



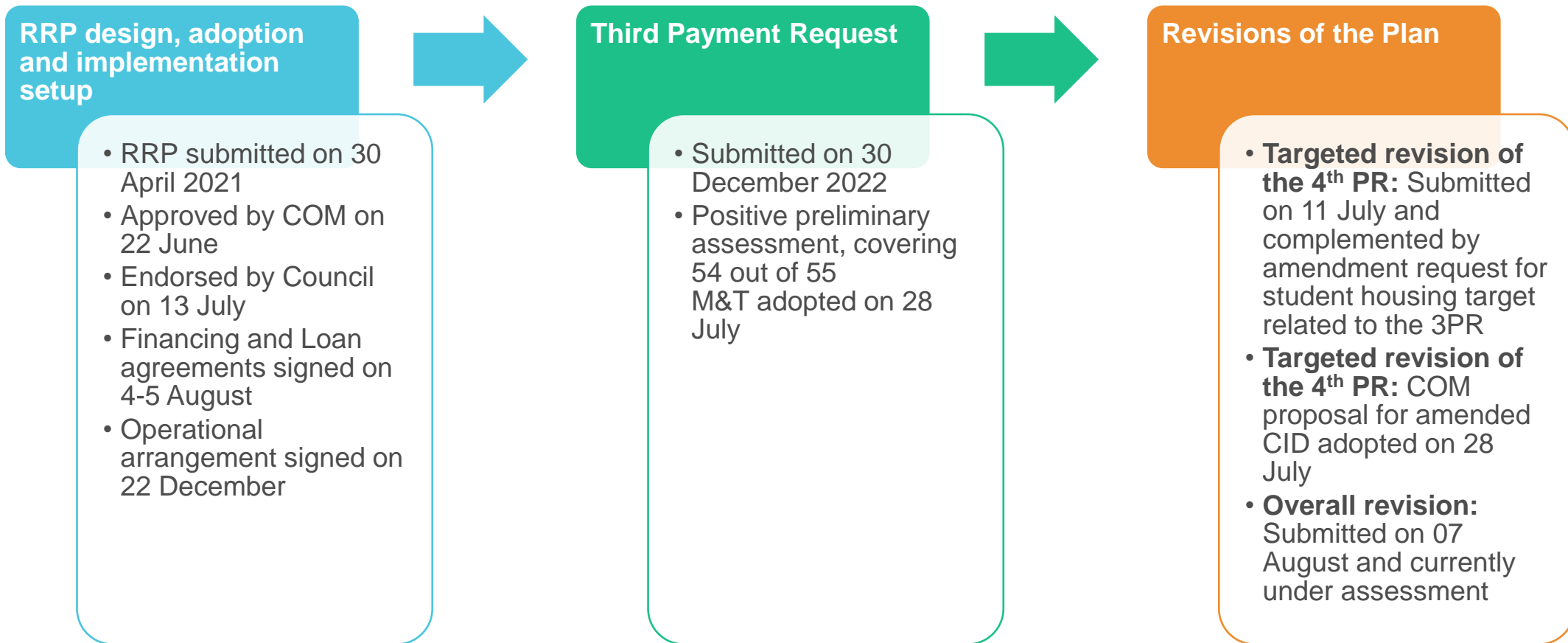
RRF 3rd payment request - ITALY

Draft Commission Implementing Decision



EFC – 11/09/2023

Timeline of Italy's RRP implementation



Italy's third payment request

Overview

	Investments	Reforms	Total
Milestones	20	19	39
Targets	12	4	16
Total	32	23	55

- The **third** instalment envisaged 39 milestones and 16 targets (EUR 19 bn net of pre-financing, of which EUR 10 bn grants and EUR 9 bn loans)
- Positive assessment of **54 out of 55 milestones and targets**, with one target (M4C1-28 – student housing) not covered by the assessment, and the amount of the loan disbursement adjusted to EUR 8.5 bn
- 8 targets requiring **sampling**; for 1 target evidence for **full population** checked (M5C2-7 – autonomy patterns for people with disabilities)
- **Audit & control:** Italy fulfilled its commitments made under the 1st payment request (interoperability of databases, checks on beneficiaries)

Key measures

Key Reforms:

- **Annual Competition Law and related measures** (M1C2-6/7/8 Reform in the sectors of local public services, energy, transport, waste, antitrust enforcement, starting a business, market surveillance)
- Follow-up measures on **justice and public administration** (M1C1-36/57 Entry into force of delegated acts for justice and of administrative procedures for the simplification) as well as **targets linked to tax administration reform**
- **Education** (M4C1-5/6 Set of reforms to improve the education outcomes in primary and secondary education and the quality training system for school; M4C1-29 New legislation on student housing)
- **Labour market** (M5C1-2/8 Fight against undeclared work and follow up measures on the reform of public employment services)

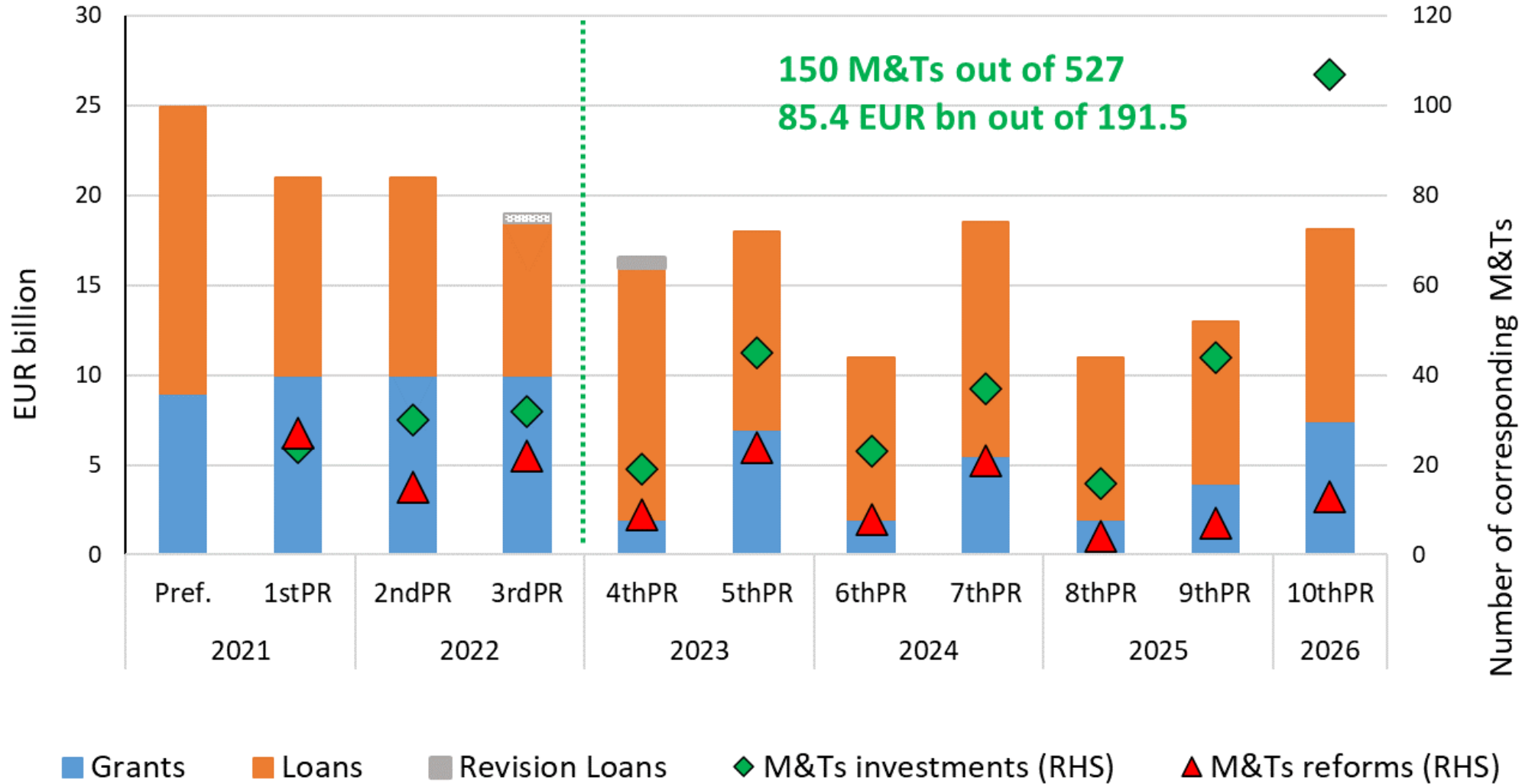
Key Investments :

- **Digital transition** (M1C1-3-9 Digital platform for the public administration and cybersecurity)
- **Green Transition** (M2C1-8 Smart grids; M2C3-9 District heating networks; M3C1-3/8 High speed railways and green ports)
- **Research & innovation and education** (M4C2-1 Funding projects for young researchers)

One target not assessed and methodology for the suspension

- Target M4C1-28, requiring that “*At least 7 500 additional sleeping accommodation units (beds) are created and assigned through law 338/2000, as revised by 31 December 2021*”, **has not been assessed** in the context of the 3PR. Due to objective circumstances, IT requested to replace the target with a milestone to be included in the 4PR. The milestone relates to the awards of initial contracts for the creation of the student beds.
- As COM is not in a position to conclude that M4C1-28 is satisfactory fulfilled, COM has proceeded with a **payment suspension of about 519.5 million**.
- As per the adopted methodology, the unit value for the target was derived by dividing the loan made available to Italy in the Council Implementing Decision (EUR 122.6 bn) by the number of milestones and targets in that Decision (236 for loan support) = **EUR 519.5 mln**
- A **coefficient of 1** was applied for the target as the related investment accounts for more than 0.1% of the loan support, but less than 10%
- **No upward adjustment** of the corrected unit value was applied for the target as the investment was not considered by the Commission to be of major importance to justify any of the ratings underpinning the positive assessment of the RRP

The third disbursement would bring the total amount disbursed to date to EUR 85.4 bn (44.6% of total grants and loans)



Thank you

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Resilience (22 milestones and 8 targets*)

Education and labour market

- M4C1-5 Reforms of primary and secondary education
- M4C1-29 Reform of student housing regulation
- M5C1-2 Reform of ALMPs - regional plans in force; first 300 000 beneficiaries of GOL programme
- M5C1-6 investment in PES
- M5C1-8 Reform to fight undeclared work

Public administration and justice

- M1C1-57: last step of simplification reform of administrative procedures for RRP implementation
- M1C1-34: Recruitment procedures for the office of trial for civil and criminal Courts
- M1C1-35 Reform of Tax courts to make tax justice more effective, also through the professionalisation of tax judges
- M1C1-36 Further implementation to the civil and criminal justice reforms and the insolvency framework reform

Competition

- Local public services: increased use of competitive tenders, more monitoring and enforcement
- Hydropower concessions and gas distribution: strengthened open competitive procedure obligations
- Ports: clear and transparent criteria, competitive tendering, conditions for duration of concessions
- Electricity markets: phase out regulated prices
- E-mobility, rail, waste made more competitive
- Reform of national merger control rules and market surveillance
- Starting a business: simplification of procedures
- Water: integration of water services

Public finances

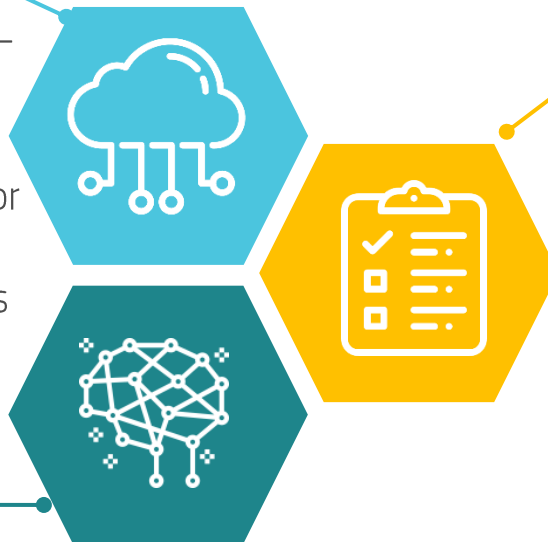
- Spending reviews: strengthening ex post evaluation
- Tax administration: fostering early communications to taxpayers at risk, improving their precision and increasing revenues.



Digital transition (12 milestones and 5 targets*)

Cybersecurity

- M1C1-5 Creation of the National Cybersecurity Agency, M1C1-6 Initial deployment of cybersecurity services, M1C1-7 Start-up of the network of cybersecurity screening and certification laboratories, M1C1-8 Activation of a Central Audit Unit for PSNC & NIS security measures, M1C1-9 Support to the upgrade of security structures T1



Digital public services

- M1C1-3 Completion of the 'Polo Strategico Nazionale'
- M1C1-4 National Digital Data Platform operational
- M1C1-10 Entry into force of the setup of Transformation Team and NewCo
- M1C1-123 INPS - "One click by design" services/contents T1
- M1C1-124 INPS Employees with improved ICT skills T1

Digitisation of Healthcare

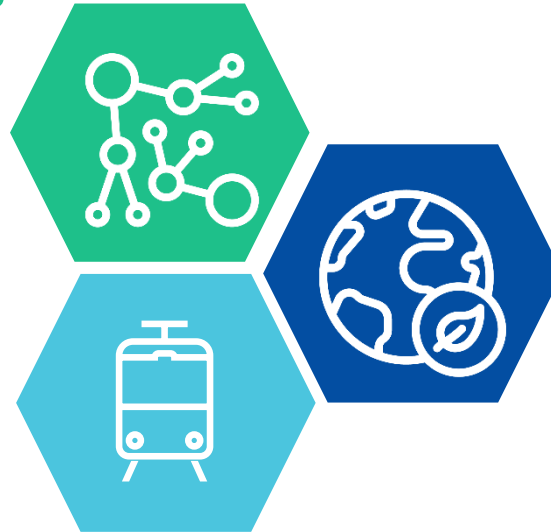
- M6C2-7 Digital update of hospitals' technological equipment

*Taking into account the measures associated to the relevant RRF Pillar either as primary or secondary

Green transition (10 milestones and 5 targets*)

Energy Efficiency and Renewables

- M2C3-9 award of contracts to promote efficient district heating
- M2C1-4: Agri-solar park
- M2C2-8: Strengthening smart grids



Railways and ports

- M3C1-3: High-speed line Naples-Bari
- M3C1-12: Roll out of ERTMS railway signalling
- M3C2-8: awards of contracts for green ports projects for 8 Port System Authorities
- M3C2-4: Reform for the simplification of the authorisation process for cold ironing projects

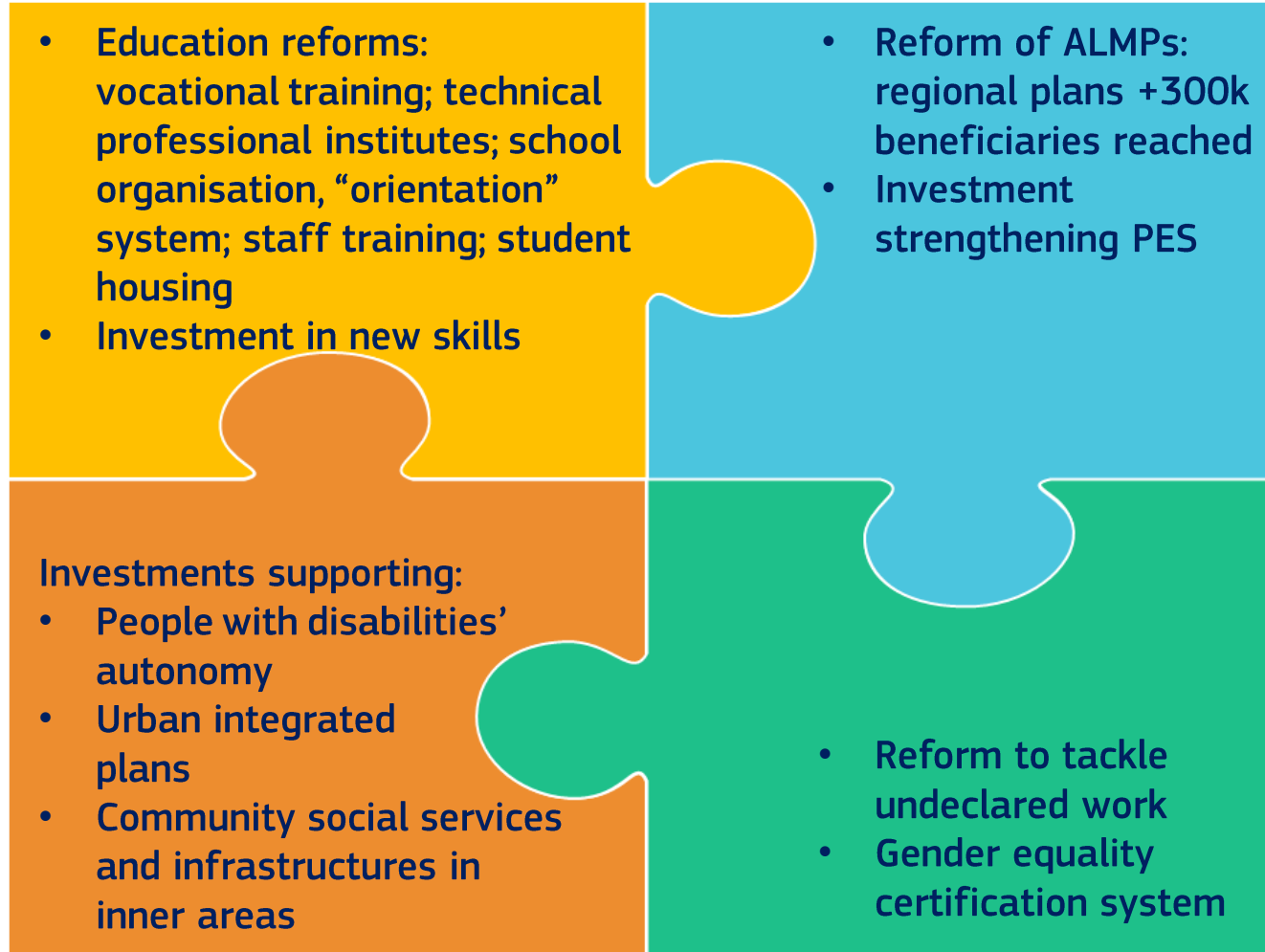
Environment

- M2C1-18: Green Islands
- M2C1-20: Green Communities
- M2C1-3: Logistics for agri-food industry
- M2C4-19: Protection and enhancement of urban and peri-urban forests
- M2C4-14: Remediation of “orphan-sites soil”

*Taking into account the measures associated to the relevant RRF Pillar either as primary or secondary

Social policies and next generation (11 milestones*)

Lifelong Learning



Labour Market

Inclusion

*Taking into account the measures associated to the relevant RRF Pillars either as primary or secondary

Sampling

- The third payment request included **8 targets**, which required a sampling of the pieces of evidence:

M1C1-34: recruitment procedures for civil and criminal courts

M1C1-105 and -106: increased "compliance letters" and reduced false positive "compliance letters" related to the reform of the tax administration

M1C1-124: ICT training for National Social Security Institute staff

M2C4-19: trees in urban and peri-urban forests

M4C2-1: award of contract and the hiring of 300 young researchers;

M5C1-2: first beneficiaries reached by the ALMP reform

M5C1-6: investment in PES

- For the sampling, **60 units** have been drawn randomly.
- The targets passed the test (all units compliant)

Italy's fourth payment request

Overview

	Investments	Reforms	Total
Milestones	13	8	21
Targets	6	1	7
Total	19	9	28

- The **fourth** instalment envisages 20 (+1) milestones and 7 targets (EUR 16 bn, net of pre-financing), revised to EUR 16.5 bn
- Requires the entry into force of important **reforms** (acts related to criminal and civil justice, public employment, reduction of late payments and the Public Procurement Code, elderly and long-term care) as well as progress with several **investments** (energy efficiency of buildings, hydrogen, childcare, digital transition, social inclusion)
- Proposal to **amend 10 (+1) M&T**, due to objective circumstances (Art. 21 of RRF Regulation) and clerical errors, while maintaining the overall ambition of the plan

Italy's fourth payment request (2023)

Overview

Key Reforms:

- Follow-up measures on **justice, public administration, late payments and public procurement** (Complete implementation of civil and criminal justice reforms, public employment, InIT system for payments and Public Procurement Code) and **targets for tax administration reform**

Key Investments :

- **Hydrogen** (M2C2-14/16 Testing for road transport and railway mobility; M2C2-48 Production of Hydrogen in brownfield sites; M2C2-50 Use in hard-to-abate industry)
- **Digital transition** (M1C1-125 Cloud enablement for local PA)
- **Mobility** (M2C2-27 Installation of charging infrastructures; M2C2-33 Renewal of the regional public transport railway fleet with clean fuels trains)
- **Childcare** (M4C1-9 Award of contracts for building, renovating and ensuring the safety of nurseries, preschools and early childhood education and care services)
- **Social inclusion and equality** (M5C3-8 Educational support to minors; M5C2-21 Sport and Social Inclusion project; M5C1 – 18 Creation of women's enterprises)
- **Superbonus** (M2C3-2 Building renovation for energy efficiency)
- **Satellite Technology and Space economy** (M1C2-22 Award of all public contracts)