

## Summary of the assessment of the Italian recovery and resilience plan

Grants: EUR 68 880 513 747, loans: EUR 122 601 810 400

190 measures: 58 reforms and 132 investments divided into 16 components

Number of milestones and targets: 525

Climate target: 37.5%

Digital target: 25.1%

### 1. Summary of the Commission's assessment of the recovery and resilience plan

Criterion	Commission assessment	Rating A-C
2.1	<p>Structured around six missions, the plan presents to a large extent a <b>comprehensive and adequately balanced response to the economic and social situation</b>, thereby contributing appropriately to all six pillars referred to in Article 3 of the RRF Regulation</p> <p>As regards <b>green transition</b>, the plan includes a number of measures related to energy efficiency, in particular through a scheme for building renovations as well as direct investments to improve the energy efficiency of public buildings. The plan also includes measures boosting the production of clean hydrogen, increasing the share of renewables in transport and heating, in particular through the development of bio-methane, reducing greenhouse gas (GHG) emissions from transport through investments in sustainable urban mobility, including e-mobility and supporting modal shift in air and maritime transport. The plan also supports Italy's climate adaptation efforts, as well as seismic resilience and the quality of infrastructures and it addresses the existing challenges on circular economy and waste management, water supply and wastewater management and biodiversity protection. Reforms, such as to facilitate the authorisation of renewable power production, are also included to support the green transition.</p> <p>Reforms and investments on <b>digital transformation</b> contribute to address digital skills development, with measures aimed at improving the basic digital skills of the general population, increasing the offer of training on advanced digital skills, and upskilling and reskilling of the workforce (including public sector employees). The measures in the plan focus especially on the digital transformation of the public administration and justice system, the strengthening of the health care system through digital technologies, the modernisation of businesses through the uptake of advanced technologies (Transition 4.0) and on fostering gigabit connectivity across the country.</p> <p>To sustain <b>smart and inclusive growth</b>, the plan provides for reforms and investments aimed at increasing the capacity of the country to attract investments and to create new businesses and jobs through removing barriers to entry in a variety of strategic sectors, reducing the time needed to start a business, awarding contracts in local public services based on a more competitive process, reducing late payments (arrears) by the public administrations, simplifying public procurement rules, reforming the public administration, the justice system and the insolvency proceedings to achieve the required efficiency. Small- and Medium-sized Enterprises (SMEs) will significantly benefit from the measures contained in the plan. Measures for the development of digital skills are to some extent part of the 'Transition 4.0' measure, including the tax credit for 'Training 4.0', which will provide an opportunity for SMEs to increase their digital capacities. The increase in the</p>	A

	<p>level of SMEs' technological capabilities will also be achieved through enhanced knowledge-sharing (e.g. through Digital Innovation Hubs). The plan pays due consideration to the importance of boosting research, development and innovation activities. Finally, the plan includes measures to increase the efficiency and fairness of the labour market and to contribute to the European Pillar of Social Rights.</p> <p>Further, targeted interventions are designed to strengthen <b>social cohesion</b> by strengthening Active Labour Market Policies, with a special focus on vulnerable groups of the population who face more difficulties entering the labour market. It also aims to enhance the provision of public services and social housing opportunities for the low-income groups and also to disadvantaged groups with specific projects for instance for people with disabilities, for youth and for the non-self-sufficient elderly.</p> <p>The plan also aims to <b>reduce territorial disparities</b>. It allocates at least 40% of investments with a specific territorial destination to Southern regions. In particular, it contributes to addressing the infrastructural gap and it aims at enhancing the productivity and competitiveness of lagging regions in broadband, high-speed railways and regional lines, waste, water and wastewater management infrastructure, ports and "last mile" connections in the Special Economic Zones.</p> <p>Moreover, the plan includes investments and reforms aimed at improving the <b>health, and economic, social and institutional resilience</b>. In the area of healthcare, the plan includes measures aimed at increasing the resilience of the healthcare system, by strengthening its coverage, adequacy, and sustainability also in view of the increasing demand for healthcare related to the ageing population. The comprehensive reforms concerning sectors of the public sector will increase the effectiveness and efficiency of the institutions. Particularly, the public administration is expected to be more effective and responsive to firms and citizens thanks to reform of the recruitment system, significant investment in digitalisation, strengthened administrative capacity, especially at local level, and simplification of procedures. The length of civil and criminal proceedings is expected to be reduced thanks to gains in the justice system efficiency.</p> <p>Concerning policies for the <b>next generation</b>, the plan includes investments and reforms to boost the quality of education (and hence of human capital) supporting equal education opportunities across the country, significantly reducing regional disparities in terms of schooling infrastructure and educational outcomes.</p>	
2.2	<p>The plan is expected to <b>address a significant subset of the relevant country-specific recommendations</b> (CSRs) both in 2019 and 2020. The reforms and investments envisaged are ambitious and have the potential to structurally tackle long-standing challenges of the economy. Key challenges for the Italian economy highlighted by the CSRs include the complex and inefficient tax system, the inefficiencies of the labour market, characterised by high unemployment and low women's participation. Challenges persist in human capital formation, with weak educational outcomes and limited adult learning. The public administration remains ineffective and suffers from weak administrative capacity, particularly at local level. The plan includes relevant fiscal-structural reforms that are expected to contribute to the sustainability of public finances. The plan includes a set of reforms and investments in the health sector aimed at ensuring greater resilience of the healthcare service. It also includes measures contributing to increase the efficiency and fairness of the labour market. Reforms and investments to improve the educational outcomes and to boost upskilling and reskilling, particularly in view of the twin transition are also envisaged by the plan. Significant investments coupled with sectoral reforms aim to support research and innovation and the quality of infrastructure.</p>	A

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	<p>Relevant investments are also envisaged to boost digital infrastructure and improve its quality. Moreover, the plan rolls out ambitious investments on renewables, clean and efficient energy, sustainable public transport, waste and water management. The plan includes a set of reforms and investments to increase the effectiveness of the public administration, particularly by improving the management of public employment, reducing red tape, and strengthening the administrative capacity, especially at local level. If all these investments and reforms will be properly and swiftly adopted and implemented, the country-specific recommendations on public administration could be substantially addressed. Reforms and investments are also envisaged to increase the efficiency of the justice system. Lastly, the plan envisages substantial reforms to improve the overall business environment. Overall, the Italian NRRP is expected to have a significant impact on the economy.</p>	
2.3	<p>The plan focuses on growth-enhancing reforms and investments that target long-standing vulnerabilities and structural deficiencies. The additional GDP growth induced by the plan is estimated to be substantial and further spurred by spillover effects fostering <b>economic growth and jobs</b>. The plan has the potential to trigger sizeable employment effects and increase labour force participation, especially of women. Digitalisation and the ecological transition are expected to generate the largest growth effects, followed by investment in education and research. The plan presents a comprehensive set of measures to address labour market deficiencies and to improve social and territorial cohesion while contributing to the European Pillar of Social Rights by improving several labour market and social indicators. Throughout the plan, there are a number of measures that are expected to contribute to addressing the country's challenges in the area of gender equality and equal opportunities for all. Several measures and components aim to reduce the country's vulnerabilities and to increase its capacity to absorb shocks.</p> <p>The overall increase in GDP is projected in the range between 1,5% and 2,5% by 2026 without considering the possible positive impact of structural reforms, which can be substantial.</p>	A
2.4	<p>Italy has conducted an assessment for each measure indicating that the principle of “<b>do no significant harm</b>” is followed. Based on the information provided by the Italian authorities, no measure included in the plan is expected to do significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852.</p>	A
2.5	<p>The Recovery and Resilience Facility will allow Italy to accelerate <b>progress towards the 2030 energy and climate objectives</b> as enshrined in its national energy and climate plan (NECP) and national long-term strategy. The plan is fairly ambitious when it comes to renovations for energy efficiency purposes. The objective of the Superbonus to achieve 190 ktoe/year of energy savings from the residential sector will contribute to around 6% of the total 2030 target for the energy savings contribution from the tax deduction measures in the residential sector estimated in the Italian NECP. The plan envisages also to update and strengthen the National Fund for Energy Efficiency and to accelerate the implementation phase of projects financed by the PREPAC programme. Finally, despite the significant investment, substantial amounts of additional public funding will be needed to mobilise the total volume of investments necessary to deliver on the objective of the national energy and climate plan, in particular once the Superbonus will expire in December 2022. The plan also envisages reforms to increase competition in electricity and gas markets. Important investments are envisaged to promote renewables for energy communities and jointly acting renewables self-consumers, as well as to develop offshore power production. Moreover, Italy intends to use the Facility</p>	A

	<p>to boost the production of clean hydrogen and meet 2% energy demand thanks to hydrogen and to install 5 GW of electrolysis capacity by 2030. The plan supports Italy's efforts to increase its share of renewables in transport and heating, in particular through the development of bio-methane. Italy will be conducting a certain number of reforms to facilitate the authorisation of renewable power production and to reform the award of hydropower concessions. Furthermore, electricity infrastructure is recognised as an important element in the clean energy transition in the recovery and resilience plan. The recovery and resilience plan contributes to Italy achieving its 2030 target of 33% GHG emissions reduction compared to 2005 for sectors under the Effort Sharing Regulation (ESR), including transport, agriculture, waste and buildings. The plan envisages important investments in sustainable urban mobility, including e-mobility, and at boosting railway infrastructure to support modal shift so contributing also to improve air quality. The plan also envisages investments to reduce GHG emissions in air and maritime transport. To reduce GHG emissions from agriculture, Italy plans to develop investment in bio-methane, renewable energy in farms, precision farming and to enhanced logistics for agri-food supply chains. The plan also supports Italy's climate adaptation efforts, as well as seismic resilience and the quality of infrastructure. Italy is taking advantage of the Recovery and Resilience Facility to address the existing challenges in waste management. Mission 2 Component 4 also contains some measures aiming to support biodiversity protection.</p> <p>Overall, the measures supporting the climate change objectives account for 37.5% of the Italian plan's total allocation.</p>	
2.6	<p>The <b>digital transition</b> is widespread across the various missions of the plan. The main mission concerning digitalisation supports measures aiming at enhancing connectivity, improving the digitalisation of public administration and businesses. For the public administration, the plan provides for advanced digital infrastructures, fostering the uptake of cloud solutions and strengthening cybersecurity, rationalising and harmonising the public administration's data centers, ensuring interoperability of public administration's databases in view of the implementation of the "Once Only Principle" and the accessibility of data through a catalogue of Application Programming Interfaces (APIs). Measures also aim at improving the availability, efficiency and accessibility of all digital public services, tackling the digital divide and strengthening citizens' digital skills. Specific measures in the justice system aim at strengthening the administrative and digital capacity of the judicial offices, also in view of further supporting the digitalization of judicial procedures. Measures are also included related to digitalization, innovation and competitiveness of the production system supporting the digital transition and the innovation of the production system through incentives to investments in cutting-edge and 4.0 technologies, research, development and innovation. Some measures are aimed at fostering and facilitating the widespread deployment of very high capacity networks, including 5G and fiber, and space-related initiatives and promoting the development of innovative production chains and increase the competitiveness of Italian companies. The development of a national plan for the digitisation of cultural heritage, a digital identity certification system for cultural heritage, cloud infrastructure, software infrastructure services for cultural heritage, a tourist digital hub, as well as capacity building for culture operators to manage the digital transition, are also included. In the area of education, the plan envisages investment in Schools 4.0, the investment on digital teaching and on training on the digital transformation for school staff as well as the measure on teaching and advanced university skills. The plan also provides for the establishment of a fund for the construction of an integrated system of research and innovation infrastructures and the measure related to the partnerships</p>	A

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	<p>extended to universities, research centres, companies and funding of basic research projects. In the area of healthcare, investments are aimed at strengthening the technological infrastructure and the tools for data collection, data processing, data analysis and simulation at central level of the Italian health system for improved efficiency in planning and deployment of healthcare services. The investment 'homecare as a first point of assistance for citizens' under component M6C1 also contributes significantly to the achievement of the digital target. Measures relevant for digitalization are also spread in other missions such as Mission 3 on 'Infrastructure for sustainable mobility', Mission 5 on 'Inclusion and cohesion' and Mission 2 on 'Green revolution and ecological transition'</p> <p>Together, the measures supporting the digital transition objectives account for 25.1% of the Italian plan's total allocation.</p>	
2.7	<p>The implementation of the plan is expected to bring about a <b>lasting significant impact</b> to Italy. The reform and investment agenda will be managed through a two-staged approach. The initial focus will be on streamlining administrative processes and other urgent measures, to be adopted before 2022, to prevent process bottlenecks from impeding investment activity and the full and timely absorption of RRF funding going forward. The second pillar concerns the implementation of key structural reforms, which will be ensured through the adoption of primary and secondary legislation in the period after 2022. The impact of both types of reforms is expected to far outlast the implementation phase of the plan</p>	A
2.8	<p>The set of <b>milestones and targets</b> of the Italian plan is broad and is appropriate for monitoring the plan's implementation. Italy has designated 16 components. The plan includes a total of 525 milestones and targets. The milestones and targets are sufficiently clear, ambitious and realistic. Their indicators are relevant, acceptable and robust.</p>	A
2.9	<p>A detailed breakdown of the <b>cost per measure</b> was provided. The justification provided by Italy on the amount of the estimated total costs of the recovery and resilience plan is to a medium extent reasonable, plausible, in line with the principle of cost-efficiency and is commensurate to the expected national economic and social impact.</p>	B
2.10	<p>The <b>control and audit system</b> developed by the Italian authorities is coherently designed to meet the RRF requirements. Overall, the solutions identified are adequate to effectively manage the complexity of the plan taking into account the additional arrangements envisaged by the time of the submission of the first payment request.</p>	A
2.11	<p>The plan achieves a high degree of <b>coherence</b> among its components. In addition, reforms and investments included in each component are mutually reinforcing and complement each other with a good balance of reforms and investments, and significant synergies are expected between the different components.</p>	A

## 2. Horizontal principles and additionality

Horizontal principle	Commission assessment
<b>Complementarity with EU programmes 2021-2027</b>	The measures in the plan are consistent with and complementary to other EU programmes in the period 2021-2027.
<b>Principle of additionality</b>	The measures in the plan respect the principles of additionality. The plan ensures the additionality of the support provided under the Recovery and Resilience Facility to the support provided under other Union funds and programmes and also ensures that they do not cover

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	the same cost.
<b>Recurring costs</b>	Some of the investment projects are expected to create recurrent cost, due to the nature of the investment, but these cases are limited in number and duly justified and well explained.

### 3. Reply to the European Parliament's questions

**Contribution to equality and gender equality:** The plan describes how the measures are expected to contribute to overcoming the national challenges identified in terms of gender equality but also in terms of equal opportunities for some groups. This is in particular the case for younger persons, but it also concerns other groups in situation of vulnerability, such as older people and persons with disabilities. Some envisaged actions mainly focus on gender equality (women's enterprises and the gender equality certification system) and on young people, (the dual apprenticeship system and the universal civil service). In order to facilitate labour market participation of women, the plan aims at investing in nurseries, preschool and early childhood education and care services, and includes tailored measures in the areas of entrepreneurship and skills development. To gear the implementation of the plan towards its equality objectives, the Italian authorities have introduced anticipating mechanisms, such as equality-driven criteria in calls for tenders and made the funding of projects conditional on the recruitment of young people and women.

**Contribution to high-quality employment creation:** The plan includes a wide set of measures that contribute to economic growth and increasing employment. These include measures to address the low productivity of Italian firms, such as actions to simplify the business environment, ease doing business, and promote the digitalisation of small and medium sized firms.

**Contribution to the implementation of the European Pillar of Social Rights:** The plan submitted by Italy addresses a multitude of employment and social challenges relevant for the implementation of the Pillar. To improve labour market dynamics and working conditions, Italy plans to enhance ALMPs by investing in the capacity of the Public Employment Services (PES) and strengthening the dual system of initial vocational education and training (VET). The plan includes milestones and targets on undeclared work, which together with investment from the national budget and the other EU fund, would contribute to step forward the 2019 CSR. To increase women labour market participation, the RRP includes investments in early childhood education and care, the creation of women's enterprises and the introduction of a "National gender equality certification system" for enterprises. To foster equal opportunities and access to the labour market, the plan includes a new strategy for lifelong learning and a modernisation of the upskilling and reskilling system. Measures include adopting a National plan for New Skills that would define essential levels of vocational training and supporting upskilling and reskilling of workers, unemployed and workers in transition, including both young people and adults. Even though additional efforts are needed, this reform could help increase the percentage of individuals with basic or above basic digital skills, which is one of the lowest in the EU (42% vs. 56% EU-wide in 2019). Dedicated investments are planned to address employment and social challenges in the South and the areas struck by earthquakes.

**Addressing regional disparities:** The plan also aims to reduce territorial disparities. It allocates at least 40% of investment with a specific territorial destination to Southern regions (. In particular, it contributes to addressing the infrastructural gap and it aims at enhancing the productivity and competitiveness of lagging regions in broadband, high-speed railways and regional lines, waste, water and wastewater management infrastructure, ports and "last mile" connections in the Special Economic Zones. In addition, the plan includes interventions to improve access to basic services in rural and remote areas, and a set of interventions to address urban degradation, including investment for

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tackling education poverty and the enhancement of assets confiscated from organised crime. The plan also pays particular attention to the less developed regions in a set of measures aimed at tackling education poverty, strengthening social services and tackling important problems in deprived urban areas.

**Contribution to upward economic and social convergence:** A broad set of growth-enhancing measures are expected to deliver growth, thereby reducing economic disparities. These include measures to support the digitalization of small and medium sized enterprises, the reforms of justice and of the public administration, including the wide simplification agenda and the reforms related to business environment. Active labour market policies, investments in human capital are also pertinent. Measures to increase energy efficiency and the energy performance of the building sector also aim to enhance economic growth and promote social resilience.

**Contribution to CSRs on taxation and anti-money laundering:** Reforms to enhance the tax administration and securing tax collection capacity are also envisaged while the reform of criminal proceedings contributes to fight against corruption.

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## Annex

Table 1: Illustration of the plan's contribution to the six policy pillars

	Green transition	Digital transformation	Smart, sustainable, inclusive growth	Social & territorial cohesion	Health, economic, social and institutional resilience	Policies for next generation
M1C1	○	●	●	●	●	●
M1C2	○	●	●		●	○
M1C3	○	○	●		●	
M2C1	●	○	●	●		
M2C2	●	○	●	○		
M2C3	●		●	●	○	
M2C4	●	○	●	●		
M3C1	●	●	●	●	●	
M3C2	○	○	●		●	
M4C1	●	●	●	●		●
M4C2	●	●	●			●
M5C1		●	●	●	●	●
M5C2	○	○	●	●	●	
M5C3	○		●	●	●	●
M6C1	○	○		●	●	
M6C2	○	●	○	●	●	

Key: “●” investments and reforms of the component significantly contribute to the pillar; “○” the component partially contributes to the pillar



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Table 2: Mapping of country challenges identified in 2019-20 country-specific recommendations and the Greek RRP components<sup>1</sup>

Country challenges	Associated CSR (2019-2020) and European Semester recomm.	Component 1- Digitalization of the Public Administration	Component 2- Digitalization, Innovation and Competitiveness of the Production System	Component 3- Tourism and Culture 4.0	Component 4- Circular economy, agri-food and green transition	Component 5- Energy transition and sustainable mobility	Component 6 - Energy efficiency and requalification of buildings	Component 7- Territorial planning and water resources	Component 8- Sustainable transport infrastructure	Component 9- Intermodality and integrated logistics	Component 10- Education: from nurseries to universities	Component 11- From research to business	Component 12- Employment policy	Component 13- Social infrastructures, families, communities and third sector	Component 14- Special interventions for territorial cohesion	Component 15- Proximity networks, facilities and telemedicine for territorial healthcare assistance	Component 16 - Innovation, research and digitalisation of national healthcare service
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<sup>1</sup> The recommendations related to the immediate fiscal policy response to the pandemic can be considered as falling outside the scope of Greece's RRP, notwithstanding the fact that Member State has generally responded adequately and sufficiently to the immediate need to support the economy through fiscal means in 2020 and 2021, in line with the provisions of the General Escape Clause.

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<b>Public finances and taxation</b>	2019.1; 2020.1.1.	●															
<b>Labour market and social policies</b>	2019.2.1; 2019.2.2; 2019.2.3; 2020.2.1; 2020.2.2; 2020.2.3.									○		●	●	○			
<b>Education and skills</b>	2019.2.4 2020.2.4	○	○							●		●		○			
<b>Healthcare</b>	2020.1.2; 2020.1.3.													○	●	●	
<b>Research and innovation</b>	2019.3.1; 2020.3.1; 2020.3.2; 2020.3.5.		●							○	●						
<b>Digital infrastructure</b>	2019.3.1; 2020.3.1; 2020.3.2; 2020.3.1.8.	●	●	○							○				○	○	
<b>Energy, resources and climate change</b>	2019.3.1; 2020.3.1; 2020.3.2; 2020.3.4; 2020.3.7 ;			○	●	●	●	●									
<b>Transport</b>	2019.3.1; 2020.3.1; 2020.3.2; 2020.3.6.					●			●	●				●			
<b>Business environment and competition</b>	2019.3.3; 2020.3.2	●	●	○	○	○	○		○	○		○		○			
<b>Public administration</b>	2019.3.2; 2020.4.2	●															
<b>Justice system and anti-corruption</b>	2019.4.1; 2019.4.2;	●															

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<b>framework</b>	2020.4.1																
<b>Financial markets and access to finance</b>	2019.5.1; 2019.5.2		○														

Key: “●” investments and reforms of the component significantly address the challenge; “○” the component partially addresses the challenge