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# Launching the recovery

*A Recovery plan for Europe:*

*The Recovery and Resilience Facility*

**ITALY**

*FICO, 2 July 2021*

# Overview of the Italian RRP



**6** "missions"  
**16** components



**190** measures  
**58** reforms and  
**132** investments



**525** Milestones  
& Targets

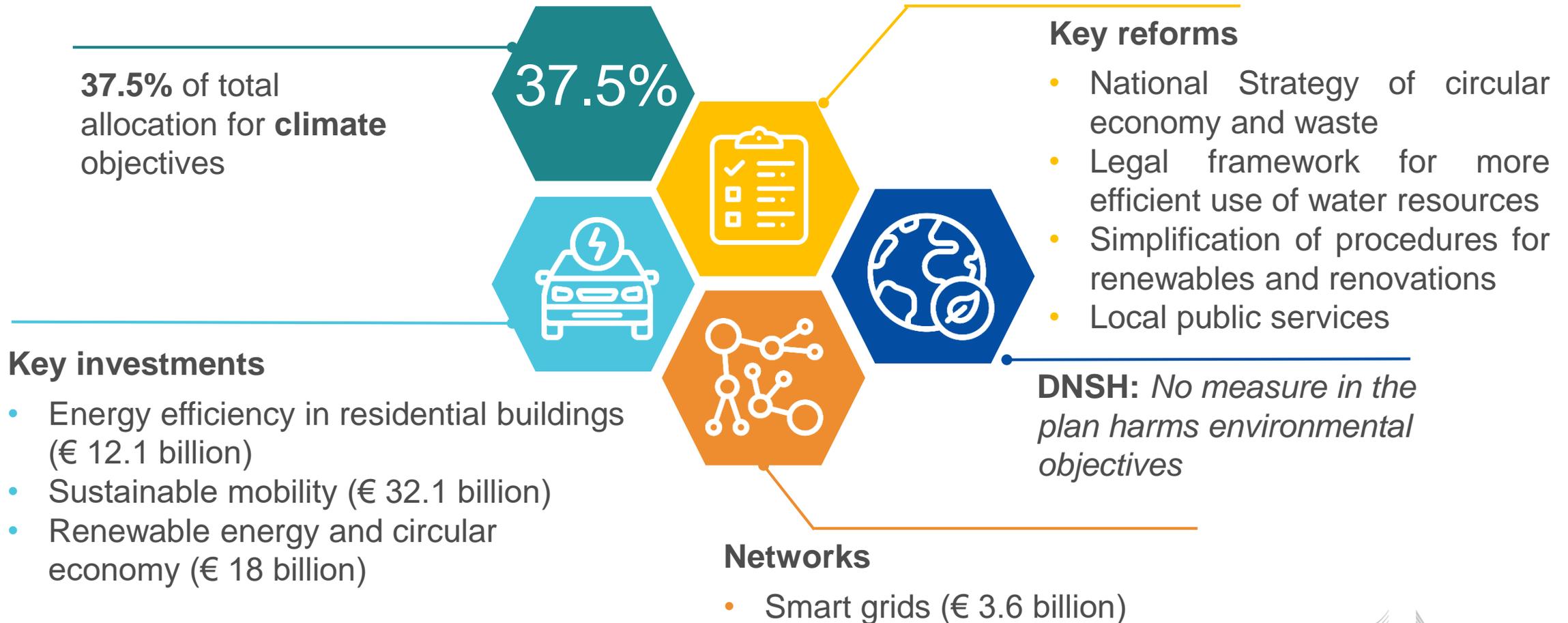


**€ 191.5 billion**  
€ 68.9 bn grants  
€ 122.6 bn loans

# Assessment summary

 <p>1. <b>Balanced response</b></p> <p><b>A</b></p>	 <p>2. <b>Addresses challenges identified in CSRs</b></p> <p><b>A</b></p>	 <p>3. <b>Growth, resilience and social impact</b></p> <p><b>A</b></p>	 <p>4. <b>Do no significant harm</b></p> <p><b>A</b></p>
 <p>5. <b>Green transition</b></p> <p><b>A</b></p>	 <p>6. <b>Digital transition</b></p> <p><b>A</b></p>	 <p>7. <b>Lasting impact</b></p> <p><b>A</b></p>	 <p>8. <b>Effective monitoring and implementation</b></p> <p><b>A</b></p>
 <p>9. <b>Reasonable and plausible cost estimates</b></p> <p><b>B</b></p>	 <p>10. <b>Robust control systems</b></p> <p><b>A</b></p>	 <p>11. <b>Coherence</b></p> <p><b>A</b></p>	

# Green transition



# Digital transition

25.1% of total allocation for **digital** objectives

25.1%

## Key investments

- Development of fixed ultra-broadband and 5G networks (€6.7 bn)
- Digitalisation of businesses (€13.4 bn)
- Digitalisation of the public administration (€ 6.1 bn)

## Key reforms

- Improved interoperability and cloud migration for public administrations
- Set-up of a «Digital PA Transformation Office»

## Sector-specific actions

- Public administration
- Justice
- Health
- Education

## Cross-border/multi-country projects

- Deployment of 5G networks along the European 5G corridors
- Participation in Cloud and 2<sup>nd</sup> Microelectronics planned IPCEIs

# Social impact and equality screening



**Strengthens the active inclusion of vulnerable groups**

**Enhances employment opportunities for women**

**Improves living conditions for persons with disabilities**

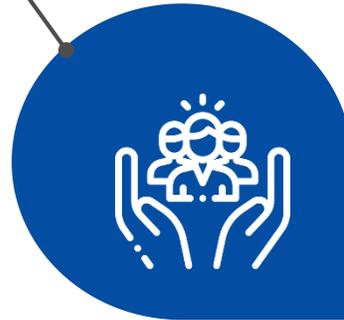
**Promotes territorial cohesion**



# Resilience

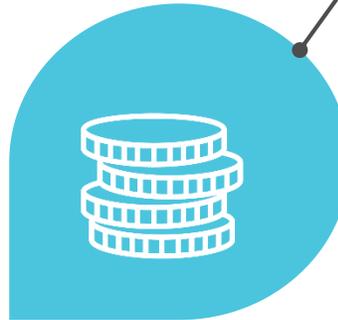
## Labour market

- Active Labour Market Policies
- Tackling undeclared work
- New (child)care facilities



## Supporting private investment

- Incentivising private investment (Transition 4.0 and Superbonus)
- Supporting investments in strategic value chains and key sectors



## Improving business environment

- Improving sectoral regulations
- **Annual competition laws**
- **Simplifying public procurement**
- Efficient local public services
- Reducing late payments



## Health sector

- Strengthening proximity healthcare and enhancing telemedicine
- Technological and digital update of the health system



# Competition reforms

- Annual Competition Laws to be adopted each year (2021-2024) to **reduce barriers to competition in various sectors**, with detailed milestones & targets on their content → concrete implementation of an existing but not properly used tool.
- In particular, measures aim at increasing competition in **utilities** (electricity, gas, water), **waste management** and **transport** (ports, rail and highways). These will complement sectoral investments in the Plan.
- Regarding **local public services**: prioritization of **competitive procedures** to award **contracts**, revision of the rules on aggregation in view of economies of scale and application of the general principle of **proportionality in length and proper compensation**.
- Consolidation, digitalisation and professionalisation of **market surveillance**.

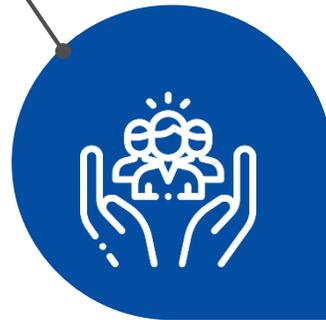
# Public procurement reform

- Introduction of **urgent measures** (included in a Law Decree adopted in May 2021) to simplify and digitalise public procurement procedures in view of the realization of RRP projects;
- **More structural reform** of the Public Procurement Code by Q2-2023, with actions aimed at: reducing the fragmentation of contracting authorities; requiring the setting of an e-platform; defining interoperability and interconnectivity requirements;
- Substantial **reduction of late payments** by the public administrations and health authorities.

# Resilience – Institutional

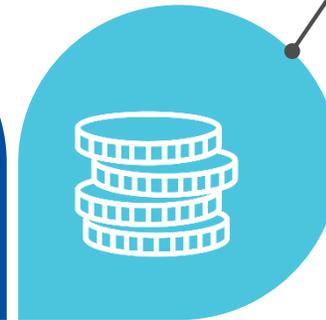
## Education

- Reform of school system and teaching profession
- Reform of the tertiary education and VET
- Equal access to education



## More resilient public finances

- Tackling tax evasion
- Strengthened framework for spending reviews
- Complete the reform of fiscal relations across levels of government



## Public administration

- Reform of public employment
- Upgrading skills
- Reducing red tape and strengthening administrative capacity



## Justice sector

- Targets to reduction the length of proceedings
- Temporary hiring to reduce the backlog
- Digitalisation (€ 1 bn)
- Reform to make the justice system more efficient (€ 2.3 bn)



# Justice reforms

- The Plan includes an **ambitious and comprehensive agenda** for the justice system to improve its efficiency, including in particular:
  - Reform of civil justice
  - Reform of criminal justice
  - Review of the insolvency framework
  - Reform of tax courts
- It will be **complemented by interventions aimed at digitalising** the justice system and **strengthening administrative capacity**, in particular to deal with the significant backlog of cases
- **Result-oriented targets** envisaged, linked to the reduction of the backlog and of the length of proceedings

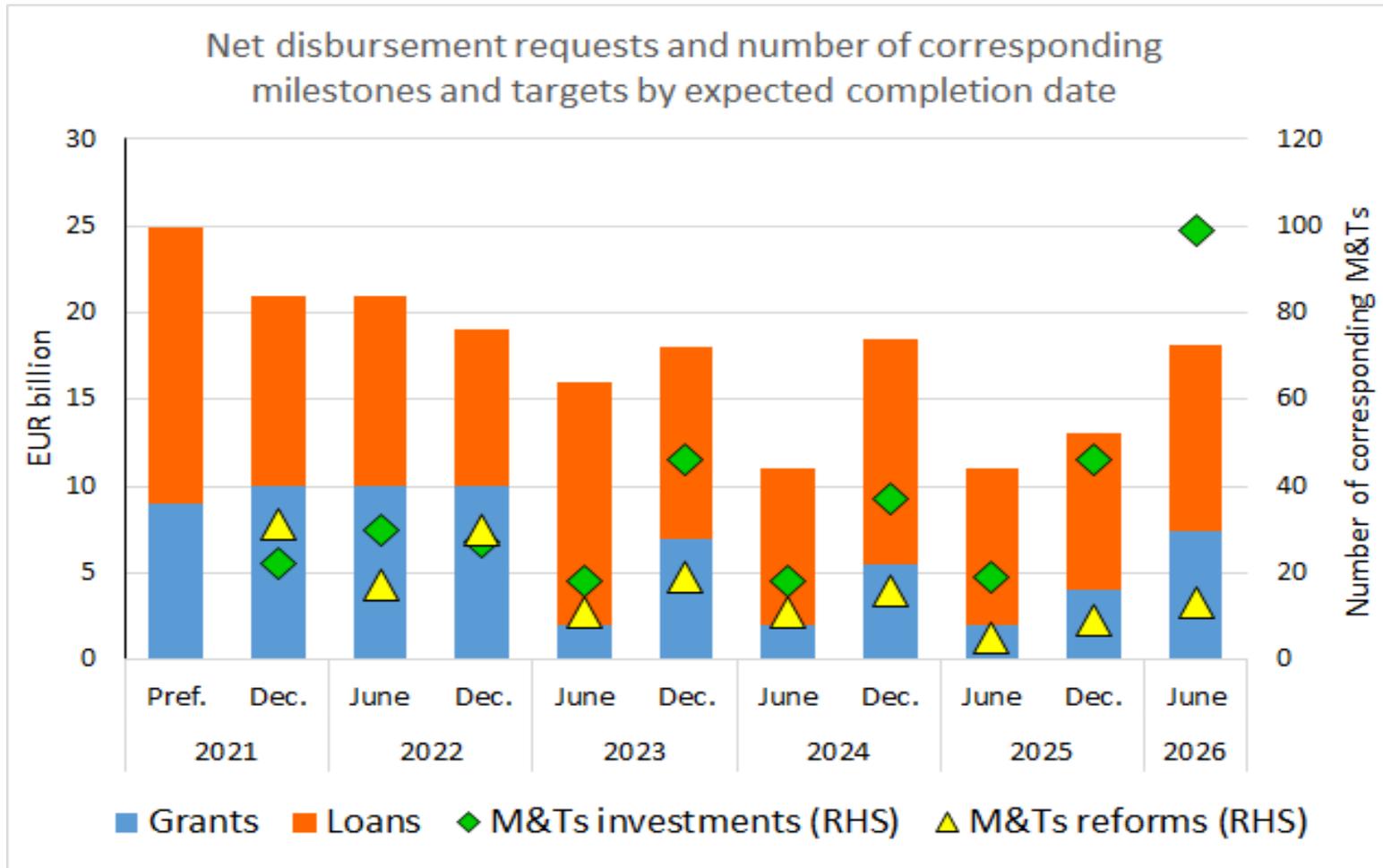
# Fiscal-structural reforms

- Strengthening the **spending review** framework:
  - ✓ A stronger role for the Ministry of Finance
  - ✓ Green and gender budgeting
- Complete the reform of **fiscal relations across levels of government**:
  - ✓ Allocating resources based on objective criteria and encouraging spending efficiency at the subnational level
- Stepping-up the fight against **tax evasion**:
  - ✓ Strengthening the administrative capacity of the tax administration
  - ✓ Better targeting of audits and controls
  - ✓ Effective sanctions in case of refusals of electronic payments
- An **accrual accounting system** for all public administrations

# Audit and control - Protection of the EU's financial interests

- The arrangements of the Italian plan are considered **adequate** to prevent, detect and correct corruption, fraud and conflicts of interest when using the funds provided under the Facility conditional to the dedicated milestone being met before the first payment request.
- The RRP also provided for adequate arrangements to avoid double EU funding.
- **Key elements** of the IT system include:
  - Set up of a dedicated Audit Body with adequate segregation of functions
  - Adaptation of current IT systems used in the context of ESI funds for audit and control purposes, followed by the introduction of a new IT unitary system
  - Use of a unique project code
  - Enhanced agreements with existing bodies, including national Finance Police and Anti-Corruption Authority

# Disbursement profile over time



Most reforms are implemented in the first years in correspondance with the higher level of first disbursements

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Thank you

# Background slides

# Governance of the Italian RRP

- The arrangements of the Italian plan are considered **adequate** to ensure effective monitoring and implementation.
- The arrangements include in particular the following **key elements**, enshrined in milestones and now embedded into two Law-Decrees that have been adopted in May/June:
  - **Multi-level governance model** for the RRP with central coordination and involvement of all relevant levels of government;
  - **Simplification of administrative procedures and cut to red tape**, in order to smooth the implementation of investments;
  - Strengthening of **administrative capacity** through trainings, temporary recruitments as well as technical and operational support linked to specific RRP projects.
  - **The immediate actions** will be followed and complemented by **more structural measures for capacity building** in the medium term.

# Taxation and pension expenditure

- **Tax reform:**

- ✓ The Plan announces in its narrative a comprehensive **reform of personal income tax** in line with the 2019 Council recommendations (CSR1) aimed to:
  - simplify the tax system;
  - reduce the burden on labour while preserving progressivity and fiscal sustainability.
- ✓ A delegation law will be presented by end-July 2021 based on the consultations conducted by the Parliament.

- **Pension expenditure:**

- ✓ The **temporary early retirement scheme** introduced in 2019 should end in 2021 as already legislated. The country-specific recommendations do not ask for a new pension reform, but full implementation of existing reforms