

## THE IMPLEMENTATION OF THE NRRP: RESULTS ACHIEVED AND DEADLINES IN 2022

The National Recovery and Resilience Plan (NRRP) is structured around six areas of intervention ('missions'), which in turn include new legislation ('reforms') and measures that imply financial outlays ('investments'). The latter are mostly directed at increasing physical capital, but also include measures to encourage firms' green and digital transitions, new hires in the public sector, and the other actions laid out in the NRRP that entail current expenditure. Each reform or investment was assigned qualitative indicators ('milestones') as well as quantitative indicators ('targets'), whose fulfilment is a necessary condition for the payment every six months of the portion of financing from the Recovery and Resilience Facility.<sup>1</sup> In the initial stage, the NRRP mostly sets milestones, while the targets to be achieved are concentrated between 2024 and 2026.

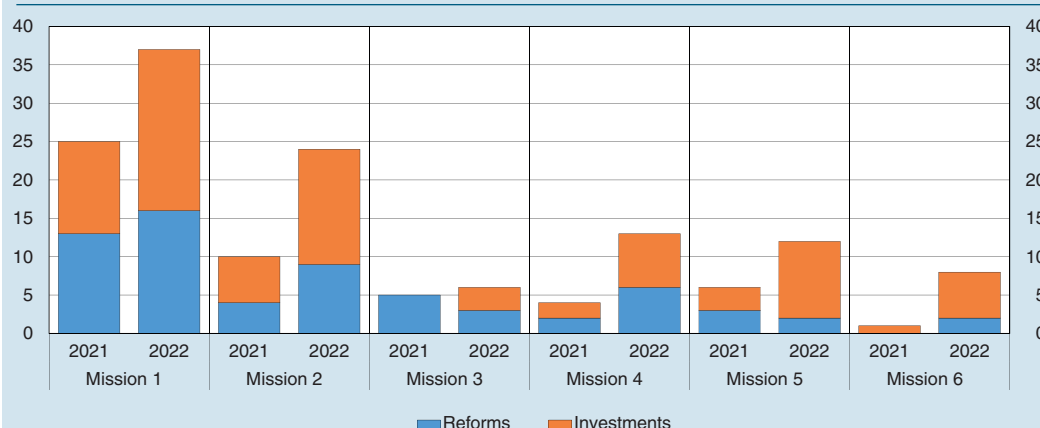
In 2021, all 51 of the milestones and targets set for that year were achieved, of which 24 relating to investments and 27 to reforms (see the figure). In many cases, they concerned measures preliminary to the implementation of the NRRP, including defining its governance, introducing measures to streamline administrative procedures, and hiring new staff. For investments, this mainly involved the approval of the provisions laying the groundwork for the subsequent allocation and use of the connected financial resources. For reforms, the main provisions were enabling laws in the fields of civil and criminal justice. The completion of all the actions set out for last year led to a positive assessment by the European Commission of Italy's performance and to the payment of the first tranche of financing, equal to €21 billion (in addition to the pre-financing payment of €24.9 billion made in August 2021).

There are 100 milestones and targets set for 2022. Most of the results to be achieved concern the missions relating to digitalization and the green transition, which account for 52 per cent of the NRRP's total resources. The measures laid out for this year concern various spheres, including: building networks for fast connectivity and the digitalization of the public administration; improving the appeal of tourist areas and cultural sites; developing energy production from renewable sources, batteries, and hydrogen production facilities; building railway networks; accelerating the digital transition for schools; creating research infrastructures; launching partnerships for key technologies; urban regeneration; and enhancing telemedicine and local health care facilities. Among the reforms, that of public sector employment, the enabling law for reforming the public procurement code, the annual law on competition and the completion of the reform of civil and criminal justice are particularly important (see Chapter 12 of this year's *Annual Report*), in addition to the streamlining of the rules regarding the teaching profession. Meeting all the deadlines agreed for this year is a prerequisite

<sup>1</sup> The Recovery and Resilience Facility is the main instrument available to the Next Generation EU programme; it will pay out resources for a maximum of €723.8 billion (of which €338 billion as grants) to support the investments and reforms laid out in the National Recovery and Resilience Plans of the Member States.

Figure

**Milestones and targets envisaged in the NRRP for 2021 and 2022 (1)**  
(numbers)



Source: The website 'Italia Domani, the National Recovery and Resilience Plan'.

(1) Milestones and targets are considered jointly. Mission 1: digitalization, innovation, competitiveness, culture and tourism; Mission 2: green revolution and ecological transition; Mission 3: infrastructures for sustainable mobility; Mission 4: education and research; Mission 5: inclusion and cohesion; and Mission 6: health.

for the payment of the two half-yearly tranches of €24.1 billion and €21.8 billion,<sup>2</sup> which are almost equally divided between grants and loans.

Progress on the 45 milestones and targets set for the first half of 2022 is in line with the time frame agreed with the European Commission. A considerable effort will be required to approve the relevant legislation and regulations within the deadline. Among the risk factors that could increase the time needed or the costs involved in carrying out these measures is the sharp rise in energy and commodity prices, which is also due to the ongoing supply chain difficulties. Recent provisions have introduced measures to compensate firms for the higher costs they are incurring in carrying out their work.<sup>3</sup> Moreover, Decree Law 50/2022 established a fund to finance any additional costs relating to the measures planned, including under the NRRP.

<sup>2</sup> Every six months, the European Commission examines the actions carried out for each milestone and target and determines whether there are sufficient grounds to release the payment. If, following a preliminary assessment, the European Commission determines that the milestones and targets have not been achieved satisfactorily, the payment of grants and, where applicable, loans, either in full or in part, is suspended until the Member State concerned has adopted the necessary measures.

<sup>3</sup> Law 106/2021 and Decree Laws 4/2022 and 50/2022.