



Questions and answers: European Commission endorses Italy's €191.5 billion recovery and resilience plan

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How did the Commission assess the recovery and resilience plan of Italy?

The Commission is assessing the recovery and resilience plans based on eleven criteria set out in the Recovery and Resilience Facility (RRF) Regulation. The 11 criteria require an assessment of whether:

- the measures have a lasting impact;
- the measures address the challenges identified in the country specific recommendations or a significant subset of it;
- the milestones and targets which allow for monitoring the progress with the reforms and investments are clear and realistic;
- the plans meet the 37% climate expenditure target and the 20% digital expenditure target;
- the plans respect the do no significant harm principle;
- the plans provide an adequate control and audit mechanism and set out the plausibility of the costing information.

The Commission has summarised its assessment in the proposal for the Council Implementing Decision. The accompanying staff-working document provides detailed documentation on the assessment.

Does Italy's recovery and resilience plan effectively support the green transition?

The Italian plan's contribution to the green transition amounts to 37% of its total allocation of €191.5 billion. This meets the 37% target required by the RRF Regulation.

The plan contains a wide range of investments and reforms to address the challenges of the green transition. The plan provides for energy efficiency renovations of buildings, both through tax incentives and direct investments for renovations of public buildings, schools, courts, hotels, museums, cinemas and theatres.

The plan aims to increase competition in electricity and gas markets and to promote the use of renewable energy sources. It includes measures to support offshore power production and smart electricity grids. Reforms are also included to facilitate the authorisation of renewable power projects.

Measures are included in the plan to reduce greenhouse gas emissions from transport, with investments in sustainable urban mobility as well railway infrastructure to support a shift from more carbon-intensive modes of transport. The plan supports Italy's climate adaptation efforts, as well as seismic resilience and the quality of infrastructures.

The plan addresses the existing challenges related to water and wastewater management and biodiversity protection. It provides for the adoption of a new strategy to promote the circular economy. Investments will modernise existing waste management plants and construct new ones. Water infrastructure will be improved to protect supplies and reduce losses. A set of measures will be introduced to promote reforestation and the recovery of natural areas, seabed and marine habitats.

Does Italy's recovery and resilience plan of Italy effectively contribute to the digital transition?

The Italian plan's contribution to the digital transition amounts to 25% of its total allocation of €191.5 billion. This exceeds the minimum of 20% required by the RRF Regulation.

The plan provides for significant investments in the digitalisation of businesses, including tax

incentives to support digitalising manufacturing systems. The plan also includes measures to support networks for R&D collaboration and technology transfers between universities, research institutes and enterprises. The investments in completing the ultra-fast broadband networks and in 5G connectivity are expected to contribute to the achievement of the European Digital Targets for 2030. Their fast implementation would lead to significant benefits across the economy and society.

Other significant investments target the digitalisation of the public administration, with actions planned for the general public administration, the health sector and the education sector. The effective implementation of these measures would contribute to building future-proof digital infrastructure, reinforcing cybersecurity and making the public administration more efficient, resilient and close to citizens. The plan also envisages measures to complement national investments for the digitalisation of justice.

The plan aims to contribute to addressing challenges related to digital skills, with investments targeting the needs of the general population and people more at risk of digital exclusion, teachers, civil servants and the workforce. Advanced digital skills development is addressed as part of broader measures which contribute to increasing the availability of technical and specialised digital skills.

Does the recovery and resilience plan represent a balanced response to Italy's economic and social situation?

The Italian plan represents a comprehensive and adequately balanced response to Italy's economic and social situation, thereby contributing appropriately to all six pillars referred to in the RRF Regulation.

It follows a holistic approach to achieve recovery and increase potential growth, while enhancing socio-economic and institutional resilience. Overall, the plan focuses on the green-digital twin transition, and on Italy's main challenges, such as low productivity growth. The investments and reforms contained in the plan aim to increase the effectiveness of the public administration and of the justice system, address the country's social and educational needs, enhance competitiveness in key sectors, boost innovation and make the Italian business environment more attractive for investments.

Specifically, besides the green-digital objectives, the plan supports smart, sustainable and inclusive growth. It includes reforms aimed at removing barriers to entry in a variety of strategic sectors, simplifying public procurement rules, eliminating the unnecessary regulatory and administrative hurdles faced by businesses. The enhanced competitive environment and the levelling of the playing field will favour entrepreneurship and a more efficient allocation of resources. The measures focused on the justice system, including the reduction of the length of judicial proceedings and the reorganisation of courts will enhance legal certainty. The plan also includes investments and reforms to strengthen active labour market policies, with a special focus on vulnerable groups of the population who face more difficulties entering the labour market.

The plan also aims to enhance the provision of public services and social housing opportunities for the low-income and disadvantaged groups, with specific projects for instance for people with disabilities, for youth and for the non-self-sufficient elderly and to improve the regeneration and affordability of housing.

The plan also aims at reducing territorial disparities, allocating at least 40% of investment with a specific territorial destination to southern regions. It pays particular attention to addressing the infrastructural gap between regions in areas such as broadband, high-speed railways and regional rail lines, waste, water and wastewater management infrastructure and ports.

The plan also includes investments and reforms aimed at improving health, and economic, social and institutional resilience. Measures aim to increase 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, and to improve research development, therapeutic and technological innovation.

Finally, the pillar on the next generation, children and youth is addressed by the component dedicated to education, from nurseries to university, as well as by the component on employment policies, particularly on skills and employability.

Do the reforms presented by Italy effectively address a significant part of the country-specific recommendations issued to it in the context of the European Semester?

The Commission considers that Italy's plan includes an extensive set of mutually reinforcing reforms

and investments that contribute to effectively addressing all or a significant subset of the economic and social challenges outlined in the country-specific recommendations (CSRs) addressed to Italy by the Council in the European Semester in 2019 and 2020.

The plan includes several measures expected to contribute to the sustainability of public finances, including the improvement of the tax collection process and commitments to step up the fight against tax evasion. It also includes measures to improve the efficiency of public expenditure through a strengthened framework for spending reviews and the completion of the reform of fiscal relations across subnational governments.

Measures in the health sector aim to ensure greater resilience of the healthcare service. The plan includes measures to improve the effectiveness of active labour market policies, women's participation to the labour market and the fight against undeclared work. It also provides for reforms and investments to improve the educational outcomes and boost upskilling and reskilling, particularly in view of the green and digital transitions.

The plan also includes substantial reforms expected to improve the business environment and reducing barriers to competition, including improving sectoral regulation, simplifying public procurement, reducing public administration's late payments, favouring competitive processes to award local public service contracts.

By addressing challenges identified in the context of the European Semester, the plan is expected to also contribute to correcting the imbalances that Italy is experiencing. These include high government debt and protracted weak productivity dynamics in a context of high unemployment and a still high level of non-performing loans.

More information

[Press release: European Commission endorses Italy's €191.5 billion recovery and resilience plan](#)

[Recovery and Resilience Facility: Questions and Answers](#)

[Factsheet on Italy's recovery and resilience plan](#)

[Proposal for a Council Implementing Decision on the approval of the assessment of the recovery and resilience plan for Italy](#)

[Annex to the Proposal for a Council Implementing Decision on the approval of the assessment of the recovery and resilience plan for Italy](#)

[Staff-working document accompanying the proposal for a Council Implementing Decision](#)

[Recovery and Resilience Facility](#)

[Recovery and Resilience Facility Regulation](#)

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