

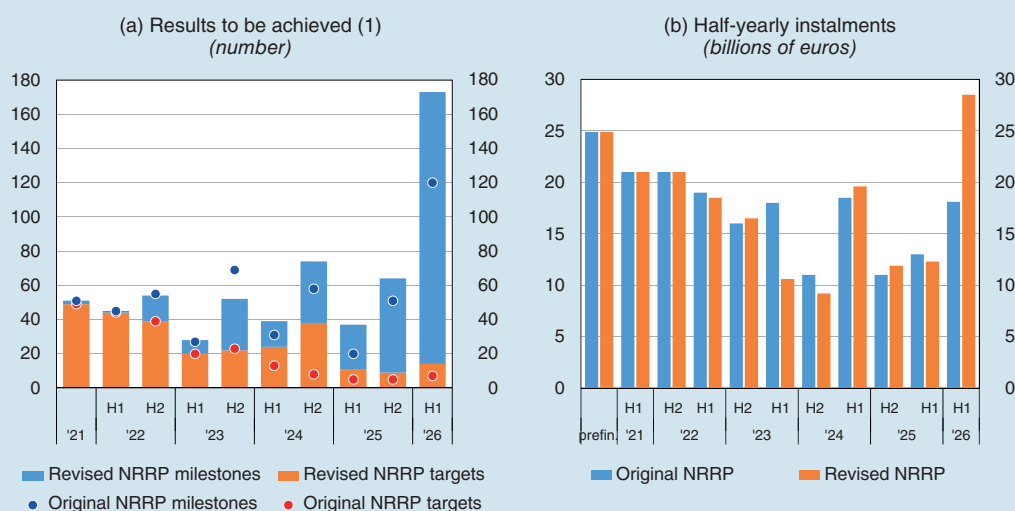
THE STATE OF PROGRESS OF THE NATIONAL RECOVERY AND RESILIENCE PLAN

Implementation of the National Recovery and Resilience Plan (NRRP) is progressing in accordance with the timeline agreed at European level. As at the end of 2023, Italy had received almost €102 billion in financing, of which €41.0 billion in grants and €60.9 billion in loans, for the 178 milestones and targets achieved through the first half of the year. The European Commission is currently assessing the Government's request for payment of the fifth instalment, amounting to €10.6 billion, based on the fulfilment of 52 additional milestones and targets in the second half of the year. According to our calculations based on data from the National Anti-Corruption Authority (ANAC) and from the Special Construction Workers' Funds, by the end of 2023, calls for tender had been published for an amount equal to almost two thirds of the resources that were allocated to implementing entities and that were awarded via tenders. As for public works financed or co-financed through the NRRP whose progress can be monitored,¹ projects on which work has begun account for almost half of the resources tendered (see Chapter 11).

In December 2023, the Council of the EU approved a revision of Italy's NRRP, with funding rising from €191.5 to €194.4 billion. Specifically, the updated NRRP now contains a mission dedicated to the green transition (RePowerEU), with an estimated expenditure of more than €11 billion, as well as new investments and upscaling for some projects amounting to almost €14 billion, in addition to the total or partial removal of existing projects worth more than €22 billion. Following the revision, the overall number of milestones and targets to be achieved by June 2026 increased from 527 to 617, with timelines shifting towards the final phase of the NRRP and the consequent readjustment of the financing instalments (see the figure).

Figure

The National Recovery and Resilience Plan after the December 2023 revision



Source: Italia Domani portal.

(1) Milestones are qualitative achievements, while targets are quantitative in nature. Approval of the half-yearly disbursements is based on whether the targets and milestones are achieved.

¹ It is possible to monitor the execution phase only for those public works tendered from November 2021 onwards, which represent two thirds of the total works financed or co-financed and 85 per cent of the total amounts.

As a result, Decree Law 19/2024 was adopted to update the public finances and set out measures to implement the Plan (see Chapter 10). It introduced incentives for courts that achieve the targets set with respect to the functioning of the civil justice system and penalties for those governmental bodies responsible for projects that fail to comply. It also addressed a number of sectoral policies affected by the NRRP; in particular, it contains provisions for the Transition 5.0 plan, providing tax incentives to encourage firms to invest in energy-saving technologies in their production processes. Its inclusion in the NRRP – alongside the scaling back of general government investment programmes – has led to a partial reallocation of resources towards incentives for firms.

The results achieved so far mainly involve the adoption of reform measures and preparations for investments to be made, but also include some intermediate targets (e.g. as regards strengthening the human capital of the justice system). In the remaining two years covered by the Plan, all the planned works will have to be completed and all the spending programmes implemented. Work must also continue on improving the regulatory framework in certain areas that are particularly important for Italy's competitiveness, such as the regulation of market competition and the simplification of administrative procedures (for start-ups in particular). Moreover, the targets linked to measures already adopted must be fulfilled (e.g. on reforming the justice system, combating tax evasion, and reducing the time needed to carry out public works).