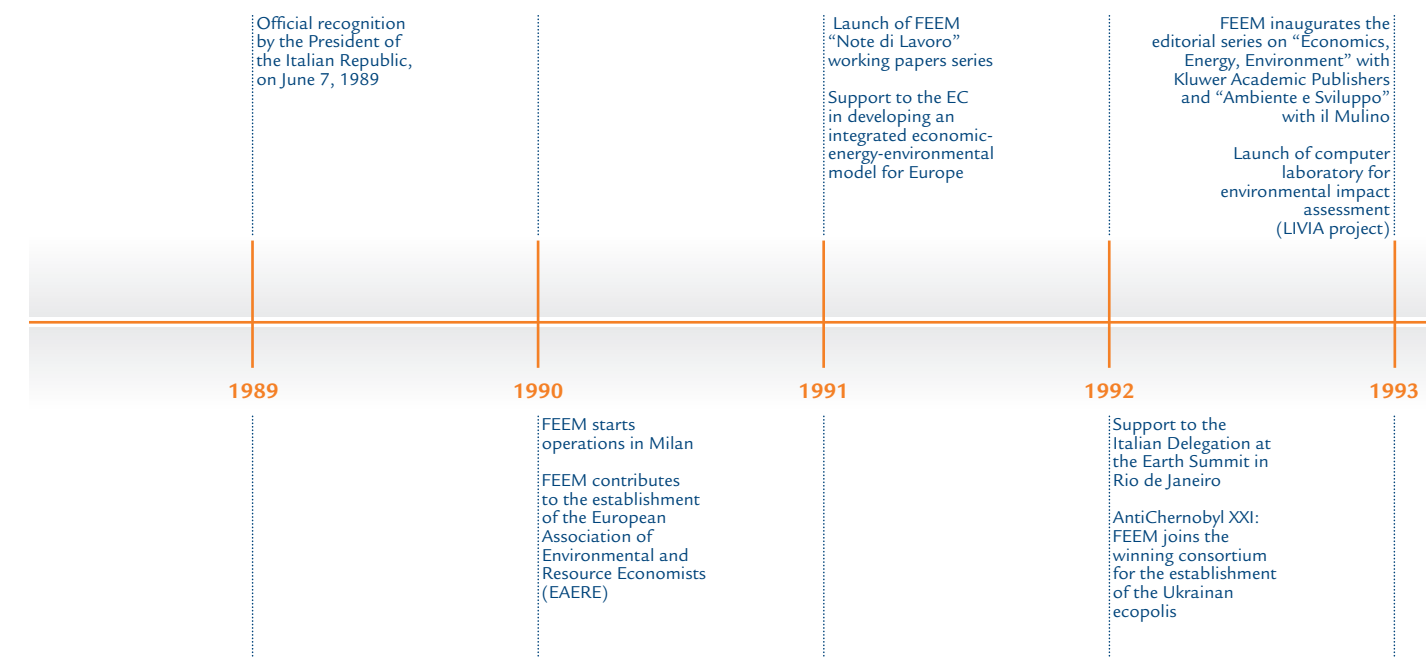
"if aimed at the establishment of a genuine scientific institution, fitting with the scope, tradition and prestige of Eni and its international profile." Institutions carefully scrutinized for benchmarking purposes were major US think-tanks such as the Brookings Institution, the American Enterprise Institute, the Institute for International Economics (now the Peterson Institute), and the then newly established London-based Centre for Economic Policy Research.

The very first board meeting, which took place in 1987, set down some landmark principles which established a reference business model for future activities. FEEM should display a strong international profile in terms of researchers involved, topics addressed, quality of output and networks. Furthermore, FEEM should not operate as a grant-making institution, but conduct independent research using its own human capital and coordinated programmes. Immediately after the official recognition, Domenico Siniscalco was appointed first FEEM executive

director. He shaped the institution for the subsequent decade.

In its long standing activity, FEEM has remained faithful to these principles for the development of several streams of research that are strongly up-to-date in spite of their age.

The relationship between the economy, energy and the environment has always been the principal focus of FEEM research activities. The numerous projects developed in-house have addressed various aspects of this symbiotic relation, elaborating the intersections between economic and technological factors, in an international and strategic context. Technology is indeed a key variable to understand the long-run dynamics of an economic system, how many resources should be deployed for the protection of natural resources, and the quantity of environmental damage inflicted by production and consumption activities.



The international and strategic dimension of environmental issues has also been thoroughly investigated. As the story of the design and implementation of the Kyoto protocol clearly shows, environmental issues are global and should be addressed within a global approach. However, the global governance of climate change has been quite ineffective up to now, due to the failure of policy coordination. In retrospect, FEEM research foreshadowed the difficulties of inking international climate agreements for strategic reasons, suggesting that issue-linkage, i.e. increasing the items in the negotiations agenda, could lead to more efficient solutions.

Sustainable economic development has also been addressed in earnest since the very beginning. The first project was launched back in 1993, at times when very limited research was carried out on this topic around the world. The initial project raised questions on the definition of sustainable development and the policies promoting it, taking into account unavoidable

uncertainties which render scientific endeavor more difficult (and fascinating). During this pioneering stage, FEEM researchers analyzed the interaction between finance and the environment and the innovative (and now widely used) instruments such as emission permits and catastrophe bonds in the context of international and intergenerational risk-sharing.

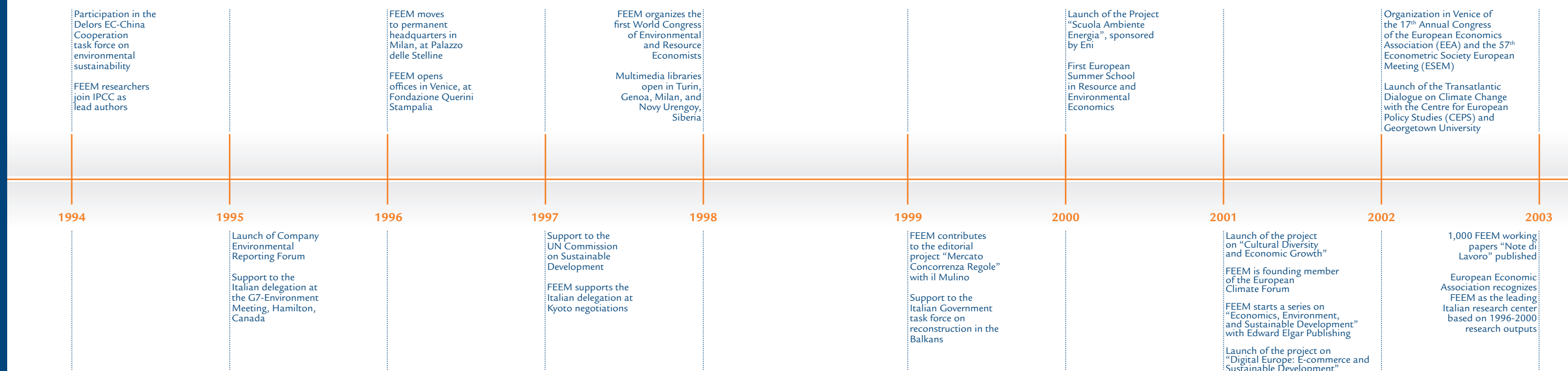
From these initial intuitions, FEEM developed several new strands of environmental research, ranging from sustainable energy to natural resource management and biodiversity, becoming one of the leading research institutes internationally in the field of climate change.

Climate change modeling and policy today is one of the key research topics of the “Sustainable Development” research programme, pivotal to the other topics addressed by the programme which cut across energy, agriculture, forestry and water. The excellent reputation gained in this field over the years has led

FEEM to contribute to the prestigious and important scientific work carried out by the IPCC (Intergovernmental Panel of Climate Change). Through the development of innovative conceptual and modeling tools for the study of the economics of climate change and the environment, FEEM research has also been able to reach the policy community, providing support in several occasions, among others, to the Italian National and Regional Governments, the UN, the European Commission and the European Environmental Agency.

Economic development has always been investigated at FEEM not only from an environmental perspective, but also taking into account other fundamental aspects, such as knowledge and human capital. Knowledge is a key input to economic activity. There cannot be sustainable development without continuous investments in skills, technology and information. Knowledge is also a peculiar commodity with several of the features of public goods: it can be consumed

collectively and property rights are difficult to define and enforce. Since 1991, FEEM has addressed the study of knowledge and human capital accumulation from an economic perspective. In 1999 FEEM launched the research programme “Knowledge, Technology and Human Capital”, specifically devoted to these issues. Since then the programme has covered several key topics such as R&D policies, education and human capital, trust and social capital, knowledge creation and diffusion, localized learning and spillovers. In 2001 the programme broadened the scope to launch a systematic investigation of the relationship between multiculturalism and economic growth with special emphasis on the dynamic gains for innovation and creativity stemming from local and global multicultural interactions. This line of policy-relevant research has recently become the backbone of the new research programme entitled “Global Challenges” tackling fundamental topics such as the emerging global urban system, the new sources of competitiveness in the global economy, and culture and diversity in capitalism.



FEEM has support-to-policy in its DNA. However, useful advice to decision makers is seldom delivered by the research community if incentives and institutional constraints are not properly taken into account. Indeed, this observation partly explains the limited success of some policy recommendations despite almost unanimous consent within the economic profession. Embracing a “political economy” approach is thus fundamentally important, and FEEM has played an important role both in promoting studies in this field, and in supporting the policy sphere in adherence to its principles. In 1994, FEEM launched a research programme entitled “The Economy, Firm and Institutions”, addressing important issues such as incentives, information and market failures, the role of lobbies and organized interests in collective decision-making, and the mechanics of self-regulation in financial markets, anticipating one of the most critical issues in the current crisis.

Within this strand of research, FEEM has developed a series of cutting-edge

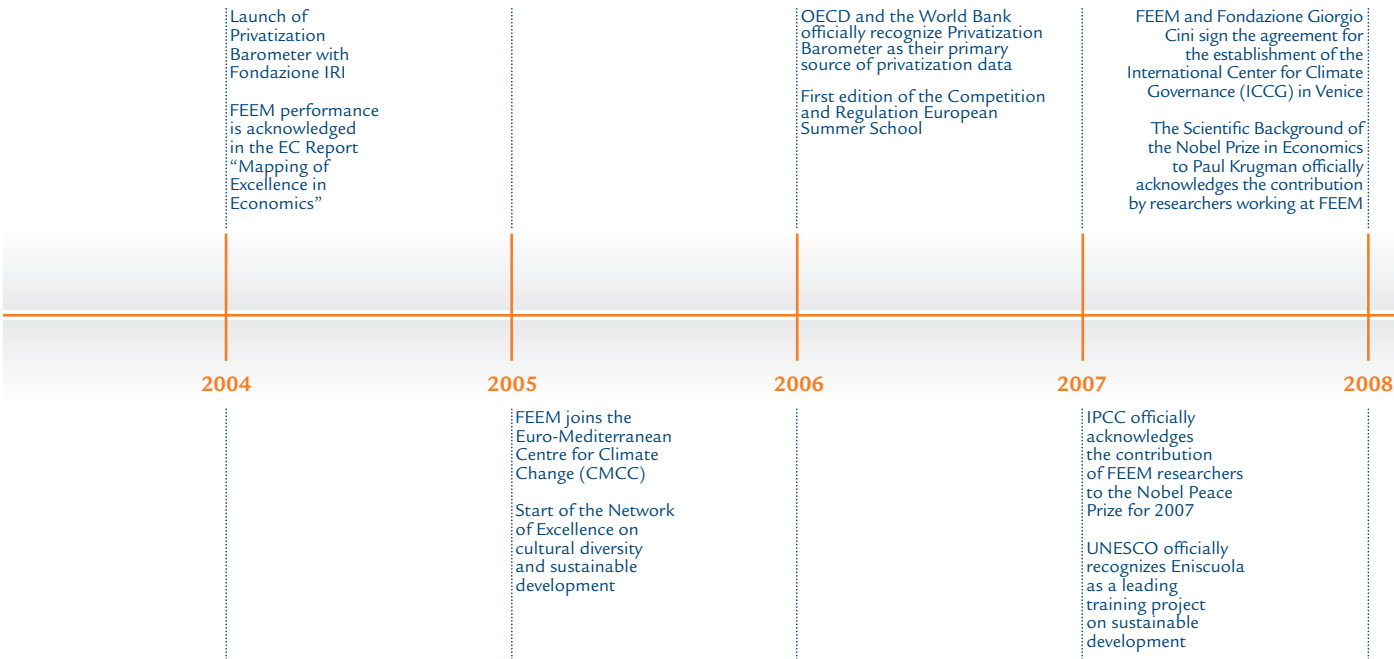
projects, which evolved and consolidated FEEM’s scientific reputation in corporate governance, privatization, and regulation. In 1996, FEEM launched with the CEPR the European Corporate Governance Network (ECGN), a concerted research project bringing together scholars and practitioners to study the complex interactions between firms and their stakeholders. Twelve years after its launch, the ECGN has grown independently to become a leading centre in Europe. Also in 1996, FEEM launched a systematic data collection on global privatization deals, and started to investigate the causes and consequences of privatization for firms, the financial system and the economy as a whole. To date, thanks to a stream of successful publications on the topic, FEEM is widely considered one of the most authoritative sources on privatization, and often sought for advice by international organizations and governments. The Privatization Barometer, a privatization portal launched in 2004, continues to attract a lot of attention from the research community, the

media and market participants. The current crisis is challenging the conventional wisdom on the role of the government in firms, with a resurgence of state capitalism in various forms, notably through the rise of sovereign wealth funds. Current research is monitoring this evolution closely and history will tell whether the State will soon re-privatize bailed-out firms, or whether a different model of capitalism, with an enhanced role of the government and regulation, is ahead of us.

The relationship between the firm and its stakeholders has also been the subject of pioneering applied research in the area of social reporting towards business sustainability. FEEM launched this topic in 1994, well before “corporate social responsibility” became one of the buzzwords in the business sphere. Indeed, information on the social impacts of business activities started to gain consideration at all levels of society, ranging from consumers turning their attention towards the indirect consequences of their purchasing decisions,

to government authorities who needed to monitor compliance with regulations, as well as the firms themselves, that had begun to recognize that “stakeholder engagement” was a good practice. In this early stage, FEEM developed path-breaking methodologies to take into account the environmental and social impact of activities in the balance sheets, and assisted several companies, starting with its founder Eni, in the drafting of innovative reports.

Current research conducted within the programme “Institutions and Markets” follows in this wake, seeking to understand the complex interactions among firms and their stakeholders, and how State intervention shapes this symbiotic relationship in a changing world.



20 ANNIVERSARY: THEY SAY ABOUT US...

Renowned scholars, high-rank officials of international organizations, and economic and political leaders in Italy and abroad have expressed their opinion about our achievements over these twenty years. This list of quotations is an invaluable reward for our efforts and a big spur to maintain our commitment to excellence.

“In twenty years FEEM has qualified as our most authoritative source of research and information on environmental and resource economics. FEEM has also built a formidable network of institutes, scholars and experts through which it can promptly deliver excellent research products on several other economic issues. Twenty years very well spent and the promise, I hope, of an equally deserving future.”

Giuliano Amato, former Italian PM

“The Fondazione Eni Enrico Mattei has played a major role in the development of environmental economics since its inception twenty years ago. The research conducted under its leadership is distinguished by both breadth and depth. It has led in theoretical studies of the nature and possibilities for international cooperation in climate change. It has also sponsored empirical studies on the myriad of individual environmental problems, their causes and the policies or their mitigation. Finally, I must mention the very important training workshops which have been very important in spreading the use of new analytic tools. FEEM is one institution which has made a very significant change in the world.”

Kenneth J. Arrow, Stanford University, Nobel Prize Laureate in Economics

“I have had the honour of association with FEEM that has lasted many years and that, I hope, will endure many more. The work of the organization has contributed effectively both to the economic welfare of society in general and to our understanding of important economic issues in particular. As a reader in advance of publication of the many manuscripts the organization has sponsored I have constantly been impressed by the high standards that have been met. Always, what has been sought are high quality, usefulness of the material provided, and addition to the available evidence that have been provided by the studies of the significant topics explored by the research. There is good reason for both specialists and the general public to be deeply grateful to the work of the organization and the illumination provided under its sponsorship.”

William Baumol, New York University

“FEEM has established itself as the premier European institution in the field of environmental and resource economics. The Foundation’s support in bringing to fruition high quality research has been staggering. Moreover, FEEM disseminates the findings most effectively. And it has done all that in 20 years. It’s a remarkable achievement.”

Partha Dasgupta, Cambridge University

“I have been formally associated with FEEM for a short time, and although I am not an economist, but only a journalist, it was a worthwhile experience. Journalism requires you to improve your in-depth understanding of economic facts, and to report them with an unbiased approach, free from creeds, false representations or ideologies. FEEM’s scientific output has helped decision makers and even economic journalists to make the right decisions or, in the worst case, make fewer mistakes. Indeed, FEEM culture has contributed to society’s new awareness of the need for sustainable development.”

Ferruccio de Bortoli, Editor in Chief, Corriere della Sera

“Sound policy decisions are both dependent on robust analysis as well as passionate political debate. FEEM has established itself as a prime location for robust analysis thereby making a valuable contribution to inform European and international environmental and energy policy. If FEEM wouldn’t exist, there would be an urgent need to invent it.”

Jos Delbeke, Deputy Director General, DG Environment, European Commission

“For twenty years, FEEM has pioneered innovation and driven excellence in economic policy research. They have made seminal contributions on the topics of state-owned enterprises, privatization, and government investment vehicles. We at Monitor Group are, therefore, delighted to have inaugurated our new partnership with FEEM to assemble the most comprehensive data on the investment activities of Sovereign Wealth Funds, which together represent an increasingly important pool of capital in the global economy. We look forward to furthering together the public dialog and academic research in this area. Congratulations on your first twenty years.”

Mark B. Fuller, Chairman, Monitor Group

“I have been acquainted with FEEM over the last years and I have strongly appreciated the rigor of the analysis, especially in the field of privatization, the independence of judgement, and the extraordinary involvement in its activities by top rank domestic and international opinion-makers. FEEM’s output is outstanding, and particularly useful when new insights and reliable facts are needed in corporate decision making.”

Gabriele Galateri, Chairman, Telecom Italia

“Democratic debate, in every country as well as in the world, has to rely on informed, independent and authoritative analysis. In Italy, Fondazione Eni Enrico Mattei is one of the very valuable institutions that fill that important role.”

Alberto Giovannini, CEO, Unifortune Sgr _____

“FEEM is well appreciated by academics, analysts and operators because it produces excellent research work in many fields of applied economics. I have grown to appreciate FEEM’s work on two domains that were the subject of my research and in which I have acquired some operational experience as well. These two domains are privatisations and related issues on the one side, the economics of energy on the other. In both fields I have found FEEM’s research work and publications of extraordinary interest, for their originality, robustness and focus. FEEM’s output associates the ability to master state-of-the-art methodologies, that is usual for first level research work, with the capacity of addressing “real world” policy relevant issues, that is unfortunately less common. I hope that FEEM continues along the same direction in the future.”

Gian Maria Gros-Pietro, Università LUISS – Guido Carli, Roma _____

“During the past twenty years, FEEM has established itself as a leader in the field of environmental and resource economics. The Foundation has remarkable accomplishments that have had genuine impact!”

Alan J. Heeger, University of California, Santa Barbara, Nobel Prize Laureate in Chemistry _____

“I have had the privilege of working with FEEM researchers since its founding 20 years ago. Over those two decades I have seen FEEM grow to become the dominate European research institution bringing economic thinking to public policy questions in the areas of energy, environment and natural resources. FEEM’s ability to bridge across disciplines and serve as a catalyst for the development of multi-disciplinary research networks is unmatched throughout the world.”

Ray Kopp, Resources for the Future _____

“Over the last twenty years FEEM has grown to become a leading institution among international research centres, fostering the exchange of knowledge and experience. A key feature of its activities is the variety of interests and research pursued. All its diverse activities, however, share a unifying inspiring principle which is fundamental today, in a world hit by a deep crisis, and for future endeavors. Such principle is the quest for social responsibility of the actors of the economic and political sphere; the appeal to be always forward looking and the warning against “pensée unique”.”

Piergaetano Marchetti, Chairman, Fondazione Corriere della Sera _____

“Energy, environmental and resource economics are closely intertwined and are at the centre of the new political economy. In two decades FEEM has become a leading institution for research, analysis and policy suggestions in these areas. The work done is based both on in house work and on the activation of a world wide network of scholarly activities.

The influence and authority acquired by FEEM make the Foundation a leading, recognized forum for analysis and action towards sustainable growth and global prosperity.”

Rainer Masera, former Italian Minister of Budget and Economic Planning _____

“The Fondazione Eni Enrico Mattei is an excellence of the city of Milan and a precious resource for its development. Its highly qualified scientific support represents a strategic asset for our territorial policies and for the identification of effective, sustainable and competitive solutions in key areas such as energy, the economy, the environment, outreach and public and private governance. We are grateful to FEEM for its important scientific contribution to the city of Milan and to our country. We will rely on its authoritative research and outstanding ability to work as a system and to suggest efficient and shared decisions for the sustainability of our future.”

Letizia Moratti, Mayor of Milan _____

“FEEM is more commonly known as a premier European institution that contributes to the welfare of our society by providing scholarly analyses and forecasts of a wide range of economic issues that span environmental and natural resource sectors.”

Daniel G. Nocera, MIT _____

“FEEM has been in existence for twenty years now, and I recall very clearly the time when this institution was established. During this time, FEEM has set a very high standard of scholarly work. In the field of energy economics this institution has done pioneering research which, I am sure, has not only been of value to Italy but to the international community. Indeed, FEEM is clearly an inspiring example for other institutions around the world. I wish the researchers of FEEM a very bright future.”

Rajendra K. Pachauri, Chairman, Intergovernmental Panel on Climate Change, Nobel Peace Price 2007_____

“The meteoric rise of the Fondazione Eni Enrico Mattei during the last twenty years is an inspiration to research organizations around the globe. FEEM’s researchers have produced a steady stream of top-flight research on important questions. Its visionary leaders made the early, and prescient, decision to emphasize environmental economics -- a field that has seen a rapid expansion in research activity and an even faster growth of policy interest. Research disseminated by FEEM is highly regarded by scholars everywhere, and FEEM has become a gathering point for conferences and research meetings that support intellectual exchange among the international community of researchers. A truly remarkable first two decades!”

James Poterba, MIT and President, National Bureau of Economic Research_____

“FEEM has been an authoritative think-tank and an important school of leadership in our country. The great achievement of people such as Franco Reviglio and Franco Bernabé, who forcefully wanted and supported FEEM, and of Domenico Siniscalco, who created and led it for many years, has been the promotion of strands of research fields which eventually strongly affected the economic and social progress of our country. I hope that FEEM will maintain its ability to “fly high”, to grow up new generations of women and men endowed with a long term vision, and to provide a meeting point for different experiences and brains.”

Alessandro Profumo, CEO, UniCredit Group_____

“In 1989, when I came back from the US, I started to get acquainted with FEEM, in the beginning as a researcher interested in its publications. In the last five years I was also involved in the Italgas Award first and in the Eni Award later. Today FEEM is one the most important European sources of research and information on environmental and resource economics and the network of institutions, scholars and experts connected with the Foundation delivers excellent research products also in other economic issues. It has done all that in 20 years. I hope that FEEM continues along the same direction in the future.”

Francesco Profumo, Rector, Politecnico di Torino_____

“FEEM is doing an excellent job in advanced research on the economics of energy and environment, in high-level training of young scholars, in the clarification of issues and dissemination of knowledge to a wide public. It is greatly contributing to establishing a tradition of strong company foundations effectively devoted to the pursuit of the public interest in Italy and in Europe, where the role of private foundations has long been relatively weak. It is influential and authoritative and it may gain further reputation by consolidating its independence with respect to any private interest.”

Pippo Ranci, Università Cattolica, Milano and European University Institute_____

“Twenty years ago as Eni president I had a dream: to build in Italy a research foundation, which was missing at the time, to produce and disseminate the wide range of analyses required to support policy makers to work out public policy decisions. The model I had in mind was the Brookings Institution, and the main areas of interest energy, the environment, the privatization challenges and other key economic topics. The Fondazione Mattei was born with this mission. Twenty years later I can express deep satisfaction for the results achieved, not only because the institution has brilliantly fulfilled its mission, but also because it has gained a general consideration among similar institutions worldwide, attracting prestigious international scholars and helping to train a large group of young Italian researchers.”

Franco Reviglio, Università di Torino_____

“During the last 20 years FEEM has established itself as a leading research center. It has sponsored important theoretical and empirical studies in its area of specialization and has disseminated the findings quite effectively. Bringing together leading scholars and organizing training workshops FEEM has made a very significant contribution to the spreading of applied research worldwide.”

Arrigo Sadun, Executive Director, International Monetary Fund_____

“Since its founding just twenty years ago, the Fondazione Eni Enrico Mattei has emerged as Europe’s leading center of enlightened scholarship and meaningful outreach in the key domain of environmental, resource, and energy economics. Its research, publications, conferences, and meetings are on a par with the best in the world, which is why FEEM is able to bring together the best scholars from around the world to work effectively with leaders from private industry, non-governmental organizations, and governments on many of the most pressing issues of the day.”

Robert N. Stavins, Harvard University_____

“Over the last twenty years, FEEM has built a strong international network and its research has left its imprint in a variety of fields, from environmental economics to industrial structures, from privatization to corporate governance. A success story for policy-oriented academic research.”

Jean Tirole, Université de Toulouse_____

GOVERNANCE AND ORGANIZATION

FEEM is an independent foundation officially recognized by the President of the Italian Republic in 1989. FEEM has been founded by Eni and 9 of its subsidiaries with an initial endowment of 13 million Euros.

The governance rules, functions and powers of FEEM bodies are set out by the Statute. FEEM is guided by a Board of Directors with complete powers for the ordinary and extraordinary administration. The Board is composed of ten members – two of whom are independent – and it is chaired by Paolo Scaroni, CEO of Eni. The Board of Directors is committed to overseeing the main activities of the Foundation, approving the annual budget and related activities.

FEEM bodies also include the Scientific Advisory Board (Comitato Scientifico), made of eight qualified experts from the scientific, academic and cultural communities and appointed by the Board of Directors. The Scientific Advisory Board provides recommendations on research activities and oversees the work in progress.

The Audit Committee (Collegio dei Revisori), in compliance with the Italian legislation, is composed of three qualified and certified accountants and its Chairman is appointed by the Italian Minister of Economic Development.

The Executive Director enacts the decisions of the Board of Directors, managing and coordinating the activities of the Foundation, including its offices and staff.



In 2007 FEEM voluntarily adopted an organizational, management and control model pursuant to Legislative Decree 231/2001, establishing a surveillance body (Organismo di Vigilanza) for its implementation and subsequent updates.

Everyday activities are organized and carried out within four main areas operated by permanent staff: (i) Administration, Finance and HR; (ii) Communication and External Relations; (iii) Research; and (iv) Special Projects.

FEEM's headquarters are located in Milan, in an aisle of Palazzo delle Stelline, a former XV Century monastery fully restored in 1998. This is where the head office, the library and the facilities for events and seminars are located, and most of the staff and residential researchers work. Since 1996 FEEM holds offices also in Venice, at Palazzo Querini Stampalia, where important research projects are carried out, as well as congresses and seminars. In 2008 a branch office was opened in Brussels to foster relations with the European Commission - one of the major funders of FEEM research - and to host researchers on ongoing financed projects. In the same year, FEEM also established the local site of Viggiano, in the Basilicata region.

Governance

Board of Directors Paolo Scaroni – Chairman Raffaella Leone Stefano Lucchini Leonardo Maugeri Alberto Meomartini Joaquín Navarro-Valls Roberto Poli Giulio Sapelli Salvatore Sardo Daniela Paola Viglione	Scientific Advisory Board Domenico Siniscalco – Chairman Geminello Alvi Carlo Carraro Ilvo Diamanti Massimo Livi Bacci Alberto Quadrio Curzio Guido Tabellini
Executive Director Bernardo Bortolotti	Audit Committee Claudio Genovese – Chairman Michele Casò Alberto Giussani
	Surveillance Body Joaquín Navarro-Valls - Chairman Luca Farinola Claudio Genovese

Organization

Administration, Finance and HR Luca Farinola – Head of Administration	
Projects and Fund-raising Office Riccardo Tarquini – Head Mariaester Cassinelli Martina Marian Valeria Papponetti	Secretarial Support and Facilities Management Sveva Caputo Nancy Elera Sonia Foschini Francesca Polatti
Research Programme Officers Monica Eberle Valeria Papponetti Laura Pellizzola	Collaborators Federica Piovesan
Accounting and Personnel Francesca Carobba Stefano Maiocchi Gabriella Olgiati Roberta Ranzini Claudia Richichi	ICT Office Luca Signorelli – Head Luisa Imperato
Planning and Budget Control Corrado Concia Linda Isola	Collaborators Carlo Busetto Paolo Gitto Emanuele Ferrari Nicola Sanavio
Communication and External Relations Valentina Milella – Head of Communication and External Relations	
Events Rita Murelli – Head of Protocol	Publications Barbara Racah – Publications Office Manager
Collaborators Montserrat Fernandez Blanco Angela Marigo Ughetta Molin Fop	Collaborators Pasquale Alferj Martina Gambaro
Special Projects Cristiano Re – Special Projects Coordinator	
Andrea Bellati	

As of May 2009

BEYOND KYOTO: POST-2012 ARCHITECTURE FOR GLOBAL CLIMATE CHANGE

On May 15-16, 2008 FEEM, together with the Harvard Project on International Climate Agreements (John F. Kennedy School of Government, Harvard University), gathered in Venice leading thinkers on international climate policy.

The workshop was structured in two days. On the first day scholars from Europe, China, India, Japan and the United States presented their research results describing more than 25 worldwide research initiatives on international climate change policy. On the second day, international leaders from business, environmental advocacy, and government, along with the assembled scientists, discussed key issues in future international climate change policies, including competitiveness in the carbon market, participation of developing countries in future climate agreements, and alternative approaches to post-Kyoto architectures.

Several interesting insights and concerns emerged in the discussion. The general perception that emissions' commitments in some countries will put companies in those countries at a competitive disadvantage is a real challenge to achieving a climate agreement. Studies on the effects of stringent mitigation policies on the competitiveness of firms are

mixed, generally showing large negative effects on energy-intensive industries. A border tax or allowance import requirement may be used to ensure that goods coming from countries without stringent emission mitigation policies do not receive an unfair competitive advantage. However, this has the potential for serious disruption to the world trading regime, and as such is highly controversial. Other options exist: competitors outside the regime could take on commitments, thus leveling the playing field. Or, within a cap-and-trade system, the government could use the allocation of allowances to mitigate the impact on highly energy-intensive firms.

Focusing on the future role of developing countries, many think that a post-2012 agreement should include a deal on when developing countries will 'graduate' to take on binding commitments. FEEM research shows that delays in accepting binding emissions targets will substantially increase the cost of mitigating climate change. Additionally, the longer the developing countries delay, the higher the costs for developed countries will be. Several approaches can be envisaged for post-Kyoto climate regimes, but the real world calls for a patchwork of varying systems, with only some countries and sectors participating at least at first, bridging the inevitable gaps through ad hoc linkages among systems, as well as agreements within energy-intensive and trade-exposed sectors.



GLOBAL ECONOMIC CRISIS: STRUCTURAL DE-GLOBALIZATION SHOCK OR CYCLICAL SLOWDOWN?



Due to the current international economic crisis, for the first time since World War II world trade flows are predicted to experience a sharp decrease in 2009, with an estimated contraction of around 10 percentage points.

This follows at least a decade in which, thanks to the impulse of globalization and the construction of international networks of production, trade, especially of intermediate products, has increased at double digits rates, much faster than the underlying world economy.

The key question nowadays is therefore to assess whether we are really experiencing a de-globalization shock, with structural changes in international value chains, or whether these recently established value chains are simply running at idle capacity. Answering such a question is clearly crucial in order to predict the timing of the recovery in the aftermath of the economic crisis. The problem is that national or international statistics on trade flows are unable to dissect the phenomenon, and thus are silent with respect to such an important policy problem. In fact, in order to provide a correct assessment of the situation, one would need to disentangle the aggregate trade flows of countries at the firm level, gathering information on the amount of imports and exports undertaken by each firm.

These micro data, such as those collected by the MICRO-DYN project* to which FEEM is currently contributing, allow one to assess whether the fall in trade flows is due to fewer firms now trading (the “extensive margin of trade”, as economists call it) or to the same trading firms reducing the volume of exchanged goods or services (the “intensive margin”). Clearly the two effects have very different consequences: a reduction of the extensive margin of trade entails a structural reduction of the breadth and scope of international value chains, and therefore a longer recovery period, with respect to the alternative scenario, in which the fall in trade flows is due to a fall in intensive margins. In the latter case, the production network (contracts, affiliates, warehouses...) is still operational, and can be quickly brought back to full capacity once demand recovers.

The evidence researchers have been able to gather, within MICRO-DYN and other related projects, points for the time being at a greater importance, but also a greater resilience, of the extensive margin vs. the intensive margin in explaining trade dynamics. In other words, for the time being the international production networks seem to withstand the pressures induced by the financial crisis, allowing firms to keep their established global structure, which is however currently running at idle capacity. Clearly, this important result may change if governments do not resist the numerous protectionist calls that are emerging across countries, in which case the recovery from the global economic crisis will last much longer than the economic business cycle would naturally justify.

**“The competitiveness of firms, regions and industries in the knowledge-based economy: What room for job-rich growth in Europe?” (MICRO-DYN), <http://www.micro-dyn.eu/>*

REDUCING EMISSIONS FROM DEFORESTATION AND FOREST DEGRADATION

On November 18, 2008 FEEM hosted in Milan a workshop on ‘Reducing emissions from deforestation and Forest Degradation’ (REDD), co-organized by FEEM and the Environmental Defense Fund, USA.

The workshop gathered eminent scientists in the field, who brought the perspective of scientific, economic and environmental research on the role played by REDD in climate change policy, providing also a market and policy perspective on REDD through a series of contributions from market actors and policy makers.

Stimulating a discussion among scientists, policy makers and civil society on such an increasingly crucial issue in climate change policies, the workshop succeeded to inform the debate on the potential contribution of REDD in future international climate agreements.

Several speakers stressed how deforestation and forest degradation are responsible for approximately 17% of global greenhouse gas (GHG) emissions. The Kyoto Protocol currently excludes avoided deforestation in developing countries as an option to stabilize GHG



emissions, but a decision on the inclusion of REDD is expected to be a key part of the overall negotiation for a future climate policy framework at the 15th COP of the UNFCCC, to be held in Copenhagen at the end of 2009. Allowing REDD credits to be used for compliance in cap-and-trade programs would not only have the potential to reduce the costs of compliance, but it could also create a strong incentive for the protection of tropical forests that would transform the dynamics for forest protection world-wide and encourage large emissions reductions in the forested developing world.

Various concerns however still exist, including the fear that REDD would serve to ‘offset’ rather than supplement actions in industrialized countries and critical economic sectors, and that the risk of low-cost mitigation opportunities through REDD could ‘flood’ the market, reducing incentives for technological innovation.

New research findings presented at the workshop however suggest that various options exist for containing this risk within a well-designed carbon market, supported also by global or regional funding mechanisms, which could provide significant immediate benefits in terms of climate change mitigation and forests preservation, globally.

LAUNCHING FEEM LECTURES: “NAKED CAPITALISM”



The world is changing fast and open-minded inquiry is needed to face the challenges ahead. The FEEM Lectures are catalysts for discovery in areas engaging the biggest questions in the social, economic, and political sphere. Some of the greatest thinkers and scholars of our time will guide the audience in uncharted territories, providing new ideas, and challenging conventional wisdom.

On December 1, 2008 Andrei Shleifer, from Harvard University, delivered the inaugural FEEM Lecture entitled “Naked Capitalism”.

Shleifer is one of the world’s most brilliant and influential economists. After obtaining his Ph.D. from MIT, he taught at Princeton and Chicago, and is professor of economics at Harvard University since 1991. In his wide scientific production, he has made fundamental contributions in various fields of economics, stretching from economic history to economic growth, and mostly financial economics. Within the area of corporate governance, Shleifer and his co-authors have developed path-breaking ideas on the functioning of the market for corporate control, on the role of insiders, large shareholders and institutional investors in the reallocation of power within the firm. More recently, Andrei’s work has gained global relevance, well beyond the academia, thanks to his numerous papers in the so-called “law and finance” literature, a stream of research that focuses on one country’s legal protection and institutional endowments to explain financial developments. Shleifer has played a particularly important role in FEEM’s research agenda, having inspired work on corporate governance and legal determinants of privatization.

In his FEEM Lecture, Shleifer has reviewed the last quarter century of economic development, as well as the causes and consequences of the financial crisis. The lecture discussed the future of capitalism, and in particular the relationship between the market and the state, asking whether the benefits of financial capitalism can be preserved while mitigating its instability.

NEW PARTNERSHIPS

FEEM strongly believes that sharing knowledge and fostering cooperation are instrumental in understanding and reacting to the challenges ahead. FEEM has been co-operating with important research institutions since the early days, but this year some new partners have been added to our distinguished list.

On November 14, 2008 a new partnership was established between FEEM and the Fondazione Giorgio Cini for the creation of the International Centre for Climate Governance (ICCG). The ICCG, located on the Island of San Giorgio Maggiore in Venice, gathers researchers in economics and political sciences exploring climate governance issues from a multidisciplinary perspective. Under this agreement, FEEM offices in Venice will also move to the Island of San Giorgio Maggiore as of 2010.

In 2008 FEEM consolidated its research activities within the Euro-Mediterranean Centre on Climate Change (CMCC), a partnership established in 2006 with the INGV (Istituto Nazionale di Geofisica e Vulcanologia) and the University of Salento, supported by the

Italian Government. Within this partnership, FEEM develops economic models that produce emissions scenarios and estimates of the socio-economic impacts of climate change at the world and regional levels, in synergy with dynamic climate models developed by other CMCC partners. In 2008 the new Supercomputing Center was installed at the CMCC headquarters in Lecce. This new facility will boost the speed and scope of FEEM research on climate change.

FEEM established an agreement with Chatham House, the London-based think tank on international affairs, to carry out joint research activities and organize a series of workshops on sovereign wealth funds, one of the emerging players of the global financial system. FEEM has also launched a joint research project with the Monitor Group, the global consulting company, aimed at the creation of the largest database on sovereign wealth funds acquisitions at the global scale.

FEEM has been invited to join as institutional member the European Economic Association (EEA), the most important network of economists in Europe. The two organizations have launched the FEEM Award, a prize conferred to the three best papers presented by young economists at the EEA Annual Meeting. The first edition of the FEEM Award will take place in August 2009 in Barcelona.



FEEM PEER REVIEW



The evaluation of the quality and impact is a fundamental process for research organizations aiming at scientific excellence. FEEM has gained a good reputation according to the codes of the international research community. However, after twenty years of activity, a formal peer review process was long overdue.

In this direction, FEEM Scientific Advisory Board recommended an independent evaluation to assess whether and how FEEM research has achieved two main objectives: (1) to generate new knowledge on sustainable development, with a specific focus on energy, environmental, and corporate governance issues; (2) to contribute to broaden awareness and understanding of these issues by bridging academia, decision makers and civil society. More particularly, the evaluation process had to assess the positioning and visibility of FEEM in the international scientific community; the topical coverage and emphasis of research; the analytic quality and reliability of the findings; the relevance of outputs for FEEM's stakeholders; the quality of networks established and of human capital involved in research; the effectiveness of outreach strategies, and finally how future activities could best serve FEEM objectives.

The Scientific Advisory Board formally appointed a panel of independent international experts – Professors Ray Kopp (Resources for the Future), Massimo Motta (University of Bologna), and Robert Stavins (Harvard University) – to assess the activities carried out between 2001-2007.

As far as publications are concerned, the panel's overall impression of the working paper series ("Note di Lavoro") was positive from both a quantitative and qualitative point of view. With an average of 100 papers per year, the series has been an important vehicle for the dissemination of the research produced and for attracting the studies of external researchers linked to the research topics of the Fondazione. The panel has also assessed the scientific impact of the researchers' publications. In the period examined, 100 articles have been published in international journals, 33 of which have been published in the top 100 economics journals ranked by impact factor. Based on these results, in its final report the evaluation panel underlined FEEM's important role in the international scientific community as far as its specific research areas are concerned. Its dissemination and training activities have been judged "impressive", and have indeed contributed to the accumulation and diffusion of knowledge on a broad range of economic, energy and environmental issues.

FEEM IN BASILICATA

In 1998, Eni and the local authorities of the Basilicata region signed an agreement for the exploitation of the oil and gas fields of Val d'Agri and Val Camastra, the largest production sites in Italy. Under this agreement, Eni committed to opening a FEEM branch in the area that would contribute to the economic and social development of the Basilicata region in cooperation with private and public local institutions.

In early 2008, FEEM opened a branch office in Viggiano, a town located in the heart of Val d'Agri in proximity to the oil deposit facility owned and managed by Eni. FEEM's mission in Basilicata is the transfer of knowledge and skills and the promotion of advanced training to create a qualified research center for sustainable development in the South of Italy. The mission is ambitious but its success would produce far-reaching consequences. Human capital and innovation are key drivers of economic development, and by leveraging on the existing networks and skills, FEEM aims at fostering a process of local endogenous growth.

In this initial year, the activities have been carried out in close cooperation with local institutions and organizations, and have been focused on three main areas: (i) research, (ii) advanced training and education, and (iii) support to policy.

Research efforts have been directed to the study of sustainable tourism as an opportunity for local development and to the analysis of the impacts of renewable energy and investment on energy efficiency in the Basilicata region.

FEEM also cooperates with local universities and institutions to foster education, training, and human capital development at various levels, by sponsoring Ph.D. grants in the field of environmental monitoring and industrial and innovation engineering at the University of Basilicata, and encouraging the involvement of graduate students in FEEM research projects.

In 2008 FEEM launched several initiatives for the dissemination of scientific knowledge among citizens and schools of all grades, and organized events and seminars for the local community and training courses targeted to tourism guides and scientific communication experts. FEEM also opened a multimedia library in Viggiano as a contribution to overcome the digital divide in the area, by giving free access to PCs and the internet, and organizing a wide range of computer courses. In a few months of activity more than 250 computer/hours were provided, involving an increasing number of young people (120 subscribers).

FEEM has supported several local institutions: the townships of Val d'Agri and Val Camastra in the promotion of the territory through communication activities; the Azienda di Promozione del Territorio in the creation of the Parco dell'Energia; ENEA and the Basilicata Region in the establishment of the Scuola Mediterranea sulle Energie; and finally the Società Energetica Lucana (SEL), by providing scientific support in the area of energy efficiency.



RESEARCH

Overview

FEEM conducts research on a wide range of economic, environmental, and energy issues. Research programmes and related activities follow the strategic guidelines stated in FEEM's mission. Ongoing research is thus rigorous, fact-based, interdisciplinary, and international in terms of the composition of research teams and topics addressed.

FEEM's research staff includes today 9 research fellows, experienced international research leaders with key responsibility in the design and implementation of projects, 94 senior and junior residential researchers working in the offices of Milan, Venice, Viggiano, and Brussels, and 21 research associates, typically affiliated to a university or to other research institutions and involved on specific projects.

In 2008 FEEM has carried out 65 projects, 39 of which financed by the European Commission or third parties. Among related activities, FEEM has organized 31 scientific conferences and workshops, 49 scientific seminars, 4 summer schools, and 12 events for the general public such as lectures, roundtables, and book presentations. Overall, these events have attracted more than 5,000 attendees.

In 2008, FEEM published 100 working papers in the "Note di Lavoro" series and 2 books. The FEEM website boasted around 600,000 single visitors and more than 1,2 million documents have been downloaded. Both figures represent all time hits in terms of outreach and visibility.





**Sustainable
Development Programme**

Sustainable development entails three fundamental spheres of our lives, namely the environment, society and the economy, which are deeply intertwined. The economic assessment of their dynamics and interactions for a sustainable future still represents a crucial challenge for research. FEEM is now at the forefront of science in this field.

Building upon two decades of successful work and widely acknowledged scientific reputation in this domain, FEEM is advancing research through the development of increasingly innovative conceptual, analytical and modeling tools. FEEM sustainable development research addresses key global challenges, such as the economics of climate change, of biodiversity, and of renewable energy, the development of valuation methods, of tools to manage water scarcity, and of strategies for international agreements. FEEM deals with these issues always exploring inter-linkages and interactions between different socio-economic and environmental systems worldwide, with the twofold goal of providing a contribution to science and policy, while informing the public debate.

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Topics

Climate change modeling and policy

Research on climate change builds upon more than fifteen years of work on this challenging issue. On the mitigation side, FEEM is positioned at the forefront of international research through the use of the in-house developed energy-economy-climate model WITCH, a regional integrated assessment hard-link hybrid model. On the impact side FEEM is currently investigating the general equilibrium effects of climate change on the world economy, through the use of ICES, a recursive-dynamic computable general equilibrium (CGE) model also developed by FEEM researchers.

Coalitions and networks for international environmental agreements

Research on the design of international environmental agreements has the goal to advance knowledge in the area of coalition and network formation applied to the environmental field. Innovative research on coalition and network formation is carried out both at the theoretical level and at the level of application within the modeling tools developed and used by FEEM researchers to analyze the energy, economy and climate systems.

Economics of biodiversity

This stream of research aims to promote a better understanding of the economic value of ecosystem services and to offer economic tools that take proper account of this value. Much of FEEM research on biodiversity is currently focused on scaling up the value of ecosystem services, with the aim to enable policy makers to incorporate the value of ecosystem into their decisions, taking into account trade-offs and conflicts in land use options, particularly with regard to scarce resources such as habitat and biodiversity stocks.

Environmental evaluation

Environmental valuation and environmental policy analysis uses both traditional and novel techniques with the aim to fill the existing methodological gaps in environmental valuation, advancing research particularly in non-market evaluation methodologies and scaling-up from the micro to the macro, in order to provide policy makers with more exhaustive tools to support their decisions.

Forestry, land-use and land cover change

Modeling exercises investigate the socio-economic and environmental effects of land-use change and of the integration of reducing emissions from deforestation and forest degradation (REDD) in the carbon market, with the aim to provide support to policies on key issues for the design of future climate agreements. Researchers are also developing and integrating models to analyze problems related to the linkages between land use issues and the development of biofuels.

International carbon markets and the financing of climate policy

International carbon market research focuses on the analysis of carbon price dynamics both in the short and long term, with the use of scenarios developed by financial and economic models. FEEM research addresses in particular the analysis of different carbon market features and their implications in setting up a future global international emissions trading mechanism.

Sustainable energy

In the broad field of sustainable energy FEEM research addresses the environmental dimension of energy consumption and production and investigates the economics of energy policies, through the use of modeling and analytical tools. FEEM research focuses in particular on the economic analysis of externalities in the energy sector, of renewable energy sources (in particular bio-energy) and of the role of innovation in energy technologies.

Sustainability indicators

This research stream at FEEM intends to enhance the use of an integrated approach to the analysis of sustainable development issues, exploiting multidisciplinary research skills. Much of FEEM research in this area investigates sustainability indicators at the regional and local levels.

Water management

Research on water management is focused on decision and policy-making processes and their relationships with research developments. In particular FEEM researchers have developed a modular framework for managing participatory processes (PP) named NetSyMoD, “Network Analysis - Creative System Modeling - Decision Support”, which has found a number of interesting applications in water management.



**Institutions
and Markets Programme**

The basic recognition underlying this research programme is that markets live on foundations laid by institutions, i.e. the broad set of formal and informal norms defining the structure of incentives of the economy and society.

The events that are reshaping the world economic and financial systems are calling into question the idea that unfettered markets are the driving force of innovation, efficiency, and sustained growth. Rather, as the current crisis has dramatically shown, when unchecked by the appropriate institutions and regulations, markets will likely degenerate to create rent-seeking, moral hazard, and social inequality. The challenge addressed by this research programme is how to create the right incentive systems and reward structures to direct competitive forces towards economic and social progress.

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Topics

Corporate governance

Companies survive in the long run only if investors can get a return on their investment. Corporate governance is the set of economic and institutional mechanisms that ensure that incentives between managers, controlling and minority shareholders are properly aligned. Current research on this topic deals with the effect of corporate governance reforms in emerging markets, and with the ownership structure of family firms.

Corporate social responsibility

The aim of the research area is monitoring the evolution of the social responsibility concept, together with the implementation of tools to integrate sustainability policies and measures within organizations and local contexts. The efforts focus on a variety of organizations mainly related to the energy, financial, and public sectors and, recently, they have been extended to not for profit and food sectors. Self-regulatory frameworks and guidelines, integrated assessment methodologies, stakeholder engagement approaches, local development models, multi-stakeholder sustainability reporting in local context are the main used tools.

Energy policy and regulation

Aim of this stream of research is to provide policy recommendations and regulatory analysis on the energy sector. FEEM covers a wide range of topics, among them the analysis of energy demand, networks regulation, sustainable regulatory models, integration of renewable energy sources (RES), demand response, analysis of short and long term energy supplies related to oil, gas and electricity in terms of reserves, resources, production potentials and transport, geopolitical issues, price formation. The approach privileges a strong collaboration with engineering and natural sciences partners and other areas covered by FEEM like climate change, international trade, state capitalism, finance and industrial organization.

Privatizations and institutions

Privatization is transfer of ownership rights from the public to the private sector. FEEM has gained a strong reputation in this topic by publishing a series of studies and books on the determinants, the methods, and the consequences of privatization at the global level, with a special focus on the institutional dimension and political economy issues.

State capitalism 2.0

The current crisis is challenging the conventional wisdom about the role of the government in firms. The resurgence of state capitalism is taking various forms, such as the rise of Sovereign Wealth Funds (SWFs), bail-outs and recapitalization of distressed firms across sectors. Current research is studying the costs and benefits of an enhanced role of the State in the economy via ownership and regulation.



Global Challenges Programme

The global economy is posing new challenges to the traditional paradigms of economic and political analysis. Research in this programme addresses first of all cultural diversity and economic growth, with special emphasis on the dynamic gains for innovation and creativity that stem from local and global multicultural interactions.

The shift from global production networks to global innovation networks calls for a new understanding of the role played by formal and informal actors at micro and macro levels. It also brings in the spotlight new emerging economies whose overshadowing growth over the EU need deeper investigation. Taking a long-term perspective, the rise of alternative models of capitalism in India, South America and in Asia, where cultural and religious dynamics shape the way economics and finance are addressed, is de facto already affecting traditional market-based economies. Research here attempts to understand whether and how fresh paradigms are likely to mark a new deal in models of capitalism.

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Topics

Competing models of capitalism

The global scenario is posing new challenges to the traditional paradigms of economic and political analysis. An international shift is underway involving the rise of “the East” and the fall of “the West” and the rising economies are proposing alternative models of capitalism. The aim of this research topic is to examine how the complexity of multicultural dynamics is affecting the economic scenario. A key issue is whether future trajectories will lead to the co-existence of several forms of capitalism or the prevalence of a relatively uniform model.

New sources of competitiveness in the global economy

The competitiveness of regions, firms and industries in the global economy crucially depends on the ways economic activities are reorganizing worldwide. The aim of this research topic is to study the evolution of Global Production Networks to Global Innovation Networks, including the role and strategies of enterprises, university research centers, governments or formal and informal institutions in order to assess the impact and implications for growth and competitiveness.

The emerging global urban system

Cities are the engines of creativity and innovation, so the urban system is the backbone of economic and social development. There is currently little understanding of the way globalization affects the fortunes of countries through its impact on the fortune of cities. The aim of this research topic is to contribute to filling this gap by devoting specific attention to the differential impact of cultural diversity and immigration on the economic life of global and local cities.

SPECIAL PROJECTS

Special Projects Coordinator, Cristiano Re

FEEM in Basilicata

Since 2008, FEEM operates in Basilicata by organizing a series of activities and initiatives in close cooperation with local governments and organizations of the region, focusing on three main areas: research, advanced training and education, and support to policy.

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Eniscuola and Schoolnet

Since 2000 FEEM supports Eni in carrying out educational projects such as Eniscuola and Schoolnet. The projects aim at providing pupils and teachers of lower-middle schools with advanced teaching support on the subject of energy and environment and at increasing the use of the Internet as a fundamental tool for learning and information.

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 Davide Gorla
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 Benedetta Palazzo
 Andrea Portaluppi
 Marco Soggetto



Eni Award scientific secretariat

Since 2003 FEEM supports Eni by coordinating the Scientific Secretariat of the Eni Award known worldwide as one of the most important scientific prizes in the energy and environment field. The Eni Award, formerly known as Italgas Prize, is promoted by Eni for the national and international scientific community involved in basic and applied research, whose goal is to develop a better use of energy sources, to promote research on the environment and to stimulate young researchers.

Eni Award assigns three main prizes: New Frontiers of Hydrocarbons; Renewable and non conventional Energy; Environment protection and two Debut in research prizes, for students that have attained their Ph.D.s at an Italian university.

In the last three editions the number of candidates increased by over 300%, going from 128 in 2007 to 435 in 2008, which shows Eni Award's great success in the scientific community.

The prize's bodies are: the Promoting Committee, the Initial Evaluation Commission; the Scientific Commission and the Innovation Commission.

People

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 Marco Bo
 Georgiana Eaton
 Laura Priori
 Chiara Reglieri
 Virginia Ruffin

PUBLICATIONS

FEEM has a broad range of publications addressed to both the academic and non academic readerships.

At present FEEM has two **Editorial Series:**

Edward Elgar Publishing, FEEM Series on “Economics, the Environment and Sustainable Development”*

Editorial Board:
Kenneth Arrow,
William Baumol,
Partha Dasgupta,
Karl-Göran Mäler,
Ignazio Musu,
Henry Tulkens,
Carlo Carraro
(Series Editor)

Recent Titles

The Economics of Small Island Tourism, by R. Shareef, S. Hoti, M. McAleer



Il Mulino, FEEM Series

Editorial Board:
Geminello Alvi,
Carlo Carraro,
Gianmarco I.P. Ottaviano,
Alberto Quadrio Curzio,
Domenico Siniscalco,
Guido Tabellini,
Bernardo Bortolotti
(Series Editor)

Recent Titles

Cambiamenti climatici e strategie di adattamento in Italia.

Una valutazione economica.,
edited by C. Carraro



FEEM circulates a series of **Working Papers** in English (FEEM “Note di Lavoro”) for a strictly academic readership and collecting the output of research in the field of economics, energy and the environment. FEEM **Note di Lavoro** are included in the Economics Research Institutes Paper Series of SSRN, Econlit, AgEcon, RePEC, ZBW, and Berkley University Press.



In 1997 FEEM started a cooperation with the publisher “Il Mulino” for the publication (in Italian) of the journal **Equilibri**, targeted to a broad audience of readers.



Editorial Board:
Bernardo Bortolotti
(Editor),
Geminello Alvi,
Carlo Carraro,
Massimo Livi Bacci,
Danilo Mainardi,
Domenico Siniscalco

New publications

In 2009, FEEM will start publishing the electronic bi-monthly newsletter **FEEM News**, providing updates and highlights on research, events and publications.



FEEM will also start publishing a series of short papers addressed to policy makers, the **FEEM Policy Briefs**, that will concisely address key scientific and policy issues, building on the results of the projects carried out within FEEM’s Research Programmes.



INTRODUCTION



Accounting for the contribution to the cultural, scientific and economic progress of the society in which one operates is an interesting exercise for companies of all stripes. For non profit organizations utilizing private and public resources in the pursuit of their mission, social reporting and accounting is an imperative.

Indeed, conventional balance sheets and financial statements are fundamental reporting tools, but they fail to disclose the actual performance of non profit institutions in terms of impact and relevance for their respective stakeholders.

FEEM has been a frontrunner in company social reporting, and has applied best practices and principles in communication to stakeholders throughout its long-standing activity. However, this year we will try to improve in this respect by resuming the publication of a fully-fledged social report since its last edition in 2000.

Given the increase in the scope and quantity of activities, a social report is fundamental to provide not only qualitative and descriptive information, but also to provide objective indicators and statistics about the overall results from the operations. We claim that the numbers provided represent clearly not only the impact of activities, but also an overall evaluation of all the inputs that contribute to our productivity. Among them, human capital is obviously fundamentally important.

The social report aims at showing that during the 2006-2008 FEEM period has operated as a responsible organization towards all its major stakeholders: (i) our people; (ii) the research community; (iii) the policy sphere; (iv) young generations; and (v) the general public.

Our People

Human capital is without doubt the most important input for FEEM’s activities. It is mainly composed of researchers, often with a post-graduate diploma, and classified in different categories according to career advancement and profile: senior researchers are defined as such when they have a Ph.D. and have performed research for at least 2 years under FEEM contracts or they have no Ph.D. but have performed research for 5 years under FEEM contracts; research associates are typically affiliated to a university or to other research institutions and involved in contingent projects; fellows are experienced international research leaders with key responsibility in the design and implementation of projects. Staff includes full time employees and non permanent staff involved in support activities for specific projects.

FEEM’s operations include a much larger number of collaborators than full time employees. This organizational mode is typical in the non profit sector and in research institutions, as it allows flexibility and reflects the high turnover rate of young researchers, typically moving to other institutions after a successful training period in FEEM.

In 2008, activities have been reorganized to focus primarily on research. The number of researchers has thus increased due to the launch of new projects, while the support staff has been substantially reduced due to the closing of the offices and activities in Turin, Genoa and Rome. In the same year, FEEM opened a branch in Viggiano in the Basilicata region and an office in Brussels.

In 2008, staff activities have been streamlined and reorganized with the creation of the FEEM staff register. Our 18 full-time employees provide secretarial support, are in charge of administrative duties and manage our communication office.

The gender audit yields a quite balanced mix in the organization, with a slight prevalence of women. Interestingly, this pattern is observed across categories, confirming the same balance by gender at FEEM among researchers, non permanent staff and employees.

FEEM People	2006	2007	2008
Total headcount	234	244	187
By categories :			
Researchers	113	115	124
<i>Junior Researchers</i>	46 (41%)	46 (40%)	49 (40%)
<i>Senior Researchers</i>	41 (36%)	41 (36%)	45 (35%)
<i>Research Associates</i>	26 (23%)	28 (24%)	21 (17%)
<i>Research Fellows</i>	-	-	9 (8%)
Collaborators	109	112	45
<i>Support activities</i>	97 (89%)	98 (88%)	30 (67%)
<i>Special projects</i>	12 (11%)	14 (13%)	15 (50%)
Full-time employees	12	17	18
By sex			
Male	107 (46%)	112 (46%)	85 (45%)
Female	127 (54%)	132 (54%)	102 (55%)
By qualification			
Diploma or undergraduates	72 (30%)	69 (28%)	25 (13%)
Graduates	169 (70%)	177 (72%)	167 (87%)
Post-graduate	86 (36%)	89 (36%)	98 (51%)
By nationality			
Italian	207 (88%)	212 (87%)	167 (89%)
Non-Italian	27 (12%)	32 (13%)	20 (11%)
Average age (years)	33	34	37

Overall the educational profile of FEEM’s people is very high: in 2008, 89% have a graduate degree, and 51% also hold a post-graduate diploma. Among researchers, 76% hold a post-graduate degree. In particular, more than a half of our researchers holds a Ph.D. in most cases obtained abroad.

FEEM Researchers	2006	2007	2008	2006-2008
	113, of which	115, of which	124, of which	352, of which
<i>Post-graduates</i>	79 (70%)	83 (72%)	94 (76%)	256 (73%)
Master	48	54	51	153
<i>of which obtained abroad</i>	21 (44%)	31 (57%)	27 (53%)	79 (52%)
Ph.D.	50	55	66	171
<i>of which obtained abroad</i>	27 (54%)	29 (53%)	34 (52%)	90 (53%)

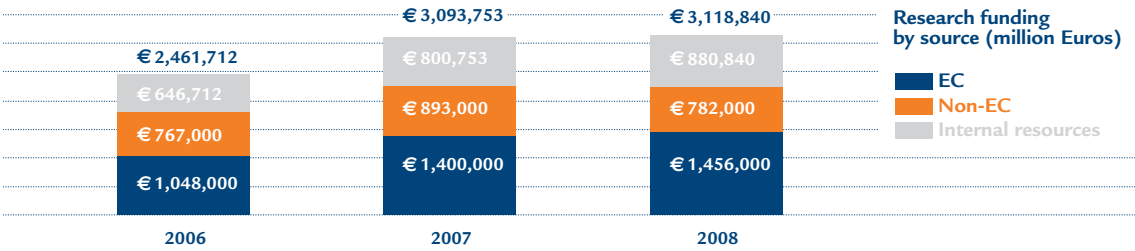
Research Community

The research community is a primary stakeholder, which FEEM targets by carrying out research projects, by publishing high quality research, by organizing scientific events and training initiatives, and by managing large international networks.

Research Projects

In 2008, FEEM has been actively working on 65 projects, 39 of which financed by third parties, and mainly by the European Commission.

Research Projects	2006	2007	2008	2006-2008
Total research projects, of which	64	62	65	191
<i>funded by the EC</i>	35 (55%)	32 (52%)	30 (46%)	97 (51%)
<i>funded by others</i>	7 (11%)	9 (15%)	9 (14%)	25 (13%)
<i>funded with own resources</i>	22 (34%)	21 (34%)	26 (40%)	69 (36%)
Average project duration (in years)	3.2	3.2	2.8	3.1



Scientific Publications

Publications are one of the most important outlets for the dissemination and certification of the scientific quality of FEEM’s research output.

FEEM has two editorial series with Edward Elgar and il Mulino for books published in English and in Italian, respectively, and it circulates a series of working papers in English (FEEM “Note di Lavoro”) targeted to the international research community.

FEEM has published a total of 1,807 “Note di Lavoro” since the publication of its first working paper in 1993. FEEM “Note di Lavoro” are downloadable from FEEM’s website since 1998, and have been gradually included in other platforms such as AgEcon, the Social Science Research Network (SSRN), RePEc, Berkeley University Press, ZBW and EconLit.

Since 2008 the “Note di Lavoro” are distributed only electronically, with substantial cost savings and unscathed impact and visibility. To give a rough but illustrative figure, in the 2006-2008 period over 3 million copies of “Note di Lavoro” have been downloaded from the FEEM website.

Publications	2006	2007	2008	2006-2008
FEEM Working paper series “Note di Lavoro”	155	105	100	360
of which				
<i>with at least one FEEM author</i>	28%	27%	30%	* 28%
<i>re-published in peer-reviewed journals</i>	28%	33%	38%	* 33%
Books	3	2	2	7
N. of downloads from the FEEM website (**)	789,522	1,126,778	1,217,423	3,133,723

* Average 2006-2008 - ** working papers

FEEM “Note di Lavoro” have been a vehicle for disseminating research produced internally, but also a media to attract external papers on topics linked with FEEM’s specific areas of research. In 2008, efforts have been directed to increase the number of papers published by FEEM authors and to improve the quality via a stricter refereeing process. Overall, this strategy allowed an increase in the impact of our research for 2008 in terms of papers published in refereed journals and downloads.

In the four-year period 2004-2007, FEEM researchers have published over 100 articles in international journals. The ‘scientific output’ of such publications has been analyzed by using as proxy the journals in which they have been published. Using the ranking of economics journals based on the impact factor in terms of citations, FEEM researchers have published 27 articles in the top 100 journals. Out of these 27 articles, three are in top-30 journals.

Conferences and Seminars for Scholars

The organization of events is a fundamental activity for FEEM, since it allows the creation and maintenance of relationships with the scientific community at the national and international level. It also generates important spillovers in terms of research opportunities that can subsequently yield outputs in the form of projects, publications and networks.

Conferences are usually large scale events on the topics of FEEM research agenda, while workshops are typically used for the discussion of “work in progress” and brainstorming sessions. Seminars are primarily given by residential researchers and aimed at cross-fertilization between the different research areas and programmes. Seminars are also open to visiting scholars and to the local research community, and widely publicized through the web.

Over the 2006-2008 period, FEEM has organized a total of 85 scientific conferences and workshops and 102 seminars, attracting 5,512 registered participants. Year 2008 witnessed a substantial boost in the organization of events and total attendance, with an increase of 21 and 34% respectively.

Conferences and Seminars for Scholars	2006	2007	2008	2006-2008
Events for the research community	41	66	80	187
of which:				
Conferences and Workshops	27 (66%)	27 (41%)	31 (39%)	85 (45%)
Seminars	14 (34%)	39 (59%)	49 (61%)	102 (55%)
Conference and Workshop attendance	1,154	1,191	1,605	3,950
Seminars attendance	278	460	824	1,562

Post-graduate Training

Young researchers are very important stakeholders for FEEM and providing advance training is thus one of the principal institutional activities. In this direction, FEEM organizes Marie Curie individual fellowships (sponsored by the EC), summer schools, and internships. Since 2000, FEEM organizes in co-operation with the EAERE and the Venice International University the “European Summer School in Environmental Economics”, attracting every year young researchers from a large number of European universities. FEEM also regularly contributes to the scientific organization of the “European Summer School and Conference in competition and regulation” (CRESSE). In 2008 FEEM co-organized overall 4 summer schools and supported 2 Individual Marie Curie Fellowships and 5 internships.

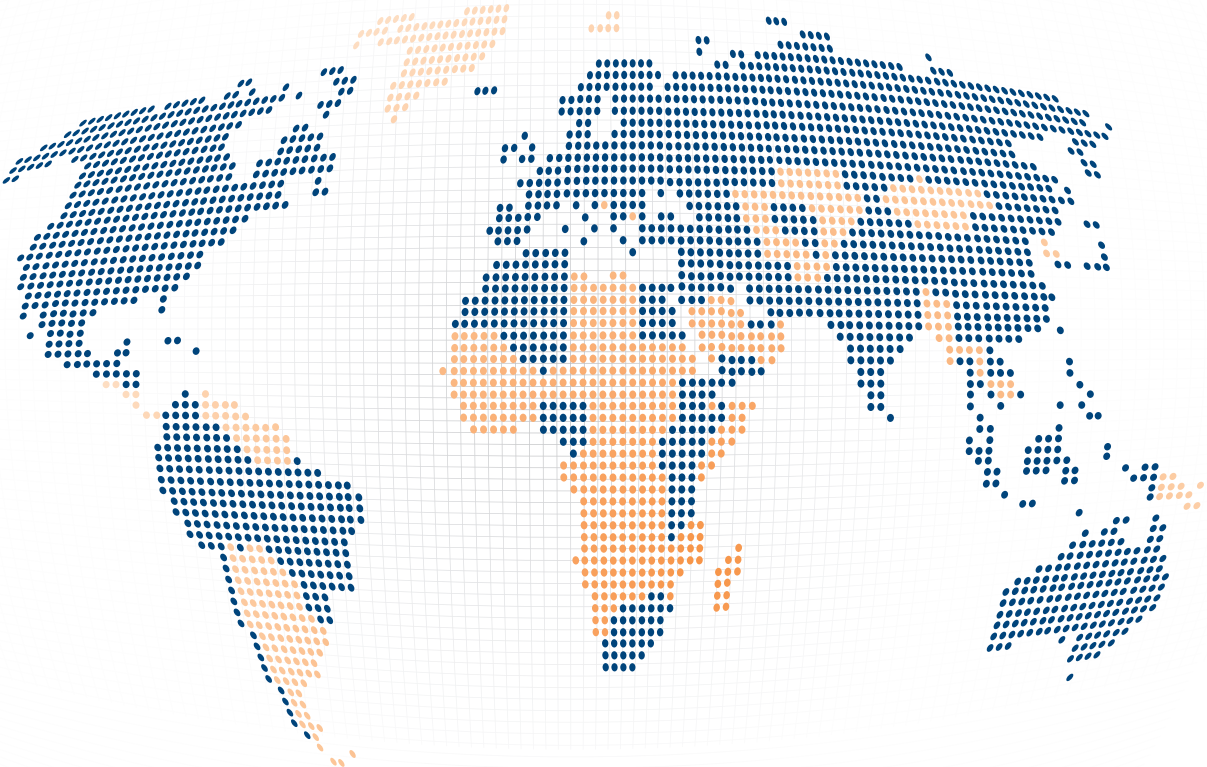
Post-graduate Training	2006	2007	2008	2006-2008
Summer Schools				
Number of Summer Schools organized	3	2	4	9
Students	90	49	123	262
Graduate researchers trained at the Fondazione				
Internships	7	2	5	14
Marie Curie Individual Fellowships	1	12	2	15

Networks

The international research network is certainly one of the most valuable FEEM’s intangible assets. Built up over the years by involving the best researchers and top research institutions on various projects, the network allows FEEM to remain acquainted with the state-of-the-art of scientific knowledge, to spread its results more widely and expose its human capital to international interaction. FEEM global footprint is quite impressive: as of 2008, FEEM is linked via joint projects, partnerships or associations with over 600 research institutions operating in 90 countries around the world.

Over the years, FEEM has contributed to the creation of a number of thematic networks and associations, such as the Coalition Theory Network (CTN), the European Association of Environment and Resources (EAERE), Biodiversity and Economics for Conservation Economists (BIOECON), Climate Policy Network (CPN), European Climate Forum (ECF), Marine Biodiversity and Ecosystem Functioning EU Network of Excellence (MarBEF). In 2008, FEEM has been invited to join as institutional member the European Economic Association.

FEEM Global Network



Albania	Egypt	Luxembourg	Slovak Republic
Algeria	Estonia	Malawi	Slovenia
Armenia	Ethiopia	Malaysia	South Africa
Australia	Finland	Malta	Spain
Austria	France	Mexico	Sri Lanka
Bangladesh	Georgia	Moldova	Sweden
Belarus	Germany	Morocco	Switzerland
Belgium	Greece	Nepal	Syria
Belize	Hong Kong	Netherlands	Taiwan
Bhutan	Hungary	New Zealand	Tanzania
Bolivia	Iceland	Nigeria	Thailand
Brazil	India	Norway	Trinidad & Tobago
Bulgaria	Indonesia	Pakistan	Tunisia
Canada	Iran	Palestine	Turkey
Chile	Ireland	Peru	Ukraine
China	Israel	Philippines	United Arab Emirates
Colombia	Italy	Poland	United Kingdom
Costa Rica	Japan	Portugal	Uruguay
Croatia	Jordan	Republic of Korea	Uzbekistan
Cyprus	Kenya	Romania	Vietnam
Czech Republic	Latvia	Russia	Yemen
Denmark	Lebanon	Serbia	
Ecuador	Lithuania	Singapore	

Policy Sphere

One of the characteristics of the Fondazione since its founding has been the provision of technical assistance to national and international institutions.

The most significant and systematic relations of 2008 have been, at the international level, with:

- United Nations: International Panel on Climate Change (IPCC)
- European Commission: Transport and Energy DG, and External Relations DG
- European Parliament
- European Environmental Agency (EEA)
- European Investment Bank (EIB)
- OECD
- World Bank
- Environmental Defense Fund (EDF, USA)
- Japanese Government
- Egyptian Ministry of Investment
- Bank of France
- Bank of Spain
- Bank of Slovenia
- Club de Madrid
- UK Department for Business Enterprise and Regulatory Reform (BERR)

At the national level, with:

- Bank of Italy
- City of Milan
- Confindustria
- Corte dei Conti
- Italian Ministry for the Environment
- Italian National Agency for the Protection of the Environment and for Technical Services (APAT)
- Local public authorities for matters pertaining to sustainable development
- Basilicata Region

In 2009 FEEM will launch a new publication explicitly targeted to policy makers: the FEEM Policy Briefs, short articles that concisely address key issues and provide rigorous and fact-based policy recommendations. The first batch of FEEM Policy Briefs will address important issues such as climate policy in cities, the reduction of emissions via deforestation, energy security, and post-crisis financial regulation.

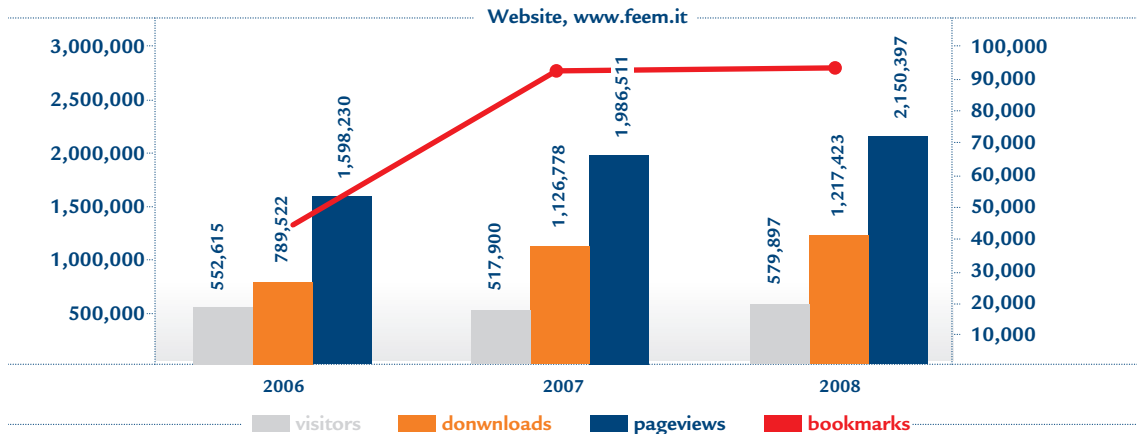
General Public

FEEM aims at fostering and encouraging a broader awareness and understanding of economic, energy and environmental issues, also within the civil society.

This objective is pursued by using a variety of communication tools and outlets, ranging from the web to non technical publications, the organization of public conferences and roundtables, and the free access to FEEM facilities such as the Library, with a view to reinforcing the commitment towards the economic and social development of the country.

In 1994 FEEM launched its institutional website for the dissemination of information on its activities and the results of its research to the research community and the general public. FEEM has made considerable efforts to ensure speed and user-friendliness through a high-speed internet connection and dedicated line on the network of the Ministry for Higher Education and Scientific Research.

Over the years figures for external access to the FEEM website have grown sharply and this is expected to continue. Moreover during 2009 the website will be completely renovated and enlarged. Since 2006 the number of visitors and pageviews has grown considerably, with more than two million pageviews in 2008. In 2008 almost 600,000 single users visited FEEM website, meaning a daily average of 1,643 users.



In 2009 FEEM will launch a new electronic bulletin, replacing the printed version of the semi-annual newsletter. The new electronic publication, entitled FEEM News, will be published bi-monthly and mailed to over 5,000 stakeholders, providing updates and highlights on research, events and publications.

Since 1997, FEEM regularly publishes the journal Equilibri with il Mulino. The journal is targeted to a broad audience of readers, and over the years it has contributed to the understanding of sustainable development, emphasizing its complex economic, social and political implications. Today, new trends are reshaping the world’s economic and political balances. In the quest for new paradigms, Equilibri will deal with these issues, keeping a constant eye on energy, the environment and future global challenges.

Publication and Events for the General Public	2006	2007	2008	2006-2008
Equilibri (N° issues)	3	3	3	9
Number of copies sold	1,067	977	1,185	3,229
Public events	4	1	12	17
Public events attendance	260	60	1,575	1,895

Besides events targeted to the scientific community, FEEM also organizes workshops, roundtables, and book presentations usually open to the general public on various issues broadly related to sustainable development. These events are often organized jointly with prestigious local institutions, such as Fondazione Corriere della Sera di Milano, Collegio di Milano and Fondazione Giorgio Cini di Venezia.

Finally, FEEM also offers free access to its facilities and in particular to its Library in Milan. FEEM Library was opened to the public in 1997. Originally established for the needs of FEEM researchers, it has been enlarged over the years and now offers a collection of relevant interest for students and scholars. In the fields of natural resource economics, the holdings of the library are among the most updated in Italy, containing a great selection of books (616), scientific journals (4,712), electronic databases (17) and statistical yearbooks (15). In 2008 only, about 300 users had open access to the stacks. The reading rooms can seat 36 people.

The general public is generally reached by media operators, representing certainly an important stakeholder for FEEM. Interest towards activities by the press has been considerable and broadly increasing.

Press Coverage	2006	2007	2008	2006-2008
N. of citations by typology				
Institutional	4	8	5	17
Studies and research projects	46	80	60	186
Events	27	27	31	85
Op-eds	3	4	5	12
Interviews	4	4	3	11
Total number of articles in national and local magazines and newspapers	84	123	104	311

In the last 3 years, FEEM activities have had a significant coverage in the traditional media, totaling overall about 311 citations or articles covering FEEM studies, research projects, events and the like. Most of the articles are published in national magazines and newspapers. One of the most successful projects in terms of media coverage has been the Privatization Barometer, which attracted about 20 % of the citations.

Young Generations

FEEM supports Eni in the organization of two educational projects for the middle school, Eniscuola and Schoolnet.

FEEM Educational Projects for the middle school - Schoolnet				
Numbers involved at middle schools:	2006	2007	2008	2006-2008
N. of schools contacted	960	1,090	1,250	3,300
N. of educational seminars and laboratories	21	28	26	75
N. of students who attended direct teaching activities	-	1,850	3,755	5,605
N. of teachers who attended direct teaching activities	340	340	410	2,580
N. of teachers and students who attended e-learning projects	10,000	10,000	10,000	30,000

Both projects are based on the Internet and multimedia technology. Learning support systems are wide-ranging (text, images, graphs and charts, film clips, games, exercises, data bases and links to other sites) and can all be downloaded by pupils in order to conduct “multimedia research” or create their own site.

The Eniscuola project is based on a website (www.eniscuola.it) daily updated with over 1,200 pages with documents, pictures, graphs, charts, experiments, games, and interviews with national and international scientists including Nobel prize winners Alan J. Heeger and Sir Harold W. Kroto as well as MIT, World Bank, Imperial College and Cambridge University researchers. In 2008 alone 6 million pages were visited by 850,000 single users.

Eniscuola carries out its educational activities in cooperation with Regional School Departments, Universities and local government institutions. The project is also actively involved in the organization of numerous scientific and cultural events.

The Eniscuola project has been acknowledged by UNESCO’s Italian National Commission and is part of the U.N.’s Decade of Education for Sustainable Development, by contributing to spread its goals and ideals.

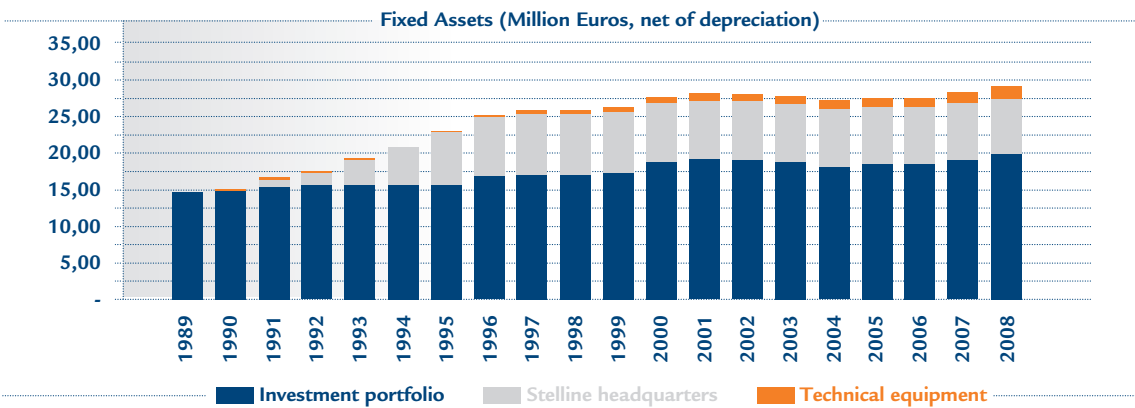
As regards the Schoolnet project, the main purpose is to encourage the exchange of ideas and information among some of the schools of the areas where Eni operates, in Italy (Secondary Schools in Val d’Agri and Val Basento), in Norway (Finnmark), Australia (Northern Territory), in the United States (Alaska) and more recently in Algeria and East Timor. Students from these areas are asked to work on projects in electronic format to introduce their territory through people’s activities, describing traditional professions and imagining new ones for the future. A website has been launched (www.schoolnet.eni.it) in January 2009.

Endowment and asset growth

A key objective for the financial sustainability of FEEM activities is the conservation of its endowment and assets over time. Over the past twenty years, the assets of FEEM have grown from the initial endowment of 13.3 million Euros in 1989 to 26.5 million Euros at year-end 2008. This increase is mainly attributable to the additional contributions from the founders, along with the inception and increase of the Studies and Research reserve fund in the early years, when receipts exceeded total costs. Returns from financial assets is another component of asset growth.

Contributions from the founders have financed the complete restructuring of FEEM's Milan headquarters at the prestigious Palazzo delle Stelline, while the Studies and Research reserve fund increased its capitalization, allowing the fund to finance extraordinary institutional activities.

The graph below shows the composition of the fixed assets of the FEEM, net of depreciation. Over the past twenty years the overall value of the investment portfolio has grown from the initial 14.7 million Euros invested in 1989 to the present 19.9 million Euros. The value of the lease on the headquarters building increased until 1998, when the restructuring was completed.



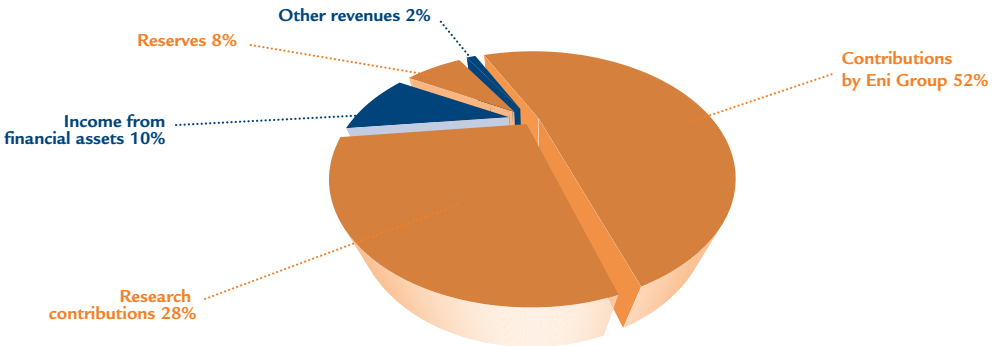
Revenues

Total revenues for 2008 amounted to 7,895,245 Euros. Contributions from Eni and from some of its subsidiaries represent the main source of funding for the annual budget, accounting for 52% of total revenues in 2008.

FEEM has developed a remarkable fundraising capability. External funding raised from third parties – mainly from the European Commission through the research framework programmes contributions, along with several domestic and international institutions – covers approximately 28% of FEEM's total revenues.

Returns from the investment portfolio and rents represent 10% of total revenues. Financial assets, managed by professional asset managers, provided an annual income of approximately 0.7 million Euros in 2008. The remaining 10% comes from the use of the reserve funds and other extraordinary items. The revenues breakdown for 2008 is shown in the graph below.

Breakdown of Revenues 2008



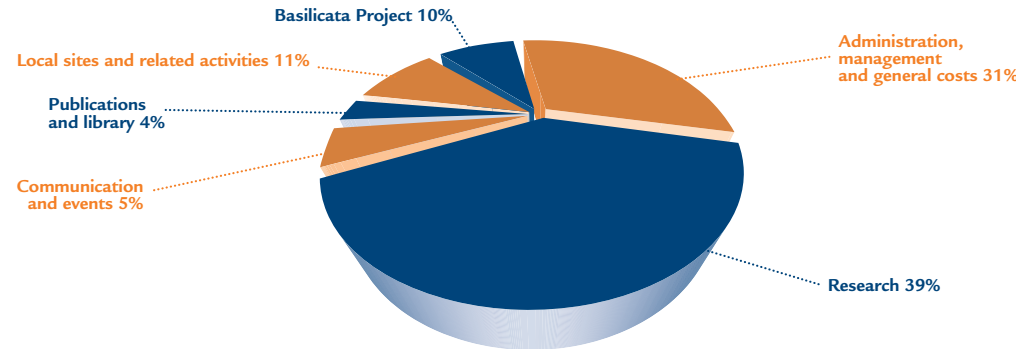
Spending

In 2008, expenditure for research and other institutional activities amounted to 5.5 million Euros (69% of the total budget), whereas administration and management expenses amounted to 2.4 million Euro (31% of the total budget).

Although FEEM's institutional activities have significantly increased in recent years, the minimization of the fixed cost component and the flexibility of the organizational structure have allowed the allocation of the largest part of the annual spending to research and related activities, such as publications, communication, and dissemination initiatives.

The graph below shows the breakdown of expenditures for administration and for research and other institutional activities in 2008.

Breakdown of Spending 2008



Financial statement
Balance sheet (Euros)

	31/12/2007	31/12/2008
FIXED ASSETS		
Tangible fixed assets	9,090,304	9,181,205
Land and buildings	7,701,330	7,617,114
Technical equipment and machines	53,663	95,462
Office equipment	50,333	58,306
Other equipment (electronic machines)	106,027	195,547
Software	119,462	74,424
Library	1,059,490	1,140,352
Financial assets	19,212,060	19,901,455
TOTAL FIXED ASSETS	28,302,364	29,082,661
CURRENT ASSETS		
Cash at bank and in hand	812,024	600,817
TOTAL CURRENT ASSET	812,024	600,817
DEFERRED CHARGES	983,621	999,376
TOTAL ASSETS	30,098,009	30,682,853
	31/12/2007	31/12/2008
LIABILITIES		
Initial endowment	13,316,553	13,316,553
Grants from Founders	9,872,421	9,872,421
Studies and research fund	3,547,141	3,331,013
Surplus	223,872	4,328
TOTAL NET LIABILITIES	26,959,987	26,524,315
DEBTS		
Suppliers	333,186	686,652
Other debts	241,202	304,132
TOTAL DEBTS	574,388	990,784
RESERVE FUNDS		
Investment portfolio fluctuation fund	655,453	755,453
Library fund	67,962	63,458
Reserve funds for future expenses	363,671	400,009
TOTAL RESERVE FUNDS	1,087,086	1,218,920
DEFERRED INCOME	1,476,547	1,948,834
TOTAL LIABILITIES	30,098,009	30,682,853

Profit and Loss Account (Euros)

	31/12/2007	31/12/2008
REVENUES		
Income from financial assets	585,735	673,857
Rents	97,418	102,000
Research contributions	2,292,036	2,238,098
Contributions from Eni Group	4,086,000	4,086,000
Other revenues	22	136,455
Reserves	-	658,835
TOTAL REVENUES	7,061,210	7,895,245
EXPENSES		
Permanent staff	467,732	474,005
Researchers and Collaborators	3,267,191	3,829,183
Statutory bodies	253,371	274,713
Travel expenses	474,655	613,517
Consumables	103,678	136,080
Services	795,782	1,093,460
Insurances	33,196	29,692
Rent and shared ownership expenses	339,042	390,890
Taxes	188,989	189,156
Reserves and devaluations	521,671	355,173
Depreciation	222,056	250,666
Other charges	169,973	254,383
TOTAL EXPENSES	6,837,337	7,890,917
Surplus	223,872	4,328

Art. 1 - Denomination

To be known as “Fondazione Eni Enrico Mattei”, hereinafter referred to as “The Foundation”. The headquarters of the Foundation are at Palazzo delle Stelline, Corso Magenta 63, Milan. Other branches or representative offices may be established in Italy and/or abroad for the management of ancillary activities or activities aimed at promoting, developing and expanding the activities of the Foundation.

Art. 2 - Aims

The Foundation exists to foster and encourage - through studies, research, training and information initiatives - a broader awareness and understanding of economic, energy and environmental issues, at both local and global levels.

In particular, the Foundation aims to:

- (a) carry out detailed research in the area of sustainable development - with particular emphasis on its environmental, economic and social aspects - within national and international development scenarios and in the context of technological innovation;
- (b) contribute with appropriate initiatives to the training of experts in fields of statutory interest to the Foundation;
- (c) study - also through international congresses and debates - problems of particular interest to the Eni Group relating to corporate governance and the planning of company research, disseminating the most recent and up-to-date knowledge and thinking. Such aims are to be pursued by the Foundation using adequate research, training and information methods and tools, with particular regard to the corporate purposes of Eni, and also with a view to reinforcing the commitment of the Eni Group to the economic and social development of the country.

Art. 3 - Ancillary and associated activities

In order to achieve its aims the Foundation may also:

- (a) award prizes, scholarships and study grants;
- (b) buy and hold property or non-fixed assets, plants, equipment and other useful or necessary materials for the execution of its activities, and to provide for their administration, management and maintenance;
- (c) effect banking and financial operations, as well as request subsidies, contributions and loans;
- (d) establish companies, buy or sell equity stakes or other interests in companies or bodies, also of a commercial nature.

The results of studies and research carried out by the Foundation will be made available, in the first instance, to the Eni Group.

Art. 4 - Assets

The assets of the Foundation consist of:

- a) founders' legacy;
- b) donations from third parties;
- c) property and other fixed and non-fixed assets;

d) income designated by Board resolution to increase the assets;

e) equity holdings and other interests.

Art. 5 - Revenues

The Foundation's revenues consist of:

- a) income from assets as at art. 4;
- b) donations.

Art. 6 - Corporate Boards

The Corporate Boards of the Foundation are as follows:

- a) a Board of Directors;
- b) a Chairman;
- c) a Scientific Advisory Board;
- d) an Audit Committee.

Art. 7 - The Board of Directors

The Board of Directors is nominated by Eni S.p.A. and it comprises a minimum of 5 (five) and a maximum of 11 (eleven) members who will have a mandate of three financial years.

The Board of Directors is chaired by the Chairman of the Foundation, or in his absence or impediment by the most senior, by age, of the board members.

The mandates for board members may be renewed and expire when the budget of the third financial year is approved provided that, by that date, the Board of Directors has been reconstituted.

Should a board member resign, Eni S.p.A. is entitled to make the substitution. The mandate of members thus appointed will expire at the same time as the rest of the board in office at the time of such nomination.

Art. 8 - Callings and quorum

A meeting of the Board of Directors may be called by the Chairman or, in his absence, by the most senior, by age, director.

The Chairman or, in his absence, the senior director, may also call a meeting when requested in writing by a majority of the directors.

A meeting of the Board of Directors must be called at least twice per year, before the end of November to approve the budget for the coming year and before the end of April to approve the annual report for the preceding year. Callings must be communicated by registered mail, sent at least 10 days prior to the date fixed for the meeting. In the case of an emergency meeting, communication may be made by telegram or fax at least three days before the date fixed for the meeting. The calling must include details of the place, day and time of the meeting, as well as the agenda. Meetings of the Board of Directors will take place at the Foundation's headquarters or in such a place as indicated by the calling letter. Meetings may also make use of videoconferencing facilities, provided that all participants can be identified and can participate in the proceedings and intervene in real time during discussions. In this case, the meeting of Board of Directors will be deemed to have been held in the place where the Chairman and

Secretary are physically present. The quorum of a meeting of the Board of Directors is reached when a majority of members are present and resolutions may be passed by a majority of those present. The Chairman has a casting vote. Resolutions concerning modifications to the statute, the transformation or closure of the Foundation, must be approved by four fifths of the members in office. The validity of such resolutions is dependent on the approval of the relevant government authority. Written minutes for meetings of the Board of Directors must be signed by the Chairman and the Secretary.

Art. 9 - Roles and powers

The Board of Directors has complete powers for the ordinary and extraordinary administration of the Foundation. In particular:

- a) the nomination of a Chairman from among its number;
- b) the approval of the annual budget (preliminary) and report (definitive);
- c) the approval of an annual programme of activities, in line with the purposes of the Foundation, as presented by the Scientific Advisory Board;
- d) the identification of actions to be taken in support of such programmes;
- e) the nomination of the Chairman and other members of the Scientific Advisory Board;
- f) the nomination of the Director of the Foundation and, if appropriate, a Deputy Director;
- g) the delegation, if appropriate, of some of these powers to the Chairman, the Director of the Foundation and, if appointed, the Deputy Director;
- h) the Board may, if appropriate, ask the Scientific Advisory Board to express an opinion on matters of pertinence to the Board's powers.

Art. 10 - The Chairman

The Chairman of the Foundation calls and chairs meetings of the Board of Directors and is the legal representative of the Foundation. In cases of emergency, the Chairman may adopt the powers of the Board of Directors, provided that any action thus taken is ratified by a successive meeting of the Board. The Chairman may nominate proxies for the administrative tasks delegated by the Board.

Art. 11 - The Scientific Advisory Board

The Scientific Advisory Board is to be made up of eight members, one of whom to be elected Chairman, selected from among qualified national and international experts from scientific, academic and cultural worlds with particular attention being paid to their professional background and experience.

The Chairman and members of the Scientific Advisory Board have a mandate of three years and may be re-elected.

The Chairman of the Foundation will attend meetings

of the Scientific Advisory Board or a Board member expressly delegated by the Chairman.

Within the limits established by the Board of Directors and in the context of the programmes proposed, the Scientific Advisory Board will:

- a) give its opinion on the annual programme outlined by the Board of Directors and ensure its implementation;
 - b) develop proposals for the Foundation's research and study activities;
 - c) provide considered opinions on questions put to it by the Board of Directors;
 - d) propose the nomination of individual project leaders to the Director of the Foundation;
 - e) verify work in progress and produce regular reports for the Board of Directors.
- Meetings of the Scientific Advisory Board will be called by its Chairman and resolutions passed by simple majority.

Art. 12 - The Director

The Director of the Foundation will:

- a) act as Secretary at meetings of the Board of Directors and the Scientific Advisory Board;
- b) enact the decisions of the Board of Directors;
- c) manage and co-ordinate the activities of the Foundation, including its offices and personnel;
- d) nominate project leaders for individual research or study projects following proposals made by the Scientific Advisory Board.

Art. 13 - Financial year and reporting

The financial year begins on January 1 and ends on December 31 of each year. With the exception of legal obligations, the distribution of profits, management surpluses, funds or reserves is not permitted during the life of the Foundation.

Art. 14 - The Audit Committee

The Audit Committee will comprise three acting members and two substitutes. Members of this Committee will be qualified and certified accountants, and will be nominated as follows:

- a) one acting and one substitute auditor by the Minister of Industry and Trade, to also act as Chairman of the Audit Committee;
 - b) other nominations to be made by Eni S.p.A.
- Auditors will remain in office for a period of three years and may be re-elected.

Should one of the members resign, replacement will be made by the nominating body. The mandate of members thus appointed will consequently expire at the same time as the rest of the board in office at the time of such a nomination.

Art. 15 - Closure of the Foundation

Should the Foundation be closed, residual assets will be devolved to the public good, as per current legislation.

FEEM WORKING PAPERS, 2008

FEEM “Note di Lavoro”, 2008

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- 100.2008**____ Fanny Henriët and Stéphane Hallegatte: [Assessing the Consequences of Natural Disasters on Production Networks: a Disaggregated Approach](#)

EVENTS, 2008

Main Conferences and Workshops, 2008

13th Coalition Theory Network Workshop: Integration and Cooperation in Socio Economic and Environmental Networks and Coalitions
[Venice, January 24-25](#)

Workshop on Emission Scenarios
[Milan, February 11](#)

Downscaling delle simulazioni climatiche globali alla regione del Mediterraneo
[Milan, February 12](#)

A New Environmental Accounting Framework Using Externality Data and Input-Output Tools for Policy Analysis
[Venice, February 21-22](#)

Modelling Technology Oriented RD&D Strategic Cooperation For CC Mitigation: Methodological Issues And Alternative Policy Scenarios
[Venice, March 17-18](#)

Turismo nelle aree protette, una questione di sostenibilità
[Milan, March 28](#)

Workshop on Methodological Developments in Measuring External Costs
[Bath, May 14-16](#)

Post-2012 International Policy Architecture for Global Climate Change
[Venice, May 15-16](#)

2nd General Meeting of the Euro-Mediterranean Centre for Climate Change
[Gallipoli, June 11-12](#)

Thematic Conference on Environmental Policy Integration at global level; Environmental Policy Integration and multi-level governance
[Stockholm, June 12-13](#)

Corporate Social Responsibility 3rd Conference: the potential of CSR to drive integration in an enlarged EU
[Nottingham, June 18-19](#)

EAERE 16th Annual Conference
[Gothenburg, June 25-28](#)

The End of Privatization?
[Milan, June 26](#)

International Symposium on Sustainable Development and Diversity
[San Sebastian, July 1-3](#)

Third International Conference on Competition and Regulation. Competition Policy: Procedures, Institutions, IPRs
[Athens, July 4-5](#)

Technical Workshop: The Joint Study on China's Energy Policies and Measures and their International Comparison
[Milan, July 28](#)

Diversity in Cities: New Models of Governance (EURODIV Project)
[Rome, September 16-17](#)

Conference on Effectiveness and Efficiency of Biodiversity Conservation Instruments
[Cambridge, September 28](#)

Social Costs of Electricity Generation and Policy Design
[Milan, September 30](#)

FEEM-NEAA Workshop on Climate Policy
[Bilthoven, October 7](#)

OECD International Conference on Competitive Cities and Climate Change
[Milan, October 9-10](#)

ACE Workshop on Antitrust and Regulation
[Milan, October 17-18](#)

Reducing Emissions From Deforestation And Forest Degradation - REDD
[Milan, November 18](#)

FEEM Lecture on “Naked Capitalism”, by Andrei Shleifer
[Milan, December 1](#)

FEEM and Chatham House Conference: Everything Changes: Nationalisation, State Intervention and the SWFs in the Post-crisis Financial World
[London, December 3](#)

Workshop on Socio-Economic Drivers of Climate Change
[Venice, December 11-12](#)

Il bilancio delle imprese sociali: indicazioni per il not for profit
[Milan, December 18](#)

Seminars, 2008

Banking Permits: Economic Efficiency and Distributional Effects
[Milan, January 15](#)

Combining Top-Down and Bottom-Up in Energy Policy Analysis: A Decomposition Approach
[Milan, January 23](#)

How to Measure Scope Variables when no Metrics Exist: Application to Landscape Quality Measurement and Hedonic Price Evaluation
[Milan, January 29](#)

Protocollo di Kyoto e politiche di riduzione: tutto sbagliato, tutto da rifare?
[Milan, January 29](#)

North Adriatic Seaports (Ravenna, Venice, Trieste, Koper): Problems and Opportunities for Future Development
[Venice, January 31](#)

Invasive Species Management in the Mediterranean Basin During an Era of Rapid Climate Change
[Venice, February 13](#)

Turismo ed aree protette
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Influence of the Teleconnections on the Extreme Climatic Events in Romania
[Venice, March 4](#)

The Preferences of Trieste Inhabitants for the Re-use of the Old Port: a Conjoint Choice Experiment
[Venice, March 10](#)

External and Private Costs of Electricity Production (CASES Project)
[Venice, March 11](#)

On the Curse of Oil: a Political Economy Analysis of the Rent-Seeking Theory
[Milan, March 25](#)

Capital Malleability and the Macroeconomic Costs of Climate Policy
[Venice, April 15](#)

Impacts of Climate Change and Biodiversity Effects: Evidence from a Worldwide Meta-analysis on Forest Ecosystem Values
[Venice, April 16](#)

An Application of The Precautionary Principle under Ambiguity: the Impact of the MOSE System on Harbour Activities in the Venice Lagoon
[Venice, April 18](#)

Optimal Procedures for Competition Policy
[Venice, April 21](#)

Average Cost Based Power Contracts can Mitigate Carbon Leakage
[Milan, April 23](#)

Economic Analysis on the Embodied Technological Spillover Via International Trade in China within the GTAP Framework
[Venice, April 29](#)

Kyoto-Lombardia - Un modello del sistema energetico regionale
[Milan, May 6](#)

Climate Change: Voluntary Public Goods Provision, Coalition Formation and Uncertainty
[Venice, May 20](#)

On International Equity Weights and National Decision Making on CC
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Climate Change Feedbacks on Economic Growth: Explorations with a Dynamic General Equilibrium
[Venice, May 29](#)

Seminar on “European Institute of Technology”
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Issues in AGE Modelling for Climate Change Analyses: Water, Land Use Change and Agriculture
[Venice, June 3](#)

Looking beyond Copenhagen: Growth, Energy and Climate Change in a Low Carbon Future
[Venice, June 16](#)

Optimal Education and R&D Policy to Control Climate Change
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The Drivers of China's CO2 Emissions from 1980 to 2030
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Assessing the Impacts of Biodiversity on Tourism Flows: a Case Study from Ireland
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An Environmental Economics Outlook of the Climate Change Impacts of Forest Ecosystem Goods and Services Biodiversity on Human Wellbeing: Results from a MEA Application to Europe
[Venice, July 23](#)

Security of Energy Considering Its Uncertainty, Risk and Economic Implication
[Milan, September 3](#)

Climate Change and International Trade: from the Perspective of International Technology Diffusion
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Cooperation on Climate-Change Mitigation
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Gas Security in Europe
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Trade Activities, Firms and Productivity
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Hotelling: Effects of Improved Renewable Energy Technology on Greenhouse Gas Emissions
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Using ICES for Policy Assessment: the 20-20-20 Target
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Municipal Capitalism: Some Working Hypotheses
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Modelling for Global Virtual Water Analysis
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The Looting of Nations: Instability and the Resource Curse
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Optimal Tax and Subsidies for Mitigation Policy
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The Nontradable Share Reform in the Chinese Stock Market
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Creating Markets for Ecosystem Services
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Drinking Water as a Human Right versus Market Commodity: where this debate came from and where it is going
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Estimating Ricardian Functions from Panel Data
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Inheritance Law & Investment in Family Firms
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On the Political Complementarity between Globalization and Technology Adoption
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History of Climate between Myth and Reality
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Toward Biodiversity Conservation, Sustainable Use and Benefit-Sharing in Latin America and the Caribbean (BIOLAC Project)
[Venice, December 16](#)

Economic Valuation of Forest Ecosystem Services: Methodology and Monetary Estimates
[Milan, December 17](#)

The Economics of Innovation in Energy-Efficient Fossil Fuel Technologies: Empirical Evidence
[Paris, December 17](#)

Summer Schools, 2008

Summer School on Climate Extremes
[Lecce, January 21-25](#)

Competition and Regulation European Summer School and Conference (CRESSE)
[Athens, July 4-5](#)

European Summer School in Resource and Environmental Economics “Space in Unified Models of Economy and Ecology”
[Venice, July 6-12](#)

Summer school on Monitoring Sustainable Tourism
[Asinara, August 31- September 5](#)

Events for General Public, 2008

Book presentation: “Alla ricerca di sette meraviglie”, by Viviano Domenici
[Milan, April 3](#)

Roundtable co-organized with Fondazione Corriere della Sera “Chi ha paura dei Fondi Sovrani?”
[Milan, April 10](#)

Book presentation: “Con tutta l’energia possibile”, by Leonardo Maugeri
[Milan, April 17](#)

Il rapporto tra attività antropica e ambiente tra sensazionalismo e verità, Fiera Internazionale del libro di Torino
[Turin, May 8](#)

Book presentation: “Energia per l’industria in Italia”, by Antonio Cardinale e Alessandro Verdelli
[Milan, May 26](#)

Book presentation: “Il rebus energetico”, by Alberto Clò
[Milan, June 5](#)

Round table coorganized with Collegio di Milano: “Quale clima ci attende? Scenari futuri tra catastrofismo e negazionismo”
[Milan, June 6](#)

Round table “Dalle privatizzazioni al nuovo capitalismo di stato: le sfide future”
[Milan, June 26](#)

Round table “Comunicare la scienza”
[Turin, September 26](#)

Storia del Clima tra mito e realtà
[Milan, November 13](#)

Etica e comunicazione
[Milan, November 13](#)

Book presentation: “Non sprecare” by Antonio Galdo
[Milan, December 11](#)

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