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Delegations will find attached document SWD(2023) 392 final.

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EUROPEAN
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Brussels, 24.11.2023
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COMMISSION STAFF WORKING DOCUMENT

Analysis of the recovery and resilience plan of Italy

Accompanying the document

Proposal for a COUNCIL IMPLEMENTING DECISION

amending Implementing Decision (EU) (ST 10160/21; ST 10160/21 ADD 1 REV 2) of 13 July 2021 on the approval of the assessment of the recovery and resilience plan for Italy

{COM(2023) 765 final}

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1. EXECUTIVE SUMMARY

In 2022, following Russia's invasion of Ukraine, Italy faced several challenges related to the surge in inflation and supply chain disruptions, which hampered the recovery of the Italian economy. On 7 August 2023, Italy submitted to the Commission a modified national recovery and resilience plan (RRP) together with a REPowerEU chapter, to strengthen its recovery and resilient strategy and tackle the additional challenges mentioned above. For the modification of its RRP, Italy has relied on the following legal bases: Article 18(2) of Regulation (EU) 2021/241 to take into account the updated maximum financial contribution and Article 21(1) of Regulation (EU) 2021/241 to amend the RRP due to objective circumstances; Article 21c of Regulation (EU) 2021/241 to include additional resources from ETS revenues for its REPowerEU chapter.

The modifications to the RRP submitted by Italy concern 123 measures. Out of those, 90 measures were modified and 6 were added on the basis of Article 21(1) of Regulation (EU) 2021/241. One measure was modified on the basis of Article 18(2) and another was added on the same legal basis. Moreover, Italy proposed to correct errors of clerical nature identified in the text of the Council Implementing Decision for 25 measures.

The REPowerEU chapter submitted by Italy includes 5 new reforms, 11 new investments and 4 upscaled investments. The new reforms concern permitting procedures for renewable energy, the environmental harmful subsidies, the costs of connection to the gas network of biomethane, the mitigation of financial risk associated with renewable power purchase agreements, and green skills. The investments concern grid interconnection projects both within Italy and with neighbouring countries, digitalisation of transmission grids, the supply of critical raw materials, green skills, gas infrastructures, the transition of production processes, incentives to invest in the fields of the green transition and a financial instrument for energy renovations of public and social housing. The upscaled investments relate to strengthening smart grids, increase the resilience of power grids, the production of hydrogen in brownfield sites and capacity building in the public administration.

Based on the assessment of the submitted modification and the REPowerEU chapter, the Italian modified recovery and resilience plan receives an A-rating on all criteria (including the two additional criteria for the REPowerEU chapter), except for costing, where the plan receives a B-rating (unchanged from the assessment of the initial plan).

(1) Balanced Response	(2) CSRs	(3) Growth, jobs…	(4) DNSH	(5) Green target	(6) Digital target	(7) Lasting impact	(8) M & T	(9) Costing	(10) Control Systems	(11) Coherence	(12) REPowerEU	(13) Cross-border
A	A	A	A	A	A	A	A	B	A	A	A	A

2. OBJECTIVES OF THE MODIFICATION OF THE PLAN

2.1 The modified plan addresses Italy's main newly emerged challenges

In 2022, the supply chain disruptions and rising energy prices following Russia's invasion of Ukraine led to a surge in inflation in Italy and in the EU as a whole. Due to its high dependence on gas imports, Italy faced an increase in gas prices and a general weaking of its energy system in terms of supply security and affordability. This crisis further strained global supply chains and drove a significant rise in the cost of raw and construction materials, hitting in particular the construction sector and leading to delays in tendering processes.

The 2023 Country Report identified challenges related to public administration and administrative capacity (2023 CSR2.1), in the areas of renewable energy and energy infrastructure (2023 CSR3.1-3.2-3.3), energy efficiency (2023 CSR3.4), sustainable transport (2023 CSR3.6) and green skills (2023 CSR3.7). The modified RRP includes an extensive set of mutually reinforcing reforms and investments that contribute to effectively tackle the economic and social challenges outlined in the country-specific recommendations addressed to Italy by the Council in the context of the European Semester.

In this context, the proposal of Italy for the revision of its RRP has two objectives: to modify measures already existing in line with Article 21(1) of Regulation (EU) 2021/241 and to include a new REPowerEU chapter into the original plan pursuant to Article 21c of Regulation (EU) 2021/241.

Particularly, the REPowerEU chapter is expected to contribute to reinforcing the ambition of the RRP as regards the relevant country-specific recommendations addressed to Italy in the field of energy and green transition. It contributes to strengthening transmission and distribution networks, including those related to gas, for example through the scale-up of the measure to increase the resilience of the power grid (M2C2-I2.2). The reform aimed to streamlining permitting procedures for renewable energy at central and local level (M7-R1) is expected to contribute to the enhancement of energy security and the acceleration of renewable energy production. Moreover, the chapter is expected to reduce energy demand and to increase energy efficiency. The upgraded Plan for new skills (M7-R5) complemented by the investment on skills "Crescere Green" (M7-I12) aim to create and strengthen the skills needed for the green transition. The REPowerEU chapter is also expected to contribute to promoting sustainable transport including through the new reform targeting the reduction of environmentally harmful subsidies (M7-R2). Sustainable transport would also benefit from, among others, the investment expected to strengthen the regional public transport railway fleet with zero emission trains and universal service (M2C2-I4.4.2).

This revision proposal is also expected to contribute to strengthening administrative capacity, both at central and subnational level, with a view to the twin transitions and the implementation of the RRP, as well as to improving the effectiveness of public administration. For example, the REPowerEU chapter includes the scale up of the measure aimed at providing technical assistance and strengthening capacity building for the implementation of the Italian recovery and resilience plan (M1C1-I1.9) complemented by a targeted and more effective revision of the reform of public administration (M1C1-R1.9).

In accordance with Article 19(3), point (b), of and Annex V, criterion 2.2, to Regulation (EU) 2021/241, the modified RRP, including the REPowerEU chapter, is expected to contribute to effectively addressing all or a significant subset of challenges (rating A) identified in the relevant country-specific recommendations addressed to Italy, including fiscal aspects thereof and recommendations made pursuant to Article 6 of Regulation (EU) No 1176/2011 of the European Parliament and of the Council, or challenges identified in other relevant documents officially adopted by the Commission in the context of the European Semester.

Italy has submitted 90 proposals under Article 21(1) to modify existing measures of the plan that are no longer achievable due to objective circumstances. These include the high inflation of 2022, supply chain issues, unexpected legal or technical issues, better alternatives to achieve the objective of the original measures. The proposed modifications under this legal basis mainly entail postponements of targets, changes in the format of the measures, decreases in the ambition proportionately to the increases in costs, or increases in the budget allocated to some measures.

Italy moreover proposed six new measures under Article 21(1), namely: M1C1. Investment 1.10 Support to qualification and eProcurement under component 1 of mission 1; M1C2. Reform 3 Rationalization and simplification of firms' incentives under component 2 of mission 1; M1C2. Investment 6 Support for the ecological transition of production systems and strategic supply chains for Net-Zero Technologies ; M2C1. Investment 3.4 Supply chain and district contacts ; M3C2. Investment 2.3 Cold ironing; and M3C1. Investment 1.9 Inter-regional connections under component 1 of mission 3.

Italy has also submitted a new REPowerEU chapter under Article 21c. The chapter includes 5 new reforms and 12 new investments, as well as scale-up of 5 existing measures, to pursue REPowerEU objectives. This chapter will further contribute to Italy's green transition and to addressing the current challenges, also with reference to the ones identified in the "energy" recommendation addressed to Italy in the framework of the European Semester.

In addition, the proposal of Italy takes into account of the updated maximum financial contribution in accordance with Article 18(2) of Regulation (EU) 2021/241. The proposal includes changes to one measure (namely, Investment 1.7 Scholarship for University access under component 1 of mission 4) and the addition of Reform 1.9.1 - Reform for accelerating the implementation of cohesion policy, under mission 1 of component 1.

2.2 Overview of new and modified components

The main elements of the amended RRP and REPowerEU chapter are listed below:

Mission 1

In light of the modifications proposed by Italy, Mission 1 still includes a balanced mix of reforms and investments in the fields of public administration, innovation, competitiveness, culture and tourism. The objective of the modification proposals submitted by Italy is to take into account objective circumstances as envisaged in Article 21(1) of Regulation (EU) 2021/241, such as: inflation, supply chain disruptions, changes in the market conditions and the identification of better alternatives to achieve the objectives of some measures. Therefore, when necessary, Italy proposed to adapt to these circumstances the description or the ambition of part of the measures in this mission and of their milestones and targets. Moreover, Italy proposed to correct a number of clerical errors.

Overall, 24 measures under this mission are affected by the modification proposal; 20 of them are modified on the grounds of Article 21 of Regulation (EU) 2021/241. Two are corrections of clerical errors.

In detail, four measures are no longer partially achievable because of price increases, due to inflation. These are: Investment 1.7, Basic digital skills, under component 1, Investment 4.1 Digital Tourism Hub, under component 3; Investment 3.2 Development of the film industry

(Cinecittà project), under component 3; Investment 3.2 Caput Mundi-Next Generation EU for touristic great events, under component 3.

Additionally, three measures are no longer partially achievable because of changes in market demand as a result of changes in the market conditions, including higher costs affecting procurement procedures. These are: Investment 1.4 Digital services and citizen experience under component 1; Investment 3 Fast internet connections (Ultra-Broadband and 5G), under component 2; and Investment 4.2 Funds for the competitiveness of tourism enterprise under component 3.

Furthermore, 13 measures have been modified to implement better alternatives in order to achieve the original ambition of the measure. This concerns the following measures: Reform 1.4, Reform of civil justice, under component 1; Reform 1.8, Recruitment procedures for civil, criminal and administrative courts, under component 1; Investment 1.1, Digital infrastructure, under component 1; Investment 5 Cybersecurity under component 1; Investment 6 Digital transformation of large central administrations under component 1; Reform 1.9 Reform of the public administration under component 1; Reform 1.10, Reform of the public procurement legislative framework, under component 1; Reform 1.11, Reduction of late payments by public administrations and health authorities, under component 1; Reform 1.15 Reform of public accounting rules under component 1; Investment 1 Transition 4.0 under component 2; Reform 2 Annual Competition Laws under component 2; Investment 2.3 Programs to enhance the identity of places: parks and historic gardens under component 3; Rreform 4.1, Regulation ordering the professions of tourist guides, under component 3.

Lastly, Italy proposed to insert four new measures under this mission.

Reform 9, Reform for accelerating the implementation of cohesion policy, under component 1 of this mission, aims to accelerate the implementation and efficiency of cohesion policy in complementarity with the NRRP. This reform was submitted on the basis of Article 18(2) of the Regulation (EU) 2021/241.

Reform 3, Rationalization and simplification of firms' incentives under component 2 of this mission, consists in a review of national incentives for firms and of the related instruments, through the redaction of a report leading to legislative acts for the rationalization of firm incentives.

Investment 1.10, Support to qualification and eProcurement under component 1 of this mission, is to sets up a procurement support function to support the contracting authorities in the eProcurement process and properly fulfil the relevant requirements envisaged in the national legislation. This investment will also entail digital skills training and technical support during the rollout of the digitalization of public procurement and complements Reform 1.10, Reform of the public procurement legislative framework, under component 1 of this mission.

Investment 6, Support for the Ecological Transition of production systems and strategic supply chains for Net Zero Technologies under component 2 of this mission. This investment entails the setup of a public investment facility to incentivise private investment and improve access to finance in the fields of energy efficiency, renewable generation for auto-consumption, sustainable transformation of the production process, and also to transformation of the national production system, through the provision of public investment in strategic sectors for the transition to a net-zero emission economy.

Mission 2

In light of the modifications proposed by Italy, Mission 2 continues to deliver on its ambitions concerning the promotion of the circular economy, renewable energy, sustainable mobility, hydrogen, energy efficiency of private and public buildings, tackling hydrogeological risks, and water and waste management. The objective of the submitted modification proposals is to take into account objective circumstances as envisaged in Article 21(1) of Regulation (EU) 2021/241, such as: inflation, supply chain disruptions, changes in the market conditions, the identification of better alternatives to achieve the objectives of some measures and other unforeseen national developments. Therefore, when necessary, Italy proposed to adapt to these circumstances the description or the ambition of part of the measures in this mission and of their milestones and targets to these circumstances. On the same basis, Italy has proposed to remove two measures whose implementation was made unachievable by the objective circumstances outlined above, namely Investment 1.3 Promotion of innovative systems (including off-shore) and Investment 2.2 Interventions for the resilience, the enhancement of the territory and the energy efficiency of the Municipalities. Considering the resources made available due to these modifications, Italy proposed to insert 1 new measure, namely Investment 3.4 Supply chain and district contacts under component 1. Moreover, Italy proposed to correct a number of clerical errors.

Overall, 35 measures under this mission are affected by the modification proposal; 27 of them are modified on the grounds of Article 21 of Regulation (EU) 2021/241; 9 are corrections of clerical errors.

In detail, 8 measures in Mission 2 are no longer totally achievable because of price increases, due to inflation. These are: Investment 1.1, Ddevelopment of agri-voltaic systems under component 2; Investment 1.2 Promotion of RES for energy communities and jointly acting renewables self-consumers under component 2; Investment 4.4.2 Renewal of the regional public transport railway fleet with clean fuels trains and universal service under component 2 of mission 2; Investment 5.4 Support to start-ups and venture capital active in the ecological transition under component 2; Investment 1.1 Construction of new schools through building replacement under component 3; Investment 2.1 Strengthening of the Ecobonus and Sismabonus for energy efficiency and building safety under component 3; Investment 4.3 Investments in the resilience of the irrigation agrosystem for better management of water resources under component 4; Investment 4.4 Investments in sewerage and purification under component 4.

Moreover, two measures in this mission are no longer partially achievable because of supply chain disruptions. This concerns Investment 2.3 Innovation and mechanization in the agricultural and food sectors under component 1; and Investment 3.3, Re-naturification of Po area, under component 4 of mission 2.

Additionally, two measures are no longer achievable in the specific terms envisaged in the original RRP because of changes in market demand as a result of changes in the market conditions, including higher costs affecting procurement procedures. These are: Investment 2.1 Logistics plan for the agri-food, fishing and aquaculture, forestry, floriculture and plant nursery sectors under component 1; Investment 3.3 Hydrogen testing for road transport under component 2.

Furthermore, 12 measures have been modified to implement better alternatives in order to achieve the original ambition of the measure. This concerns the following measures: Investment 1.1 Implementation of new waste management plants and modernization of existing plants under component 1; Reform 1.2 National Program for Waste Management under component 1; Investment 1.4 Development of bio-methane, according to criteria for promoting the circular economy under component 2; Investment 3.2 Hydrogen Use in hard-to-abate industry under component 2; Investment 4.2, Development of Rapid Mass Transport systems (metro, streetcar, BRT), under component 2; Investment 4.3, Charging infrastructures, under component 2; Investment 5.1, Development of an international, industrial and R&D leadership in renewables and batteries, under component 2; Investment 3.1, Protection and enhancement of urban and peri-urban forests, under component 4; Investment 1.1 Implementation of an advanced and integrated monitoring and forecast system under component 4; Investment 1.2, Measures for flood and hydrogeological risk reduction, under component 4; Investment 3.2 Digitization of national parks under component 4; Investment 4.1 Investments in primary water infrastructures for the security of water supply under component 4; Investment 4.2 Reduction of losses in water distribution networks, including digitization and monitoring of networks under component 4.

In particular, Italy has proposed to modify investment 2.1 Interventions for the resilience, the enhancement of the territory and the energy efficiency of the Municipalities, under component 4 of this mission, adding a line of intervention for the reconstruction in the territories of Emilia Romagna, Tuscany, and Marche affected by the May 2023 floods, with the aim of restoring waterways, the local and provincial road network and increase protection against floods.

Italy has also proposed to remove two measures in their entirety: Investment 1.3 Promotion of innovative systems (including off-shore) under component 2 of this mission; Investment 2.2 Interventions for the resilience, the enhancement of the territory and the energy efficiency of the Municipalities, under component 4 of this measure. Both measures were removed due to demand driven circumstances.

Lastly, Italy proposed to insert a new measure, Investment 3.4, Fondo Rotativo Contratti di Filiera (FCF) to support supply-chains contracts for the agri-food, fishing and aquaculture, forestry, floriculture and plant nursery sectors, under component 1 of this mission. This investment entails the set-up of a Fund providing grants, subsidised loans and market loans to incentivise private investment and improve access to finance in Italy's the agri-food, fishing and aquaculture, forestry, floriculture and plant nursery sectors. The investment is expected to support the reorganisation of relations between the various actors in the supply chain, in order to promote cooperation and integration between the actors, to stimulate the creation of better market relations and to ensure, as a matter of priority, positive effects on agricultural production. Another objective of the investment is reducing greenhouse gas emissions, food waste and the use of pesticides and antimicrobials, improving energy efficiency and increasing the production and use of renewable energy.

Mission 3

In light of the modifications proposed by Italy, Mission 3 is still pursuing the aim of developing the high-speed network and its capacity, of strengthening the regional network and of making Italian ports more competitive and environmentally friendly. The objective of the submitted modification proposals is to take into account objective circumstances as envisaged in Article

21(1) of Regulation (EU) 2021/241, such as: supply chain disruptions, the identification of better alternatives to achieve the objectives of some measures and other unforeseen national developments. Therefore, when necessary, Italy proposed to adapt to these circumstances the description or the ambition of part of the measures in this mission and of their milestones and targets. Considering the resources made available due to these modifications, Italy proposed to insert two new measures. Moreover, Italy proposed to correct two clerical errors.

Overall, 11 measures under this mission are affected by the modification proposal. All of them are modified on the grounds of Article 21 of Regulation (EU) 2021/241. In detail, one measure in Mission 3 is no longer totally achievable because of price increases, due to inflation;1.6 Strengthening regional lines - Upgrading of regional railways (management RFI).

Additionally, two measures in this mission are no longer partially achievable because of supply chain disruptions. Concerned measures are the following: Investment 1.4, Introducing the European Rail Transport Management System (ERTMS), under component 1 and Investment 2.2, Digitalization of air traffic management, under component 2.

Moreover, seven measures have been modified to implement better alternatives in order to achieve the original ambition of the measure. This concerns the following measures: Investment 1.1 High-speed railway connections to the South for passengers and freight under component 1; Investment 1.2 High-speed lines in the North connecting to the rest of Europe, under component 1; Investment 1.3 Diagonal connections under component 1; Investment 1.5 Strengthening metropolitan nodes and key national links under component 1; Investment 1.7 Upgrading, electrification and resilience of railways in the South under component 1; Investment 1.8, Upgrading railway stations (RFI management in South), under component 1; Investment 2.1 Digitalisation of the logistic chain under component 2.

In addition, one measure is no longer achievable in the specific terms envisaged in the original RRP because of unforeseen new circumstances. Unforeseen developments in the consultation or procurement processes concerns: Investment 1.1, Green ports: renewable energy and energy efficiency interventions at ports, under component 2.

Lastly, Italy proposed to insert two new measures.

The first one, Investment 1.9, Inter-regional connections, under component 1 of this mission, aims at enhancing the following railway lines: Milan – Genova, Palermo – Catania, Taranto – Metaponto.

The second one, Investment 2.3, Cold ironing under component 2 of this mission, entails the realization of a network for the supply of electricity in at least 10 port areas (docks) and the related connection infrastructure to the national transmission grid.

Mission 4

In light of the modifications proposed by Italy, Mission 4 keeps its ambitions towards the achievement of a knowledge-intensive, competitive and resilient economy. The objective of the submitted modification proposals is to take into account objective circumstances as envisaged in Article 21(1) of Regulation (EU) 2021/241, such as: inflation, lack of demand, the identification of better alternatives to achieve the objectives of some measures and other unforeseen national developments. Therefore, when necessary, Italy proposed to adapt to these circumstances the description or the ambition of part of the measures in this mission and of their milestones and targets. Moreover, Italy proposed to correct a number of clerical errors.

Overall, 22 measures under this mission are affected by the modification proposal. 13 of them are modified on the grounds of Article 21 of Regulation (EU) 2021/241. 10 are corrections of clerical errors.

In detail, four measures in Mission 4 are no longer totally achievable because of price increases, due to inflation. These are: Investment 1.1 Plan for nurseries and preschools and early childhood education and care services under component 1; Investment 1.2 Plan for the extension of full-time under component 1; Investment 3.3 School building security and structural rehabilitation plan under component 1; Investment 4.1 Extension in number and career opportunities of PhDs (Research-oriented, Public Administration and Cultural Heritage under component 1; and Investment 3.2 Financing start-ups under component 2. Moreover, one measure is no longer partially achievable because of lack of demand. This concerns the following measure: Investment 1.2, Funding projects presented by young researchers, under component 2.

In addition, six measures have been modified to implement better alternatives in order to achieve the original ambition of the measure. This concerns the following measures: Reform 1.1 Reform of Technical and Professional Institutes under component 1; Reform R.2.1 Teachers' recruitment under component 1; Investment 2.1 Integrated digital teaching and training on the digital transformation for school staff under component 1; Reform 1.7 Reform of student housing regulation and investment in student housing under component 1; Investment 4.1 Extension in number and career opportunities of PhDs (Research-oriented, Public Administration and Cultural Heritage) under component 1; and Investment 3.3, Introduction of innovative doctorates that respond to the needs of innovation by enterprises and promote the hiring of researchers by companies under component 2.

One measure (Investment 1.7 Scholarships for University access under component 1) has been modified to reflect the updated maximum financial contribution on the basis of Article 18(2).

Furthermore, one measure is no longer achievable in the specific terms envisaged in the original RRP because of unforeseen developments in the consultation or procurement processes. The measure concerned is Investment 2.3, Strengthening and sectorial/ territorial extension of technology transfer centres by industry segments, under component 2.

Mission 5

In light of the modifications proposed by Italy, Mission 5 still aims at strengthening employment, social and territorial cohesion. The objective of the submitted modification proposals submitted by Italy is to take into account objective circumstances as envisaged in Article 21(1) of Regulation (EU) 2021/241, such as inflation and supply chain disruptions, unforeseen national developments and the identification of better alternatives to achieve the objectives of some measures. Therefore, when necessary, Italy proposed to adapt to these circumstances the description or the ambition of part of the measures in this mission and of their milestones and targets. Moreover, Italy proposed to correct one clerical error.

Overall, 13 measures under this mission are affected by the modification proposal; 11 of them are modified on the grounds of Article 21 of Regulation (EU) 2021/241.

In detail, four measures in Mission 5 are no longer totally achievable because of price increases, due to inflation. These are: Reform 1 The Active Labour Market Policies (ALMPs) and Vocational Training under component 1; Investment 3 Strengthening the dual system under component 1; Investment 1.4 Strengthening of the Universal Civil Service under component 1; and Investment 4 Infrastructural investments for the Special Economic Zones (SEZ) under component 3.

In detail, two measures in this mission are no longer partially achievable because of supply chain disruptions. These are: Investment 1, Strengthening Public Employment Services (PES), under component 1; and Investment 5, Urban Integrated Plans, under component 2.

Three measures have been modified to implement better alternatives in order to achieve the original ambition of the measure. These concerns: Investment 5 Creation of women's enterprises under component 1, aligning changes done within the targeted Council Implementing Decision adopted on 19 September 2023 amending Implementing Decision of 13 July 2021 on the approval of the assessment of the recovery and resilience plan for Italy; Investment 4, Investments in projects of urban regeneration, aimed at reducing situations of marginalization and social degradation under component 2 and Investment 1. Inner Areas – 2. Territorial Proximity health facilities under component 3.

Lastly, Italy has also proposed to remove two measures in their entirety: Investment 1, Inner Areas, under component 3 of this mission; Investment 2, Enhancement of assets confiscated from organised crime, under component 3 of this mission.

Mission 6

In light of the modifications proposed by Italy, Mission 6 continues to strengthen proximity services and digitalizing the national healthcare system. The objective of the submitted modification proposals is to take into account objective circumstances as envisaged in Article 21(1) of Regulation (EU) 2021/241, such as inflation and unforeseen national developments. Therefore, when necessary, Italy proposed to adapt to these circumstances the description or the ambition of part of the measures in this mission and of their milestones and targets . Moreover, Italy proposed to correct one clerical error.

Overall, 7 measures under this mission are affected by the modification proposal. 6 of them are modified on the grounds of Article 21 of Regulation (EU) 2021/241, whilst 1 is a correction of a clerical error.

In detail, 6 measures in Mission 6 are no longer totally achievable because of price increases, due to inflation. These are: Investment 1.1 Health Community Houses under component 1; Investment 2.3 Telemedicine strategies under component 1; Investment 1.3 Community Hospitals under component 1; Investment 1.1.2 Digital update of hospitals' technological equipment-large sanitary equipment under component 2; Investment 1.1.1 Digital update of hospitals' technological equipment under component 2; and Investment 1.2 Safe hospital under component 2.

Mission 7

Italy has submitted its REPowerEU chapter pursuant to Article 21c of Regulation (EU) 2021/241. Italy has proposed to include 22 measures in this chapter, amounting to EUR 11,178 million in total costs for 5 new reforms, 11 new investments, and 4 upscaled measures.

Two new reforms are expected to significantly accelerate Italy's green transition. The first reform consists in the adoption and entry into force of a single primary legislative act that will streamline the permitting for deploying renewables. The act (also known as Testo Unico) will collect, compile and consolidate all norms regulating the deployment of renewables, and supersede all relevant past legislation. The second reform will reduce Environmentally Harmful Subsidies (EHS) listed in the annual Catalogue of Environmentally Harmful Subsidies published by the Ministry of Environment and Energy Security. As a result of this reform, the overall envelope of EHS is expected to reduce by 2 billion in 2026 and establish path for further reduction until 2030.

Three other new reforms are particularly relevant for increasing Italy's green ambitions. These reforms are expected to reduce the costs of connection to the gas network of biomethane, mitigate the financial risk associated with renewable Public Purchase Agreements, and step up the provision and acquisition of the skills needed for the green transition.

The chapter includes tax incentives for private companies transitioning towards greener practices, infrastructural investments that will accelerate the deployment of renewable energy, and investments supporting green research, development, and innovation. Notably, Transizione 5.0 aids companies investing in digital assets improving the sustainability of production processes. The Tyrrhenian Link connects Sicily to the mainland, unlocking the solar power capacity of the island and integrating it into the national transmission grid. The Adriatic Line aims at boosting internal gas transmission. Additionally, Italy will support research aimed at enhancing the recycling of critical raw materials and technologies essential for the green transition.

The REPowerEU chapter also scales up existing investments in the plan. For instance, it supports interventions on medium and low voltage grid portions to electrify the energy consumption of at least 230,000 more inhabitants than what was already envisaged by Investment 2.1 in Mission 2 Component 2 of the Recovery and Resilience Plan of Italy. Another measure will further improve the resilience of at least 648 km of power grid more than what was already envisaged by Investment 2.2 in Mission 2 Component 2. Other scale-up measures concern the production of green hydrogen in abandoned industrial areas (Investment 3.1 in Mission 2 Component 2), and the promotion of training programmes of local civil servants within the scope of the strengthening their capacity and preparing them to the green transition.

Table of new and modified components and associated costs

Mission	Component	Status	Costs (EUR million)
Mission 1 (digitalisation, innovation, competitiveness, culture and tourism)	M1C1. Digitalisation, innovation and security in the PA	Modified	9,741.93
	M1C2. Digitalisation, innovation and competitiveness in the production system	Modified	24,989.86

Mission	Component	Status	Costs (EUR million)
	M1C3. Tourism and culture 4.0	Modified	6,605.00
Mission 2 (green revolution and ecological transition)	M2C1. Circular economy and sustainable agriculture	Modified	8,115.00
	M2C2. Renewable energy, hydrogen, grid and sustainable mobility	Modified	21,971.28
	M2C3. Energy efficiency and renovation of buildings	Modified	15,567.74
	M2C4. Protection of land and water resources	Modified	9,871.00
Mission 3 (infrastructures for sustainable mobility)	M3C1. Investments in the rail network	Modified	22,791.43
	M3C2. Intermodality and integrated logistics	Modified	954.00
Mission 4 (education and research)	M4C1. Strengthening the provision of education services: from crèches to universities	Modified	19,084.75
	M4C2. From research to business	Modified	11,000.87
Mission 5 (inclusion and cohesion)	M5C1. Employment policies	Modified	7,714.00
	M5C2. Social infrastructure, households, the community and the third sector	Modified	8,322.10
	M5C3. Special interventions for territorial cohesion	Modified	883,50
Mission 6 (health)	M6C1. Local networks, facilities and telemedicine for local health care	Modified	7,750.00
	M6C2. Innovation, research and digitalisation of the national health service	Modified	7,875.54
Mission 7 (REPowerEU chapter)		New	11,177.95

2.3 Other elements not covered by assessment criteria

The description of aspects related to administrative organisation, gender equality and equal opportunities for all, consultation process, security self-assessment for digital investments and the planned communication strategy as reflected in the previous Staff Working Document (2021) 173 final remains relevant.

State aid and competition rules fully apply to the measures funded by the Recovery and Resilience Facility. Union funds channelled through the authorities of Member States, like the RRF funds, become State resources and can constitute State aid. When this is the case and State aid is present, these measures must be notified and approved by the Commission before Member States can grant the aid, unless those measures are covered by an existing aid scheme or comply with the applicable conditions of a block exemption regulation, in particular the General Block Exemption Regulation (GBER) declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 TFEU[1]. When State aid is present and it requires notification, it is the duty of the Member State to notify State aid measures to the Commission before granting them, in compliance with Article 108(3) TFEU. In this respect, the State aid analysis carried out by Italy in the recovery and resilience plan cannot be deemed a State aid notification. In as far as Italy considers that a specific measure contained in the recovery and resilience plan entails de minimis aid or aid exempted from the notification requirement, it is the responsibility of Italy to ensure full compliance with the applicable rules.

3. SUMMARY OF THE ASSESSMENT OF THE PLAN

3.1. Comprehensive and adequately balanced response to the economic and social situation

	Green transition	Digital transformation	Smart, sustainable & inclusive growth	Social and territorial cohesion	Health, and economic, social and institutional resilience	Policies for the next generation
M1C1. Digitalisation, innovation and security in the PA	○	●	●	●	●	●
M1C2. Digitalisation, innovation and competitiveness in the production system	○	●	●		●	○
M1C3. Tourism and culture 4.0	○	○	●		●	
M2C1. Circular economy and sustainable agriculture	●	○	●	●		
M2C2. Renewable energy, hydrogen, grid and sustainable mobility	●	○	●	○		
M2C3. Energy efficiency and renovation of buildings	●		●	●	○	
M2C4. Protection of land and water resources	●	○	●	●		
M3C1. Investments in the rail network	●	●	●	●	●	

[1] Commission Regulation (EU) 2023/1315 of 23 June 2023 amending Regulation (EU) No 651/2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty and Regulation (EU) 2022/2473 declaring certain categories of aid to undertakings active in the production, processing and marketing of fishery and aquaculture products compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 167, 30.6.2023, p. 1–90, available at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32023R1315.

	Green transition	Digital transformation	Smart, sustainable & inclusive growth	Social and territorial cohesion	Health, and economic, social and institutional resilience	Policies for the next generation
M3C2. Intermodality and integrated logistics	○	○	●		●	
M4C1. Strengthening the provision of education services: from crèches to universities	●	●	●	●		●
M4C2. From research to business	●	●	●			●
M5C1. Employment policies		●	●	●	●	●
M5C2. Social infrastructure, households, the community and the third sector	○	○	●	●	●	
M5C3. Special interventions for territorial cohesion	○		●	●	●	●
M6C1. Local networks, facilities and telemedicine for local health care	○	○		●	●	
M6C2. Innovation, research and digitalisation of the national health service	○	●	○	●	●	
M7C1 REPowerEU Chapter	●		●		○	○

Key: "●" investments and reforms of the component significantly contribute to the pillar; "○" the component partially contributes to the pillar.

The modified RRP submitted by Italy, including the REPowerEU chapter covers in a comprehensive manner the six pillars of the Facility (Article 3): (i) green transition, (ii) digital transformation, (iii) smart, sustainable and inclusive growth, (iv) social and territorial cohesion, (v) health and economic, social and institutional resilience, and (vi) policies for the next generation. The nature and the extent of the proposed modifications of the plan along with the REPowerEU chapter do not impact the assessment of the contribution of the plan to the different pillars.

The coverage of the Italian RRP's components toward the six pillars is summarised in Table 2 above. All pillars are covered by at least one component, while a component may contribute to several pillars.

Therefore, the modified RRP submitted by IT confirms the previous assessment that it presents to a large extent a comprehensive and adequately balance response to the economic and social situation.

Taking into consideration all reforms and investments envisaged by Italy, its modified recovery and resilience plan continues to represent, to a large extent, a comprehensive and adequately balanced response to the economic and social situation, thereby contributing appropriately to all six pillars referred to in Article 3 of the RRF Regulation, taking the specific challenges and the financial allocation of Italy into account. This would warrant a rating of A under criterion 2.1 in Annex V to the RRF Regulation.

3.2. Link with country-specific recommendations and the European Semester

The Italian modified plan, including the REPowerEU chapter, is expected to continue effectively addressing a significant subset of the challenges identified in the relevant country-specific recommendations. The reforms and investments originally envisaged by the Italian RRP are ambitious and have the potential to structurally tackle long-standing challenges of the economy. The amendments to the Plan, complemented by the REPowerEU chapter, build on this to keep addressing the challenges identified by the relevant country-specific recommendations. As the maximum financial contribution for Italy has been adjusted upwards, all 2022 and 2023 structural recommendations are considered in the overall assessment. Particularly, these concern public administration and administrative capacity (2023 CSR2.1), renewable energy and energy infrastructure (2023 CSR3.1-3.2-3.3), energy efficiency (2023 CSR3.4), sustainable transport (2023 CSR3.6) and green skills (2023 CSR3.7).

The revised Plan together with the REPowerEU chapter are expected to contribute to reinforcing the ambition of the RRP as regard to the relevant country-specific recommendations addressed in the field of energy and green transition. It contributes to strengthening transmission and distribution networks, for both gas - for example, Adriatic Line (M7.I11) - and electricity – for example, Tyrrhenian link (M7.I4). The reform aims to streamline permitting procedures for renewable energy at central and local level (M7.R1) and is expected to contribute to accelerating the deployment of new renewable energy sources. The chapter is expected to reduce energy demand and increase the energy efficiency of production processes in private companies with “Transition 5.0” (M7.I13) and dedicated “Support to SMEs for self-production from renewable energy sources” (M7.I14). The REPowerEU chapter will promote provision and acquisition of green skills through both a reform (M7.R5) and an investment (M7.I10). The new reform (M7.R2) that aims at reducing the environmental harmful subsidies will help promote sustainable transport.

The challenges related to public administration and administrative capacity are expected to be further tackled by the amended plan. The revised Plan is also expected to contribute to strengthening administrative capacity, both at central and subnational level, with a view to the twin transitions and the implementation of the RRP, as well as improving the effectiveness of public administration. For example, a new investment in REPowerEU chapter (M7.I9) strengthens the focus on green skills promotion among local civil servants by scaling up an existing measure in the plan (M1C1.I1.9), which already strengthens public administration capacity for the implementation of the Italian Recovery and Resilience Plan.

Taking into consideration the reforms and investments envisaged by Italy, its modified recovery and resilience plan is expected to contribute to effectively addressing all or a significant subset of challenges identified in the country-specific recommendations, or challenges in other relevant documents officially adopted by the Commission under the European Semester, and the modified recovery and resilience plan represents an adequate response to the economic and social situation of Italy. This would warrant a rating of A under criterion 2.2 in Annex V to the RRF Regulation.

3.3. Growth potential, job creation, economic, institutional and social resilience, European Pillar of Social Rights, mitigating the impact of the crisis, and social territorial cohesion and convergence

The proposed modifications to Italy's recovery and resilience plan mainly consist in adapting the ambition of part of the measures to the objective circumstances referred to in Article 21 of Regulation (EU) 2021/241. Moreover, new reforms and investments have been proposed in the REPowerEU chapter, as well as other measures in the fields of green transition.

The nature and extent of the proposed modifications to Italy's recovery and resilience plan do not have a material impact on the previous assessment (rating of A) of the plan's impact on the growth potential, job creation, and economic, social and institutional resilience of the Member State, on contributing to the implementation of the European Pillar of Social Rights, including through the promotion of policies for children and youth, and on mitigating the economic and social impact of the COVID-19 crisis, thereby enhancing the economic, social and territorial cohesion and convergence within the Union, as reflected in the previous SWD (2021) 165 final.

3.4. The principle of 'do no significant harm'

The modifications of the measures included in the RRP do not have an impact on the assessment of the principle of 'do no significant harm' which remains identical.

Italy's REPowerEU chapter includes a systematic assessment of each measure against the principle of 'do no significant harm' (DNSH), for each of the six environmental objectives within the meaning of Article 17 of the Taxonomy Regulation. Italy's self-assessment often stresses the environmental and climate benefits of measures in this assessment. It also provides information necessary for the assessment that the measures will comply with the 'do no significant harm' principle –for instance by providing reassurance that the implementation of the existing EU and Italian legislative framework will prevent any significant harm, or by indicating that any measure that could have had a significant impact has been carved out from funding under the Recovery and Resilience Facility.

For the financial instruments, where it is not known ex-ante which projects are to be financed, adherence with the 'do no significant harm' principle is ensured by introducing specific safeguards in the measure description and in the related milestones and targets, to monitor the implementation of the measures. This is of relevance for investments such as "Support to SMEs for self-production from renewable energy sources" (M7.I14) as well as new financial instruments under M1C2 (for instance M1C2.I6 "Support for the ecological transition of production systems and strategic supply chains for Net-Zero Technologies"). For some measures where calls for projects or calls for interest are necessary to select specific projects, adherence with the 'do no significant harm' principle is ensured by introducing specific safeguards in the milestones associated with each measure, to monitor the implementation of the measures. This is the case for instance for the investment Transizione 5.0 (M7.I13).

The Plan includes two measures for which, in accordance with Article 21c(6) of Regulation (EU) 2021/241 the principle of "do no significant harm" do not apply, i.e., investment M7.I11 "Adriatic Line Phase 1" and M7.I12 "Cross-border gas export infrastructure". M7.I11 contributes to the construction and commissioning of a compressor station in Sulmona and a gas pipeline connecting the nodes of Sestino and Minerbio, as part of the Adriatic Line. M7.I12 consists of the construction of a new electric compression unit in the Poggio Renatico compressor station. These measures contribute to the objective set out in Article 21c (3), point (a) of the RRF Regulation, notably by enabling diversification of supply in the interest of the Union as a whole.

The Commission considers that the principle of 'do no significant harm' does not apply to these measures, since it has been positively assessed that the conditions of Article 21c(6) of the RRF Regulation are met:

The measure is necessary and proportionate to meet immediate security of supply needs, taking into account cleaner feasible alternatives and the risk of lock-in effects.

Italy's gas demand in 2022 was estimated to be around 74 bcm/y (a decrease of 7% from 2021). The country has traditionally been characterized by a high dependence on a single gas source of supply. In 2021, Russia was the largest supplier, providing 29.2 bcm. Other major suppliers include Algeria, Qatar, and Norway. After Russia's invasion of Ukraine, Italy has started diversifying its providers.

Italy's diversification strategy revolves around the construction of the Adriatic Line. The project is made of three phases. Phase 1 consists in the construction of the Sulmona compressor station and a pipeline connecting the notes of Sestino and Minerbio. Phase 2 and 3 consist in the construction of the Sulmona-Foligno and Foligno-Sestigno gas pipelines. The REPowerEU chapter will support only Phase 1, which is expected to be completed and come into operation (that is, with gas flowing) by end of 2026.

The Sulmona compressor station will consist of 3 turbo-compressors, each with 11 MW capacity (for a total of 33 MW installed capacity). Its main purpose is to push gas from existing infrastructure into newly built pipelines. The Sestino-Minerbio gas pipeline will extend for approximately 140 km and has Diameter Nominal 1200. This pipeline will develop starting from the node of Sestino and will end near Minerbio. Minerbio is a particularly important node in the gas network, as it is at the crossroad of all pipelines transporting gas from south to north.

The Adriatic pipeline Phase 1 is expected to increase the capacity of transporting gas by 14 mcm/d. The construction of the compressor station in Sulmona and of the pipeline that connects Sestino to Minerbio enhances the capacity of transporting 5 mcm/d gas from the south – where the Trans Adriatic Pipeline, transporting gas from Azerbaijan, is entering into operation – and 9 mcm/d from the Floating Storage and Regasification Unit in Livorno and Piombino (already operational) and in Ravenna (in operation from 2024). The new pipeline is also adequately dimensioned to ensure effective transmission of all available sources and necessary flexibility in transmission management. Therefore, the investment is considered proportionate to meet security of supply needs.

From the node of Minerbio, gas will then be dispatched towards the exit points of Passo Gries, Tarvisio, and Gorizia, towards Central Europe. The growing market interest in exporting gas volumes from Italy to Austria, Slovenia, Slovakia, Germany, and Eastern Europe is reflected in the transport capacity allocations made by the shippers at the Tarvisio interconnection point. During the 2022/2023 thermal year, the maximum available capacity was allocated. The available capacity is also booked at 80% for the 2023/2024 thermal year and at 88% for the following thermal year, thanks to a Memorandum of Understanding signed by the Italian and Slovakian Transmission System Operators in April 2023.

Accommodating the interest by Central European Member States require upgrading the capacity of exporting gas at the Tarvisio exit point. To that end, REPowerEU will support the upgrade of the Poggio Renatico compressor station, which is located approximately 20km away from Tarvisio. The investment consists in the construction of a new electric compressor that is expected to increase the capacity of exporting gas via the Tarvisio exit point by 8 bcm/y.

The Phase 1 of the Adriatic Line infrastructure and the compressor station in Poggio Renatico are therefore complementary projects that together can help Italy further diversifying its import of gas and at the same time ensure the security of supply of Central European Member States. Most importantly, the Phase 1 is an initial and pivotal milestone for the completion of the rest of the Adriatic Line infrastructure, expected for 2027. At completion of the whole pipeline, transporting capacity is expected to increase from 14 mcm/d in 2026 to 33 mcm/d (24 mcm/d from the entry point in the South and 9 mcm/d from the FSRU).

As regards cleaner alternatives, while the production or import of green hydrogen cannot be considered a technologically and economically feasible alternative that could be deployed by end 2026, both the Adriatic Line and the compressor station in Poggio Renatico will play a fundamental role in the deployment of green hydrogen in the medium-to-long term. The infrastructure is designed and will be constructed with hydrogen-ready materials. The infrastructure will therefore facilitate the import, transport and export of hydrogen from producers in North Africa (in perspective, a potentially large supplier of hydrogen). Therefore, the risk of lock-in effect is considered mitigated.

In light of the above, the Commission considers that the measure is necessary and proportionate to meet immediate security of supply needs, taking into account cleaner feasible alternatives and the risk of lock-in effects, in line with Article 21c(6), point (a) of the RRF Regulation.

The Member State has undertaken satisfactory efforts to limit the potential harm to environmental objectives where feasible and to mitigate harm through other measures

The results of the relevant environmental impact assessments and the environmental decisions issued by the Ministry of the Environment and Energy Security regarding the compressor station in Sulmona, the Sestino-Minerbio gas pipeline and the compressor station in Poggio Renatico confirm that all projects will be implemented within the applicable EU and national environmental legal framework. Mitigation measures have been imposed by the environmental decision in relation to biodiversity protection (including Natura 2000 sites).

As part of one of the milestones related to this project (M7-34), the Italian authorities shall establish the site-specific conservation objectives (SSCOs) for the Natura 2000 sites affected by the project according to the methodology adopted by the Ministry of Environment and Energy Security in 2022 and 2023. Italy is also expected to verify the appropriate assessments already carried out under the Habitats Directive (VINCAs) in the light of the newly established SSCOs. If needed, Italy is expected to the appropriate assessments ("Valutazione di incidenza ambientale") already carried out under the Habitats Directive in line with the national guidelines of 28 December 2019 and ensure their integration into the overall environmental impact assessment procedure.

Based on the analysis of the supporting documents provided by Italy, and taking into account that no other measure, including the other measures in the REPowerEU chapter, is expected to do a significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) No 2020/852, the Commission considers that satisfactory efforts have been undertaken to limit the potential harm to environmental objectives, where feasible, in line with Article 21c(6), point (b) of the RRF Regulation.

The measure does not jeopardise the achievement of the Union's 2030 climate targets and the objective of EU climate neutrality by 2050

The Adriatic Line and the compressor station in Poggio Renatico will support the increase in the use of renewable energy sources by providing a back-up to stabilise electricity and heat supply. In addition, the modified RRP, including the REPowerEU chapter, contains reforms and investments to promote energy efficiency, renewable energy, and sustainable mobility, all of which are expected to contribute to the achievement of the Union climate target by 2030 and climate neutrality by 2050.

In light of the above, the Commission considers that these investments do not jeopardise the achievement of the Union's 2030 climate targets and the objective of EU climate neutrality by 2050, in line with Article 21c(6), point (c) of the RRF Regulation.

The measure is planned to be in operation by 31 December 2026

According to the supporting documents provided by Italy, the end of the construction works and the technical acceptance of the compressor station in Sulmona, the Sestino-Minerbio pipeline and the compressor station in Poggio Renatico should take place in August 2026 and the whole infrastructure is planned to be in operation by 31 December 2026, in line with Article 21c(6), point (d) of the RRF Regulation.

The estimated cost of the Adriatic Line Phase 1 is EUR 375,000,000, while the estimated cost of the upgrade of the Poggio Renatico compressor station is EUR 45,000,000.

Taking into consideration the assessment of all the measures envisaged, no measure for the implementation of reforms and investments projects included in Italy's modified Recovery and Resilience Plan, including its REPowerEU chapter, is expected to do a significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) No 2020/852 (the principle of ‘do no significant harm’). The targeted exemption for the measures in the REPowerEU chapter receives a positive assessment as the necessary requirements have been met. This would warrant a rating of A under criterion 2.4 of Annex V to the RRF Regulation.

3.5. Green transition

The modified RRP of Italy correctly follows the methodology for climate tagging set out in Annex VI to the RRF regulation, by identifying intervention fields, and corresponding coefficients for the calculation of support to the climate objectives, for each measure (the table in Annex I presents the detailed application of the climate tagging methodology). It should be noted that:

a) the tagging and the estimated expenditure of existing measures was not modified, with the exception of measure M2C2.I5.1 (Production capacity of renewables and batteries), M5C2.I7 (The Sport and Social Inclusion project) and M6C1.I1 (Community Health Houses to improve territorial health assistance) due to changes introduced in the measure that required amending the climate tagging per sub-investment.
b) For the new measures of the modified plan, the choice of intervention fields for the green transition is well justified and it reflects the nature, focus, objective, or expected outcome of the investments included in the component.

The reforms and investments in the REPowerEU chapter responds to the REPowerEU objectives and increases Italy’s ambitions regarding the green transition and are expected to have a long-lasting impact by reducing the reliance on fossil fuels, increasing energy efficiency and improving the regulatory framework enabling the rollout of renewable energy sources.

Measures supporting climate change objectives represent around 70% of the total estimated costs of measures in the REPowerEU chapter, according to the methodology for climate tracking set out in Annex VI to the RRF Regulation. All measures in the REPowerEU chapter have received a climate tag of 100%, except for: Transition 5.0 (M7.I13), which has 64% climate tag due to the support to investments increasing energy efficiency of production processes by less than 30%, and the measure supporting sustainable, circular and secure supply of critical raw materials (40%). The investments for the construction of the Adriatic gas pipeline (M7.I11) and the gas compressors station in the North-East of the country (M7.I12) are subject to a DNSH derogation and therefore have a 0% climate tag.

Therefore, the climate change contribution of the total plan, including the REPowerEU chapter, amounts to 39.0% of the total envelope, therefore exceeding the minimum climate target of 37%. Aside from REPowerEU, Mission 2, Mission 3 and Mission 7 contribute significantly to the climate target.

	Budget (EUR m)	Climate contribution (EUR m)	Climate contribution per mission
M1	41,336.79	2,319.24	5.6%
M2	55,525.02	43,605.95	78.5%
M3	23,745.42	19,594.72	82.5%

M4	30,085.62	1,972.20	7.8%
M5	16,919.60	365.40	2.2%
M6	15,625.54	400.00	2.6%
M7 - REPowerEU	11,177.95	7,631.35	68.3 %
Total	**194,415.95**	**75,888.86**	**39.0%**

Additionally, Italy's amended Recovery and Resilience Plan continues to significantly contribute to the green transition, including biodiversity, as well as to the achievement of the Union 2030 climate targets while complying with the objective of EU climate neutrality by 2050. It stills provides for significant actions in the fields of energy efficiency, deployment of renewable energy sources, emissions reduction, circular economy, waste management, biodiversity protection.

Taking into consideration the assessment of all the measures envisaged, the modified RRP, including its REPowerEU chapter, is expected, to a large extent, to make a significant contribution to the green transition or to address the challenges resulting from it and ensures that at least 37% of its total allocation contribute to the climate target. At least 37% of the total estimated costs of the REPowerEU chapter contribute to the climate target. This would warrant a rating of A under criterion 2.5 of Annex V to the RRF Regulation.

3.6. Digital transition

Italy's modified recovery and resilience plan continues to significantly contribute to the digital transition by enhancing connectivity, improving digitalisation of public administration and of businesses, supporting the development of digital skills and of technologies. The measures in Italy's modified Recovery and Resilience Plan are still expected to contribute to improving the competitiveness and resilience of the Italian economy, while ensuring inclusiveness and to bring a transformational change and have a lasting impact.

	Budget (EUR m)	Digital contribution (EUR m)	Digital contribution per mission
M1	41,336.79	26,872.15	65.0%
M2	55,525.02	2,008.00	3.6%
M3	23,745.42	2,750.00	11.6%
M4	30,085.62	7,222.93	24.0%
M5	16,919.60	3,116.60	18.4%
M6	15,625.54	4,902.65	31.4%
M7 - REPowerEU	11,177.95	236.00	2.1%
Total	**194,415.95**	**46,872.33 (without REPowerEU)**	**25.6%**

The measures withdrawn or modified do not impact the ambition of the plan regarding the digital transition. After the amendments, Mission 1, Mission 3 and Mission 4 contribute less than before to the digital objectives. The reduction is, however, compensated by an increase in ambition in Mission 6. Two new measures in the REPowerEU chapter were identified as related to the digital transition, but they are excluded from the calculation of the contribution to the digital target. Therefore, the contribution to the digital transition of Italy's modified recovery and resilience plan (excluding the REPowerEU chapter) stand at 25.6% (EUR 46,872 billion).

Taking into consideration the assessment of all the measures envisaged, the modified Recovery and Resilience Plan of Italy is expected, to a large extent, to make a significant contribution to the digital transition or to address the challenges resulting from it and ensures that at least 20% of its total allocation (excluding the measures in the REPowerEU chapter) contributes to supporting digital objectives. This would warrant a rating of A under criterion 2.6 of Annex V to the RRF Regulation

3.7. Lasting impact of the plan

Italy's modified Recovery and Resilience Plan does not reduce the ambition of the initial plan. Its ambition is adapted to the inflation and supply chain issues related to Russia's invasion of Ukraine, to the prolonged impact of the COVID-19 crisis and some unexpected legal or technical difficulties, as well as the availability of better alternatives for the implementation of some measure, by modifications under Article 21(1) of (EU) Regulation 2021/241.

The REPowerEU chapter introduces measures which are expected to have lasting positive effects on the Italian economy by further boosting its green transition by stimulating private investments with two main financial instruments, Transizione 5.0 and Support to SMEs for self-production from renewable energy sources supporting the green and digital transition, through ambitious energy efficiency targets and higher uptake of renewable energy. The REPowerEU chapter includes investments to scale-up existing measures supporting the strengthening of smart grids, interventions to increase the resilience of the power grid, production of hydrogen in brownfields sites (Hydrogen Valleys) and provide technical assistance and strengthen capacity buildings for the implementation of the Italian RRP.

The nature and extent of the proposed modifications to Italy's RRP do not have a material impact on the previous assessment (rating of A) of the lasting impact of the measures proposed by Italy, as reflected in the previous SWD (2021) 165 final.

3.8. Milestones, targets, monitoring and implementation

The milestones and targets of the modified Italian RRP enable an adequate monitoring of the plan's implementation. Each of the new reforms and investments introduced in the modified plan includes at least one milestone and/or target outlining the key elements of the measures and allowing for the assessment of its achievement. In particular, the REPowerEU chapter includes 46 new milestones and targets.

The nature and extent of the proposed modifications to Italy's RRP do not have a material impact on the previous assessment (rating of A) of the adequacy of the arrangements proposed by Italy to ensure the effective monitoring and implementation of the plan, as reflected in the previous SWD (2021) 165 final.

3.9. Costing

Italy has provided individual estimated costs for the new measures that entail a cost, including the measures in REPowerEU chapter. For all the measures whose modifications entailed a change in the cost estimates or related target, Italy has also provided justifications including on the proportionality of the relevant amendments and new individual estimated costs when substantial modifications of a measure entailed a change in the assumptions underlying the cost estimates.

The costs of the measures are outlined in the standard template table. Moreover, Italy provided information on how the amount was reached, consisting in references.

The assessment of the cost estimates and inherent supporting information shows that the majority of the costs of the new measures and of the existing measures whose modifications entailed a new cost assessment are well justified, reasonable, plausible and do not include costs covered by existing or planned EU financing and are commensurate to the expected economic and social impact of the envisaged measures. Moreover, the changes in the cost estimates of the other modified measures are justified and proportional.

Reasonable costs

Overall, the assumptions used by Italy to estimate the costs of the new measures including the ones in the REPowerEU chapter and of the existing measures whose modifications entailed a new cost assessment, provide a reasonable explanation of the key cost drivers of the measures. The calculations are generally clearly spelled out allowing to identify the methodology used even if for a limited number of measures the information provided is more limited or less clear. Nevertheless, there is no evidence that would allow doubting the costing estimates provided.

The new measures in the REPowerEU chapter and the existing measures whose modifications entailed a new cost assessment, comply with the eligibility criteria set out in the RRF Regulation. All costs are incurred for reforms and investments after February 2020 and after February 2022 for the measures in the REPowerEU chapter and are eligible.

The reasonability of the costs of the other modified measures has not changed from the initial assessment of these measures, as the changes in the cost estimates for all of them are duly justified and proportional. In the case of measures being modified under Article 21(1) of Regulation (EU) 2021/241 for cost-related reasons, sufficient information has been provided to justify the objective circumstances and the proportionality of the changes in the cost estimates or related target. In this context, the reasonability of the cost estimates, taking into account the new measures in the REPowerEU chapter, and the modified measures, has been established to a medium extent.

Plausible costs

The amount of the estimated costs of new measures in the REPowerEU chapter and the existing measures whose modifications entailed a new cost assessment is in line with the nature and type of the envisaged reforms and investments. For most of these measures, Italy provided supporting information to substantiate the cost estimates, including explanations of how past projects relate to the cost estimates of the new measures. Nevertheless, in a limited number of instances the comparability of past projects to the ones proposed in the plan could not fully be established, partially due to the novelty of the measure.

The plausibility of the costs of the other modified measures has not changed from the initial assessment of these measures, as the changes in the cost estimates for all of them are duly justified and proportional. Sufficient information has been provided to justify the objective circumstances and the proportionality of the changes in the cost estimates or related target.

Considering the limitations of an ex-ante assessment of cost estimates, the amounts proposed for financing were deemed appropriate and seen as establishing the plausibility of the cost estimates to a medium extent.

No double Union financing

Italy has indicated for each individual new measure in the REPowerEU chapter and the existing measures whose modifications entailed a new cost assessment that the costs to be financed by the RRF will not be funded at the same time by other Union funding sources.

Commensurate and cost-efficient costs

The total cost of the modified Italian RRP is commensurate to the expected social and economic impact of the envisaged measures. The plan is expected to contribute to effectively addressing all or a significant subset of the challenges identified in the relevant country-specific recommendations and contains measures that are expected to foster economic growth and economic cohesion in an inclusive manner, to boost the growth potential of the Italian economy, to stimulate job creation, and to mitigate the adverse effects of the crisis.

The justification provided by Italy on the amount of the estimated total costs of the modified RRP is to a medium extent reasonable, plausible, in line with the principle of cost-efficiency and is commensurate to the expected national economic and social impact. Italy provided sufficient information and evidence that the amount of the estimated cost of the reforms and investments of the modified RRP to be financed under the Facility is not covered by existing or planned Union financing. This would warrant a rating of B under the assessment criterion 2.9 of Annex V to the RRF Regulation.

3.10. Controls and audit

The original Italian RRP envisaged a clear structure for the audit system. It established a dedicated Audit Body for the internal control system, the simplification of procedures, the strengthening of administrative capacity, dedicated IT systems and arrangements for tackling fraud and corruption, with the objective of achieving a timely and effective implementation of the measures included in the plan under a central coordination for monitoring.

A dedicated milestone under mission component 1 (M1C1-68) has already been assessed in the context of the first payment request with reference to setting up a system for Audit and Control to monitor the implementation of the RRF.

Considering that no new measure or modification proposal included in the modified RRP submitted by Italy relates to the structure for audit system mentioned above, the nature and extent of the proposed modifications to Italy's RRP do not have a material impact on the previous positive assessment (rating of A) of the adequacy of the control and audit arrangements proposed by Italy.

3.11. Coherence

The modified RRP submitted by Italy is structured in 7 Missions divided in 18 components, including REPowerEU chapter. These contribute to the common objectives of stimulating the recovery of the Italian economy, contributing to the twin transition and increasing Italy's resilience to meet the challenges of the twenty-first century on the path of sustainable and inclusive growth.

Each component is built around consistent packages of both reforms and investments, with mutually reinforcing or complementary measures.

The modification of the Italian RRP concerns all the existing missions and respective components and includes a new one, the REPowerEU Chapter. The modifications proposed by Italy do not alter the overall coherence of the plan, as the missions and components are mutually reinforcing and complementary. In particular, the newly added REPowerEU chapter reinforces existing green transitions measures in Mission 2 by upscaling 4 of them. The new reforms and investments in the REPowerEU are designed to further boost the green transition of Italy and the rollout of renewable energy sources, in line with the specific REPowerEU objectives. Moreover, the other new reforms and investments proposed by Italy will contribute to strengthening Italy's public sector, green transition, supply chain and national railway mobility.

Therefore, taking into account the qualitative assessment of all components of Italy's modified RRP, their individual weight (importance, relevance, financial allocation) and their interactions, the plan contains measures for the implementation of reforms and public investments which, to a large extent, represent coherent actions. This would warrant a rating of A under the assessment criterion 2.11 of Annex V to the RRF Regulation.

3.12. REPowerEU

The implementation of the measures included in the REPowerEU chapter are expected to contribute notably to the objectives in Article 21c (3), points (a), (b), (d), (e), and (f) of Regulation (EU) 2021/241. The newly presented measures are informed by the analysis carried out under the Technical Support Instrument (TSI) aiming to help Italy identify the most suitable reforms and investments to deliver on the REPowerEU objectives. The investments and reforms of the Italian REPowerEU chapter aim at strengthening energy autonomy and the green transition.

Italy's REPowerEU chapter contributes to the objective described in Art. 21c(3)(a) of the RRF Regulation. The construction of the Adriatic gas pipeline (including the compressor station in Sulmona) (M7.I13) and of the new compression station in Poggio Renatico improving gas exports towards Central Europe (M7.I14) will improve energy infrastructure and facilities to meet immediate security of supply needs for gas, including liquified natural gas, and to enable diversification of supply in the interest of the Union as a whole.

Three investment "Transizione 5.0" (M7.I15), "Support to SMEs for self-production from renewable energy sources" (M7.I16), and "Strengthening smart grids" (M7.I1) will help boost energy efficiency, reduce energy demand and decarbonise industry in line with Art. 21c(3)(b) and Art. 21c(3)(d). The investment "Transition 5.0" (M7.I15) consists of a tax credit scheme and covers expenses to be claimed in the tax returns presented in the period between 1 January 2025 and 31 August 2026. The investment supports the energy transition of production processes towards an energy efficiency, a sustainable and renewable-based model of production, aiming at increasing energy efficiency and at deploying renewable energy self-production in enterprises, leading to 0.4 Mtoe of cumulative savings in energy consumptions in the period 2024-2026. "Strengthening smart grids" (M7.I1) consists in interventions on medium and low voltage grid portions to electrify the energy consumption of more inhabitants than what already envisaged by an existing measure in the plan. “Support to SMEs for self-production from renewable energy sources” (M7.I16) is a facility that will support private companies investing in self-consumption and self-production of renewable energy.

Three investments contribute to increasing the share of and accelerating the deployment of renewable energy, in line with Art. 21c(3)(b). First, the ‘Tyrrhenian Link’ (M7.I4) consists in the installation of 514 km of point-to-point (HVDC) submarine cables allowing for the integration of the grids in Sardinia, Sicily and the continent once the rest of the project is completed. The infrastructure will unlock the solar production capacity in Sicily, integrating it within the transmission grid on the continent. Second, the investment SA.CO.I 3 (M7.I5), the REPowerEU chapter contributes to the construction of conversion stations along the ‘Sardinia-Corsica-Italy 3’ electric interconnection infrastructure. The stations will allow for the integration of the Sardinian renewable capacity into the national transmission grid and contribute to the electrification of Corsica as well. Italy will also invest in another cross-border project (M7.I6) consisting in increasing existing electricity interconnection nominal capacity between Italy, Austria and Slovenia.

Several reforms will accelerate the deployment of renewable energy (Art. 21c(3)(b)). The adoption and entry into force of a single primary legislative text, known as Testo Unico, (M7.R1) will allow for the collection, compilation and consolidation of all norms regulating the deployment of renewables, thus superseding all relevant past legislation. M7.R2 will facilitate access of biomethane into the energy system and energy market to create new biomethane production capacity, favouring the flexibility and efficiency of natural gas network by facilitating a conversion to renewable gases and thus contributing to the decarbonization of the energy system and to energy independence. Finally, the reform on mitigation of financial risks associated with renewable Power Purchase Agreements (PPAs) (M7.R4) consists in the establishment of a system of guarantees mitigating the financial risk associated with renewable Power Purchase Agreements, in particular, those with a duration of at least three years.

Two projects will increase the production and uptake of sustainable biomethane and of renewable or hydrogen, under Art. 21c(3)(b). The investment M7.I3 consists in completing 2 more projects to produce hydrogen in abandoned industrial areas than what was already envisaged by an existing measure in the original plan. The reform M7.R3 will enhance the integration in the network of biomethane producing facilities.

Energy poverty, under Art. 21c(3)(c), is addressed most notably through the measure of a financial instrument for energy renovations of public and social housing (M7.I17). This measure shall consist of a public investment in a facility to incentivise private investment and improve access to finance energy renovations in social and public housing and in vulnerable households in other private residential properties, achieving a minimum 30% energy efficiency improvement. The objective of the measure is to support renovation for low-income and vulnerable households.

Two investments will contribute to reducing energy demand, in line with Art. 21c(3)(d). “Strengthening smart grids” (M7.I1) consists in interventions on medium and low voltage grid portions to electrify the energy consumption of more inhabitants than what already envisaged by an existing measure in the plan. “Support to SMEs for self-production from renewable energy sources" (M7.I16) is a facility that will support private companies investing in self-consumption and self-production of renewable energy.

Two investments will help address internal and cross-border energy transmission and distribution bottlenecks, in line with Art. 21c(3)(e). "Interventions to increase the resilience of power grid" (M7.I2) consists in interventions to improve the resilience of at least 648 km of power grid more than what was already envisaged by an existing measure in the original plan. The investment "Smart National Transmission Grid" (M7.I7) will contribute to the digitalisation of the National Transmission Grid (NTG) by improving the management and control system managed by the Transmission System Operator. A more digitalised transmission grid will allow for more efficient absorption of intermittent renewable energy sources and for timely management of disruptions.

The reform on Environmental Harmful Subsidies (M7.R2) will support the transition towards zero-emission transport and its infrastructure, in line with Art. 21c(3)(e). The reform aims at reducing the subsidies to be reduce will be based on the annual Catalogue of Environmentally Harmful Subsidies published by the Ministry of the Environment and Energy Security.

Finally, the REPowerEU chapter will support the achievement of all other objectives by accelerating the requalification of the workforce towards green skills as well as the value chains in critical raw materials and technologies linked to the green transition. The 'Crescere Green' investment (M7.I10) consists in a pilot training intervention for the development of skills on a supra-regional scale, with the involvement of businesses and the private sector, and with a sectoral focus depending on the most required skills by the green transition in the labour market. A scale-up investment (M7.I11) aims at stepping up policy efforts for the provision and acquisition of the skills needed for the green transition by local civil servants. These investments are accompanied by a reform called 'Plan for new Skills – Transitions' (R5), which aims to update the regulatory framework of training and operationalise the tools to combat skills mismatch, updating the already adopted New Skills Plan. The investment "Sustainable, circular and secure supply of Critical Raw Materials" (M7.I8) supports research projects aimed at facilitating the recovering and recycling of waste electrical and electronic equipment - including wind turbine blades and photovoltaic panels. One of the outcomes of the investment is also a map geolocalising and visualising recyclable resources or materials across urban environments (urban mines) as well as existing waste in abandoned mines.

Furthermore, the REPowerEU chapter is coherent with Italy's original RRP and helps extending the planned ambitions in terms of green transition. Through the strengthening of smart grids (M7.I1), Italy is scaling up Investment 2.1 in Mission 2 Component 2 of the Italian RRP, aiming at electrifying the energy consumption of at least 230,000 more inhabitants compared to what is already envisaged by the existing measure. By increasing the resilience of the power grid (M7.I2), Italy upscales Investment 2.2 in Mission 2 Component 2 of its RRP: the plan is to improve the resilience of at least 648 km of power grid more compared to the original objective set up in the RRP. The so-called 'Hydrogen Valleys' investment (M7.I3) upscales Investment 3.1 in Mission 2 Component 2 of the RRP and consists in completing two more projects to produce renewable hydrogen in abandoned industrial areas, leading to a total number of 12 projects once the measure is completed. Finally, Italy will upscale Investment

1.9 in Mission 1 Component 1 of its RRP by complementing the training programmes of public employees envisaged in the original measure with training modules preparing central and local civil servants to the green transition.

Finally, it must be noted that consultations were held with stakeholders in the preparation of this chapter. At the occasion of the meeting of the Cabina di Regia on 6 February 2023, the Italian government created a 'Gruppo Tecnico' on REPowerEU, consisting of representatives of the competent Ministries (Presidency of the Council of Ministers, Ministry of Finance, Ministry of Environment and Energy Security, Ministry of Agriculture, Ministry of Industry and Made in Italy, Ministry of Transport and Ministry of Education) and the main energy stakeholders in Italy (Eni, Enel, Snam and Terna). on 7 March 2023, Cabina di Regia met with the representatives of Regions, Provinces and Municipalities asking for their input into the REPowerEU proposals. On 28 March 2023, Cabina di Regia met with all the Ministries. Eventually, on 20 April 2023, Cabina di Regia met with the social partners and the trade unions.

Taking into consideration the assessment of all the measures envisaged in the REPowerEU chapter, the chapter is expected, to a large extent, to contribute effectively to energy security, the diversification of the Union's energy supply, an increase in the uptake of renewables, energy efficiency, an increase of energy storage capacities, and the reduction of dependence on fossil fuels before 2030. This would warrant a rating of A under criterion 2.12 of Annex V to the RRF Regulation.

3.13. Cross-border or multi-country dimension or effect

The REPowerEU chapter contributes to securing energy supply in the Union as a whole, including by addressing challenges identified in the Commission's most recent needs assessment, in line with the objectives set out in Article 21c(3), taking into account the financial contribution available to the Member State concerned and its geographical position and reducing dependency on fossil fuels and to reducing energy demand.

Nine measures included in Italy's REPowerEU chapter have a multi-country or cross-border dimension.

The investment "Sardinian-Corsica-Italy 3" is a measure with a multi-country and cross-border dimension. It consists in the construction of the shell of the conversion stations in Codrongianos, Sardinia, and in Suvereto, Tuscany. The conversation stations shall allow for the integration of the grids in Sardinia and the continent once the rest of the infrastructure is completed. The cross-border electricity interconnection projects between Italy and neighbouring countries (Austria and Slovenia) presents the same cross-border nature and consist in an increase of the existing interconnection nominal capacity of the projects involved. At completion of works, the infrastructure shall be operational if the rest of the infrastructure on Austria's and Slovenia's side is also completed or shall be ready to enter in operation.

The total costs of these measures account for a total of EUR 1,923 million representing 17% of the estimated costs of the REPowerEU chapter.

Taking into consideration the assessment of all the measures envisaged in the REPowerEU chapter, the measures in the chapter are expected, to a large extent, to have a cross-border or multi-country dimension or effect. This would warrant a rating of A under criterion 2.13 of Annex V to the RRF Regulation.

REPowerEU measure with cross-border or multi-country dimension or effect	Costs (EUR million)	Contribution to the target in % of the REPowerEU chapter estimated costs
M7.I1 Strengthening smart grid	450	7
M7.I2 Interventions to increase the resilience of the power grid	63.2	1
M7.I3 Hydrogen production in brownfield sites (Hydrogen Valleys)	90	1
M7.I4 Tyrrhenian link	500	8
M7.I5 HVDC Connection Sardinia-Corsica-Italy (SA.CO.I 3)	200	3
M7.I6 Cross-border electricity interconnection projects between Italy and neighbouring countries	60	1
M7.I7 Smart National Transmission Grid	140	2
M7.I11 Adriatic Line Phase 1 (Sulmona compressor station and Sestino-Minerbio gas pipeline)	375	6
M7.I12 Cross-border gas export infrastructure	45	1
Total	**1,923**	**17%**

ANNEX I: Climate tracking and digital tagging

Int. Field = intervention field.

Coeff. = Coefficient for the calculation of support to climate change objectives and to digital transition, on the basis of Annex VI and Annex VII of the RRF Regulation.

New or revised measures are marked in yellow to distinguish them from the unchanged measures in the RRP.

			Climate		Digital	
Measure/Sub-Measure ID	**Measure/Sub-Measure Name**	**Budget (EUR m)**	**Int. Field**	**Coeff. %**	**Int. Field**	**Coeff. %**
M1C1.I1.1	Digital infrastructure	900.0	-		055	100%
M1C1.I1.2	Cloud enablement for local PA	1000.0	-		011	100%
M1C1.I1.3.1	National Digital Data Platform	556.0	-		011	100%
M1C1.I1.3.2	Single Digital Gateway	90.0	-		011	100%
M1C1.I1.4.1	Citizen experience - Improvement of the quality and the usability of digital public services	813.0	-		011	100%
M1C1.I1.4.2	Citizen inclusion - Accessibility improvement of digital public services	80.0	-		011	100%
M1C1.I1.4.3	Adoption scale up of PagoPA platform services and the "IO" app ; 1.4.5 - Digitization of public notices	561.0	-		011	100%
M1C1.I1.4.4	Adoption scale up of the National Digital Identity platforms (SPID, CIE) and the national registry (ANPR)	285.0	-		011ter	100%
M1C1.I1.4.5	Digitization of public notices	245.0	-		011	100%
M1C1.I1.4.6	Mobility as a Service for Italy	40.0	-		011	100%
M1C1.I1.5	Cybersecurity	623.0	-		021quinquies	100%
M1C1.I1.6.1	Digitization of the Ministry of the Interior	107.0	-		011	100%
M1C1.I1.6.2	Digitization of the Ministry of Justice	133.2	-		011quater	100%
M1C1.I1.6.3	Digitization of National Social Security Institute (INPS) and National Institute for Insurance against Accidents at work (INAIL)	296.0	-		011	100%
M1C1.I1.6.4	Digitization of the Ministry of Defence	42.5	-		011	100%
M1C1.I1.6.5	Digitization of the Council of State	7.5	-		011	100%
M1C1.I1.6.6	Digitization of the Finance Police	25.0	-		011	100%
M1C1.I1.7.1	Digital Civic Service	60.0	-		108	100%
M1C1.I1.7.2	Network of digital facilitation services	135.0	-		108	100%
M1C1.R1.2	Transformation support	155.0	-		011	100%
M1C1.I1.8.1a	Hiring of human capital to strengthen the Judicial Office and overcome the disparities between the different judicial offices_digital part	907.2	-		011quater	100%
M1C2.I1.1	Tax credit for tangible 4.0 capital goods (Annex A)	8868.0	-		010	100%

			Climate		Digital	
Measure/Sub -Measure ID	**Measure/Sub-Measure Name**	**Budget (EUR m)**	**Int. Field**	**Coeff. %**	**Int. Field**	**Coeff. %**
M1C2.I1.2	Tax credit for intangible 4.0 capital goods (Annex B)	1913.9	-		010	100%
M1C2.I1.5	Tax credit for training activities	300.0	-		108	100%
M1C2.I2	Innovation and technology of microelectronics	340.0	-		021quater	100%
M1C2.I3.1	Plan Italia 1 Gbps	3519.4	-		051	100%
M1C2.I3.2	Italia 5G	1115.8	-		051	100%
M1C2.I3.3	Connected Schools	261.0	-		051	100%
M1C2.I3.4	Connected Health care facilities	335.2	-		051	100%
M1C2.I3.5	Connected smaller islands	60.5	-		051	100%
M1C2.I4.1	SatCom Initiative	385.0	-		055bis	100%
M1C2.I4.2	Earth Observation	417.0	-		055bis	100%
M1C2.I4.3	Space Factory	235.0	-		009bis	100%
M1C2.I4.4	In-Orbit Economy	450.0	-		009bis	100%
M1C2.I5.1	Refinancing and remodelling of Fund 394/81 managed by SIMEST	1200.0	-		015	40%
M1C2.I5.2	Competitiveness and resilience of supply chains	750.0	-		015	40%
M1C2.I7.b	Support to the production system for the Ecological Transition, Net Zero Technologies, and competitiveness and resilience of strategic supply chains_supply chain	1250.0	027	100%	-	
M1C2.I7.c	Support to the production system for the Ecological Transition, Net Zero Technologies, and competitiveness and resilience of strategic supply chains_energy efficiency	450.0	024	40%	-	
M1C3.I1.1	Digital Strategy and Platforms for Cultural Heritage	500.0	-		011	100%
M1C3.I1.3.a	Improve energy efficiency in cinema, theatres and museums_energy efficiency	210.0	026	40%	-	
M1C3.I2.1.a	Attractiveness of small historic towns_energy efficiency of public buildings	560.0	026	40%	-	
M1C3.I2.1.b	Attractiveness of small historic towns_energy efficiency of SMEs	100.0	024	40%	-	
M1C3.I2.3	Programs to enhance the identity of places: parks and historic gardens	300.0	050	40%	-	
M1C3.I3.2.a	Development of the film industry (Cinecittà project)_digital component	61.0	-		011	100%
M1C3.I3.2.b	Development of the film industry (Cinecittà project)_construction of energy efficient studios	95.2	025ter	40%	-	
M1C3.I3.2.c	Development of the film industry (Cinecittà project)_energy efficiency renovations	64.9	026	40%	-	
M1C3.I3.3	Capacity building for culture operators to manage the digital and green transition.	155.0	-		021bis	100%
M1C3.I4.1	Digital Tourism Hub	114.0	-		011bis	100%

			Climate		Digital	
Measure/Sub -Measure ID	**Measure/Sub-Measure Name**	**Budget (EUR m)**	**Int. Field**	**Coeff. %**	**Int. Field**	**Coeff. %**
M1C3.I4.2.a	Funds for the competitiveness of tourism enterprise_energy efficiency	893.0	025	40%	-	
M2C1.I1.1	Implementation of new waste management plants and modernization of existing plants	1500.0	042	40%	-	
M2C1.I1.2	Circular economy "flagship" projects	600.0	042	40%	-	
M2C1.I2.1.a	Logistics plan for the agri-food, fishing and aquaculture, forestry, floriculture and plant nursery sectors_innovative technologies in agro-industrial production	324.0	047	40%	-	
M2C1.I2.1.b	Logistics plan for the agri-food, fishing and aquaculture, forestry, floriculture and plant nursery sectors_digital solutions for logistics	216.0	-		010	100%
M2C1.I2.1.c	Logistics plan for the agri-food, fishing and aquaculture, forestry, floriculture and plant nursery sectors_zero emission transport solutions	180.0	079	40%	-	
M2C1.I2.1.d	Logistics plan for the agri-food, fishing and aquaculture, forestry, floriculture and plant nursery sectors_reduction of waste	40.0	047	40%	-	
M2C1.I2.1.e	Logistics plan for the agri-food, fishing and aquaculture, forestry, floriculture and plant nursery sectors_renewable energy	40.0	029	100%	-	
M2C1.I3.4.b	Fondo Rotativo Contratti di Filiera (FCF) to support supply-chains contracts for the agri-food, fishing and aquaculture, forestry, floriculture and plant nursery sectors_SMEs	1560.0	047	40%	-	
M2C1.I3.4.c	Fondo Rotativo Contratti di Filiera (FCF) to support supply-chains contracts for the agri-food, fishing and aquaculture, forestry, floriculture and plant nursery sectors_solar	100.0	029	100%	-	
M2C1.I3.4.d	Fondo Rotativo Contratti di Filiera (FCF) to support supply-chains contracts for the agri-food, fishing and aquaculture, forestry, floriculture and plant nursery sectors_digitisation	100.0	-		010	100%
M2C1.I3.4.e	Fondo Rotativo Contratti di Filiera (FCF) to support supply-chains contracts for the agri-food, fishing and aquaculture, forestry, floriculture and plant nursery sectors_R&D climate change	200.0	022	100%	-	
M2C1.I2.2.a	Agri-solar Park_solar panels	1175.0	029	100%	-	
M2C1.I2.2.b	Agri-solar Park_energy efficient renovations	822.5	024	40%	-	
M2C1.I2.2.c	Agri-solar Park_energy efficient cooling systems	352.5	024	40%	-	
M2C1.I2.3.a	Innovation and mechanization in the agricultural and food sectors_precision farming	200.0	-		084	100%
M2C1.I2.3.b	Innovation and mechanization in the agricultural and food sectors_oil sector	100.0	047	40%	-	

			Climate		Digital	
Measure/Sub -Measure ID	**Measure/Sub-Measure Name**	**Budget (EUR m)**	**Int. Field**	**Coeff. %**	**Int. Field**	**Coeff. %**
M2C1.I3.1.a	Green islands_energy efficiency	34.0	026	40%	-	
M2C1.I3.1.b	Green islands_zero emission	6.0	072bis	100%	-	
M2C1.I3.1.c	Green islands_waste management	10.0	042	40%	-	
M2C1.I3.1.d	Green islands_solar energy	50.0	029	100%	-	
M2C1.I3.3	Culture and awareness on environmental topics and challenges	30.0	027	100%	021bis	100%
M2C2.I1.1	Development of agri-voltaic systems	1099.0	029	100%	-	
M2C2.I1.2	Promotion of renewable energy sources for energy communities and jointly acting renewables self-consumers	2200.0	029	100%	-	
M2C2.I1.4.1	Development of biomethane, according to criteria for promoting the circular economy_renewable energy	1908.4	030bis	100%	-	
M2C2.I2.1	Strengthening smart grids	3610.0	033	100%	033	40%
M2C2.I2.2	Interventions to increase the resilience of power grid	500.0	037	100%	-	
M2C2.I3.1.a	Production of Hydrogen in brownfield sites (Hydrogen Valleys)_production	350.0	032	100%	-	
M2C2.I3.1.b	Production of Hydrogen in brownfield sites (Hydrogen Valleys)_R&D	150.0	022	100%	-	
M2C2.I3.2.a	Hydrogen Use in hard-to-abate industry_hydrogen	400.0	027	100%	-	
M2C2.I3.3	Hydrogen testing for road transport	230.0	077	100%	-	
M2C2.I3.4	Hydrogen testing for railway mobility	300.0	077	100%	-	
M2C2.I3.5	Hydrogen Research and Development	160.0	022	100%	-	
M2C2.I3.5	Hydrogen Research and Development	140.0	022	100%	-	
M2C2.I4.1	Investment in soft mobility (National Plan of Cycle Path)	466.6	075	100%	-	
M2C2.I4.2	Development of Rapid Mass Transport systems (metro, streetcar, bus rapid transit)_infrastructure	3400.0	073	100%	-	
M2C2.I4.2	Development of Rapid Mass Transport systems (metro, streetcar, bus rapid transit)_rolling stock	200.0	074	100%	-	
M2C2.I4.3	Installation of charging infrastructures	741.3	077	100%	-	
M2C2.I4.4.1.a	Renewal of the regional public transport bus fleet with clean fuels vehicles_rolling stock	1650.0	074	100%	-	
M2C2.I4.4.1.b	Renewal of the regional public transport bus fleet with clean fuels vehicles_infrastructure	765.0	073	100%	-	
M2C2.I4.4.2	Renewal of the regional public transport railway fleet with clean fuels trains and universal service	962.0	072bis	100%	-	
M2C2.I4.4.3.a	Renewal fleet for the National fire brigade command_vehicles	122.5	-	100%	-	
M2C2.I4.4.3.b	Renewal fleet for the National fire brigade command_recharging	17.5	077	100%	-	
M2C2.I5.1.1	Production capacity of renewables	500.0	027	100%	-	
M2C2.I5.1.2	Battery industry	500.0	022	100%	-	

			Climate		Digital	
Measure/Sub-Measure ID	**Measure/Sub-Measure Name**	**Budget (EUR m)**	**Int. Field**	**Coeff. %**	**Int. Field**	**Coeff. %**
M2C2.I5.2	Hydrogen	450.0	022	100%	-	
M2C3.I1.1	Construction of new schools through building replacement	1006.0	025ter	40%	-	
M2C3.I1.2.a	Construction of buildings, requalification and strengthening of real estate assets of the administration of justice_energy efficiency	113.8	026	40%	-	
M2C3.I2.1.a	Strengthening of the Ecobonus and Sismabonus for energy efficiency and building safety_energy efficiency	13950.0	025bis	100%	-	
M2C3.I3.1	Promotion of efficient district heating	200.0	034bis0	100%	-	
M2C4.I1.1	Implementation of an advanced and integrated monitoring and forecasting system	500.0	035	100%	-	
M2C4.I2.1.a	Measures for flood and hydrogeological risk reduction	334.4	035	100%	-	
M2C4.I2.1.b	Measures for flood and hydrogeological risk reduction	1200.0	035	100%	-	
M2C4.I3.1	Protection and enhancement of urban and peri-urban forests	210.0	050	40%	-	
M2C4.I3.2.a	Digitization of national parks. Nature conservation - monitoring of pressures and threats on species and habitats and climate change	82.0	050	40%	-	
M2C4.I3.2.b	Digitization of national parks. Digital services to visitors to national parks and marine protected areas	14.0	-		054	100%
M2C4.I3.2.c	Digitization of national parks. Administrative simplification - Digitisation and simplification of procedures for services provided by Parks and Marine Protected Areas	4.0	-		011	100%
M2C4.I3.3	Re-naturification of Po area	357.0	050	40%	-	
M2C4.I3.5	Restoration and protection of the seabed and marine habitats	400.0	049	40%	-	
M2C4.I4.1	Investments in primary water infrastructures for the security of water supply	2000.0	040	40%	-	
M2C4.I4.2	Reduction of losses in water distribution networks, including digitization and monitoring of networks	1924.0	039bis	40%	-	
M2C4.I4.3	Investments in the resilience of the irrigation agrosystem for better management of water resources	880.0	040	40%	-	
M3C1.I1.1.a	High-speed railway connections to the South for passengers and freight (Napoli - Bari)	1254.0	064	100%	-	
M3C1.I1.1.b	High-speed railway connections to the South for passengers and freight (Palermo-Catania)	799.0	064	100%	-	
M3C1.I1.1.c	High-speed railway connections to the South for passengers and freight (Salerno-Reggio Calabria)	1800.0	064	100%	-	

			Climate		Digital	
Measure/Sub-Measure ID	**Measure/Sub-Measure Name**	**Budget (EUR m)**	**Int. Field**	**Coeff. %**	**Int. Field**	**Coeff. %**
M3C1.I1.2.a	High-speed lines in the North connecting to the rest of Europe (Brescia-Verona-Padova)	4470.0	064	100%	-	
M3C1.I1.2.b	High-speed lines in the North connecting to the rest of Europe (Liguria-Alpi)	4260.0	064	100%	-	
M3C1.I1.3.b	Diagonal connections (Orte-Falconara)	474.0	068	100%	-	
M3C1.I1.3.c	Diagonal connections (Taranto-Metaponto-Potenza-Battipaglia)	414.0	065	100%	-	
M3C1.I1.4	Introducing the European Rail Transport Management System (ERTMS)	2466.0	071	40%	071	100%
M3C1.I1.5	Strengthening metropolitan nodes and key national links	2970.4	068	100%	-	
M3C1.I1.6	Strengthening regional lines - Upgrading of regional railways (management RFI)	936.0	069	40%	-	
M3C1.I1.7	Upgrading, electrification and resilience of railways in the South	2400.0	069	40%	-	
M3C1.I1.8	Upgrading railway stations (RFI management; in South)	345.0	069	40%	-	
M3C1.I1.9	Inter-regional connections	203.0	069	40%	-	
M3C2.I1.1.a	Green ports: renewable energy and energy efficiency interventions at ports_energy efficiency	67.5	026	40%	-	
M3C2.I1.1.b	Green ports: renewable energy and energy efficiency interventions at ports_solar energy	124.2	029	100%	-	
M3C2.I1.1.c	Green ports: renewable energy and energy efficiency interventions at ports_pollution reduction	27.0	048	40%	-	
M3C2.I1.1.d	Green ports: renewable energy and energy efficiency interventions at ports_clean transport	29.7	074	100%	-	
M3C2.I1.1.e	Green ports: renewable energy and energy efficiency interventions at ports_recharging stations	21.6	077	100%	-	
M3C2.I2.1.a	Digitalization of the logistic chain_LogIN Center	30.0	-		084	100%
M3C2.I2.1.b	Digitalization of the logistic chain_Network of ports and freight terminals	45.0	-		084	100%
M3C2.I2.1.c	Digitalization of the logistic chain_LogIN Business	175.0	-		084	100%
M3C2.I2.2.a	Digitalization of air traffic management_optimization	16.0	-		084	100%
M3C2.I2.2.b	Digitalization of air traffic management_digitisation	18.0	-		084	100%
M3C2.I2.3	Cold ironing	400.0	077	100%	-	
M4C1.I2.1	Integrated digital teaching and training on the digital transformation for school staff;	800.0	-		108	100%
M4C1.I3.2	School 4.0: innovative schools, wiring, new classrooms and workshops	2100.0	-		012	100%
M4C1.I3.4	Teaching and advanced university skills	272.1	-		108	100%
M4C1.I4.1	Extension in number and career opportunities of PhDs (Research-oriented,	504.0	-		016	40%

			Climate		Digital	
Measure/Sub -Measure ID	**Measure/Sub-Measure Name**	**Budget (EUR m)**	**Int. Field**	**Coeff. %**	**Int. Field**	**Coeff. %**
	Public Administration and Cultural Heritage)					
M4C2.I1.3.a	Partnerships extended to universities, research centers, companies and funding of basic research projects_R&D climate change	483.0	022	100%	-	
M4C2.I1.3.b	Partnerships extended to universities, research centers, companies and funding of basic research projects_R&D circular economy	483.0	023	40%	-	
M4C2.I1.4.a	Strengthening research structures and supporting the creation of "national R&D leaders" on some Key Enabling Technologies_R&D climate change	480.0	022	100%	-	
M4C2.I1.4.b	Strengthening research structures and supporting the creation of "national R&D leaders" on some Key Enabling Technologies_R&D circular economy	240.0	023	40%	-	
M4C2.I1.4.c	Strengthening research structures and supporting the creation of "national R&D leaders" on some Key Enabling Technologies_R&D digital	240.0	-		009bis	100%
M4C2.I1.5	Establishing and strengthening of "innovation ecosystems for sustainability", building "territorial leaders of R&D"	1242.8	-		019	40%
M4C2.I2.1.a	IPCEI_digital	900.0	-		021quater	100%
M4C2.I2.1.b	IPCEI_green	600.0	022	100%	-	
M4C2.I2.2.a	Partnerships in research and innovation – Horizon Europe_green	120.0	022	100%	-	
M4C2.I2.2.b	Partnerships in research and innovation – Horizon Europe_digital	80.0	-		009bis	100%
M4C2.I2.3	Strengthening and sectorial/ territorial extension of technology transfer centres by industry segments	350.0	-		010	100%
M4C2.I3.1	Fund for construction of an integrated system of research and innovation infrastructures	1578.1	-		055	100%
M4C2.I3.3	Introduction of innovative doctorates that respond to the needs of innovation by enterprises and promote the hiring of researchers by companies	510.0	-		016	40%
M5C1.R1	ALMPs and Vocational Training	5454.0	-		016	40%
M5C1.I5	Creation of women's enterprises	400.0	-		100	40%
M5C1.I3	Strengthening the dual system.	600.0	-		016	40%
M5C1.I4	Universal Civil Service	650.0	-		099	40%
M5C2.I2.a	Autonomy patterns for people with disabilities_digital	275.0	-		012	100%
M5C2.I7.b	The Sport and Social Inclusion project_efficient constructions	350.0	025ter	40%	-	
M5C3.I1.4	Infrastructural investments for the Special Economic Zone	563.5	078	40%	-	

Measure/Sub -Measure ID	Measure/Sub-Measure Name	Budget (EUR m)	Climate Int. Field	Climate Coeff. %	Digital Int. Field	Digital Coeff. %
M6C1.I1.1.a	Community Health Houses to improve territorial health assistance_energy efficient new constr	500.0	025ter	40%	-	
M6C1.I1.1	Community Health Houses to improve territorial health assistance_energy efficiency renov	500.0	026	40%	-	
M6C1.I1.2.a	Home as the first place of care and telemedicine_digital	1780.0	-		013	100%
M6C2.I1.1.a	Digital update of hospitals' technological equipment_digital	1450.1	-		095	100%
M6C2.I1.3	Strengthening of the technological infrastructure and of the tools for data collection, data processing, data analysis and simulation	1672.5	-		095	100%
M7.I1	Scale-up measure: Strengthening smart grids	450.0	033	100%	-	40%
M7.I2	Scale-up measure: Interventions to increase the resilience of power grid	63.2	037	100%	-	
M7.I3	Scale-up measure: Production of Hydrogen in brownfield sites (Hydrogen Valleys)	90.0	032	100%	-	
M7.I4	Tyrrhenian link	500.0	033	100%	-	
M7.I5	HVDC Connection Sardinia-Corsica-Italy (SA.CO.I 3)	200.0	033	100%	-	
M7.I6	Cross-border electricity interconnection projects between Italy and neighbouring countries	60.0	033	100%	-	
M7.I7	Smart National Transmission Grid	140.0	033	100%	-	40%
M7.I8	Sustainable, circular and secure supply of Critical Raw Materials	50.0	023	40%	-	
M7.I9	Green skills – Specialized/advanced training of local PA employees	0.8	01	100%	-	
M7.I10	Pilot projects on skills "Crescere Green"	100.0	01	100%	-	
M7.I11	Strenghtening of the regional public transport railway fleet with zero-emission trains and universal service	1003.0	072bis	100%	-	
M7.I12	Electric buses	100.0	027	100%	-	
M7.I15.a	Transition 5.0 Green_energy efficiency	3780.0	024	40%	-	
M7.I15.b	Transition 5.0 Green_self-consumption and self-production	1890.0	032	100%	-	
M7.I15.c	Transition 5.0 Green_training	630.0	01	100%	-	
M7.I16	Support to SMEs for self-production from renewable energy sources	320.0	032	100%	-	
M7.I17	Financial instrument for energy renovations public and social housing	1381.0	025bis	40%	-	

While the estimated cost of Italy's recovery and resilience plan exceeds the total allocation of non-repayable financial support to Italy, Italy will ensure that all spending related to the measures mentioned in this table as contributing to climate objectives are fully financed by the funds from the Recovery and Resilience Facility.

* Reforms and investments in the REPowerEU chapter are not taken into account when calculating the plan's contribution to the digital target requirement set by Regulation (EU) 2021/241.