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LEGISLATIVE ACTS AND OTHER INSTRUMENTS

Subject:	COUNCIL IMPLEMENTING DECISION amending the Implementing Decision of 13 July 2021 on the approval of the assessment of the recovery and resilience plan for Italy

COUNCIL IMPLEMENTING DECISION

of …

amending the Implementing Decision of 13 July 2021 on the approval of the assessment of the recovery and resilience plan for Italy

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility[1], and in particular Article 20(1) thereof,

Having regard to the proposal from the European Commission,

[1] OJ L 57, 18.2.2021, p. 17.

Whereas:

(1) Following the submission of the national recovery and resilience plan ('RRP') by Italy on 30 April 2021, the Commission proposed its positive assessment to the Council.
On 13 July 2021, the Council approved the positive assessment by means of an implementing decision ('the Council Implementing Decision of 13 July 2021')[1].

(2) Pursuant to Article 11(2) of Regulation (EU) 2021/241, the maximum financial contribution for non-repayable financial support of each Member State was to be updated by 30 June 2022 in accordance with the methodology provided for therein.
On 30 June 2022, the Commission presented the results of that update to the European Parliament and to the Council.

(3) On 7 August 2023, Italy submitted a modified national RRP, including a REPowerEU chapter in accordance with Article 21c of Regulation (EU) 2021/241, to the Commission.

(4) The modified RRP also takes into account the updated maximum financial contribution in accordance with Article 18(2) of Regulation (EU) 2021/241 and includes a reasoned request to the Commission to make a proposal to amend the Council Implementing Decision of 13 July 2021 in accordance with Article 21(1) of Regulation (EU) 2021/241 on the grounds that the RRP is partially no longer achievable because of objective circumstances. The modifications to the RRP submitted by Italy concern 123 measures.

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[1] See documents ST 10160/21 and ST 10160/21 ADD 1 REV 2 at http://register.consilium.europa.eu.

(5) On 14 July 2023, the Council addressed recommendations to Italy in the context of the European Semester. The Council recommended that Italy, inter alia, reduce the reliance on fossil fuels, streamline the permitting procedures in renewables, increase the capacity for internal gas transmission to diversify energy imports and to strengthen security of supply, increase energy efficiency in the residential and corporate sectors, including for the most vulnerable households and the worst-performing buildings, promote sustainable mobility and step up policy efforts aimed at the provision and acquisition of the skills needed for the green transition. Moreover, it was recommended that Italy take action to increase the efficiency of the taxation system and the effectiveness of the public administration, and to strengthen administrative capacity, both at central and subnational level.

(6) The submission of the modified RRP followed a consultation process, conducted in accordance with the national legal framework, involving local and regional authorities, social partners, civil society organisations, youth organisations and other relevant stakeholders. The summary of the consultations was submitted together with the modified national RRP. Pursuant to Article 19 of Regulation (EU) 2021/241, the Commission assessed the relevance, effectiveness, efficiency and coherence of the modified RRP, in accordance with the assessment guidelines set out in Annex V to that Regulation.

Updates based on Article 18(2) of Regulation (EU) 2021/241

(7) The modified RRP submitted by Italy updates one measure to take into account the updated maximum financial contribution. Italy has explained that because the maximum financial contribution increased from EUR 68 880 513 748[1] to EUR 69 023 756 552[1], it requested to use the additional available resources to increase the level of required implementation of existing measures.

(8) Specifically, the modified RRP submitted by Italy changes two measures under this legal basis. First, a measure under component 1 of mission 4, 'Strengthening the provision of education services: from nurseries to universities', to reflect the updated maximum financial contribution. In particular, M4C1-11 and 15 are changed to increase the level of required implementation compared to the original RRP to reflect the increased allocation.

(9) Under the same legal basis, Italy added one new reform, namely, Reform 1.9.1 – Reform for accelerating the implementation of cohesion policy, under mission 1 of component 1 and related M1C1-14bis. In accordance with Article 9 of Regulation (EU) 2021/241, the Recovery and Resilience Facility established under that Regulation ('Facility') does not cover any cost of the reform.

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[1] This amount corresponds to the financial allocation after deduction of Italy's proportional share of the expenses referred to in Article 6(2) of Regulation (EU) 2021/241, calculated in accordance with the methodology set out in Article 11 of that Regulation.

(10) The Commission considers that the reasons put forward by Italy justify the update pursuant to Article 18(2) of Regulation (EU) 2021/241. The Council Implementing Decision of 13 July 2021 should be amended accordingly.

Amendments based on Article 21 of Regulation (EU) 2021/241

(11) The amendments to the RRP submitted by Italy because of objective circumstances concern 96 measures.

(12) Italy has explained that 30 measures are no longer partially achievable because high inflation has increased the estimated costs of those measures. This concerns: Investment 1.7 Basic digital skills, under component 1 of mission 1; Investment 4.1 Digital Tourism Hub, under component 3 of mission 1; Investment 3.2 Development of the film industry (Cinecittà project), under component 3 of mission 1; Investment 4.3 Caput Mundi-Next Generation EU for touristic great events, under component 3 of mission 1; Investment 1.1 Development of agri-voltaic systems, under component 2 of mission 2; Investment 1.2 Promotion of RES for energy communities and jointly acting renewables self-consumers, under component 2 of mission 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 mission 2; Investment 1.1 Construction of new schools through building replacement, under component 3 of mission 2;

Investment 2.1 Strengthening of the Ecobonus and Sismabonus for energy efficiency and building safety, under component 3 of mission 2; Investment 4.3 Investments in the resilience of the irrigation agrosystem for better management of water resources, under component 4 of mission 2; Investment 4.4 Investments in sewerage and purification, under component 4 of mission 2; Investment 1.6 Strengthening regional lines – Upgrading of regional railways (management RFI), under component 1 of mission 3; Investment 1.1 Plan for nurseries and preschools and early childhood education and care services, under component 1 of mission 4; Investment 1.2 Plan for the extension of full-time, under component 1 of mission 4; Investment 3.3 School building security and structural rehabilitation plan, under component 1 of mission 4; Investment 3.4 Teaching and advanced university skills; Investment 3.2 Financing start-ups, under component 2 of mission 4; Reform 1. The Active Labour Market Policies (ALMPs) and Vocational Training, under component 1 of mission 5; Investment 3. Strengthening the dual system, under component 1 of mission 5; Investment 4. Strengthening of the Universal Civil Service, under component 1 of mission 5; Investment 1.1 Inner Areas Enhancement of community social services and infrastructures, under component 3 of mission 5; Investment 2. Enhancement of assets confiscated from organised crime, under component 3 of mission 5; Investment 4. Infrastructural Investments for the Special Economic Zones (SEZ), under component 3 of mission 5; Investment 1.1 Health Community Houses, under component 1 of mission 6; Investment 1.2. Home as the first place of care and telemedicine; Investment 2.3 Telemedicine strategies, under component 1 of mission 6;

Investment 1.3 Community Hospitals, under component 1 of mission 6; Investment 1.2 Digital update of hospitals' technological equipment-large sanitary equipment, under component 2 of mission 6; Investment 1.1. Digital update of hospitals' technological equipment, under component 2 of mission 6; Investment 1.2 Safe hospital, under component 2 of mission 6. On this basis, Italy has requested that the aforementioned measures, including their milestones and targets, where necessary, be amended and that two of them be removed. The Council Implementing Decision of 13 July 2021 should be amended accordingly. Furthermore, for some measures, taking into account the resources that were freed up by the removal of other measures under Article 21 of Regulation (EU) 2021/241, Italy has maintained the level of required implementation of the associated targets. The description of those measures and their associated milestones and targets remains unchanged.

(13) Italy has explained that six measures are no longer partially achievable because of supply chain disruptions. This concerns the following measures: Investment 2.3 Innovation and mechanization in the agricultural and food sectors, under component 1 of mission 2; Investment 3.3 Re-naturification of Po area, under component 4 of mission 2; Investment 1.4 Introducing the European Rail Transport Management System (ERTMS), under component 1 of mission 3; Investment 2.2 Digitalization of air traffic management, under component 2 of mission 3; Investment 1. Strengthening Public Employment Services (PES), under component 1 of mission 5; Investment 5. Urban Integrated Plans, under component 2 of mission 5. On this basis, Italy has requested that the aforementioned measures, including their milestones and targets, where necessary, be amended. The Council Implementing Decision of 13 July 2021 should be amended accordingly.

(14) Italy has explained that seven measures are no longer partially achievable because of changes in market demand resulting from changes in the market conditions, including higher costs affecting procurement procedures. This concerns the following measures: Investment 1.4 Digital services and citizen experience, under component 1 of mission 1; Investment 3. Fast internet connections (Ultra-Broadband and 5G), under component 2 of mission 1; Investment 4.2 Funds for the competitiveness of tourism enterprise, under component 3 of mission 1; Investment 2.1 Logistics plan for the agri-food, fishing and aquaculture, forestry, floriculture and plant nursery sectors, under component 1 of mission 2; Investment 1.3 Promotion of innovative systems (including off-shore), under component 2 of mission 2; Investment 3.3 Hydrogen testing for road transport, under component 2 of mission 2; and Investment 2.2 Interventions for the resilience, the enhancement of the territory and the energy efficiency of the Municipalities, under component 4 of mission 2. On this basis, Italy has requested that the aforementioned measures, including their milestones and targets, where necessary, be amended, and that two of them be removed. The Council Implementing Decision of 13 July 2021 should be amended accordingly.

(15) Italy has explained that 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 of mission 4. On this basis, Italy has requested that the description of the aforementioned measure and its target M4C2-1-1-bis be amended. The Council Implementing Decision of 13 July 2021 should be amended accordingly.

(16) Italy has explained that 43 measures have been modified to implement better alternatives in order to achieve the original ambition of the measure. This concerns: Reform 1.4: Reform of civil justice, under component 1 of mission 1; Reform 1.8: Recruitment procedures for civil, criminal and administrative courts, under component 1 of mission 1; Investment 1.1: Digital infrastructure, under component 1 of mission 1; Investment 1.5: Cybersecurity under component 1 of mission 1; Investment 1.6: Digital transformation of large central administrations under component 1 of mission 1; Reform 1.9: Reform of the public administration under component 1 of mission 1; Reform 1.10: Reform of the public procurement legislative framework, under component 1 of mission 1; Reform 1.11: Reduction of late payments by public administrations and health authorities, under component 1 of mission 1; Reform 1.15: Reform of public accounting rules under component 1 of mission 1; Investment 1: Transition 4.0 under component 2 of mission 1; Reform 2: Annual Competition Laws under component 2 of mission 1; Investment 2.3: Programs to enhance the identity of places: parks and historic gardens, under component 3 of mission 1; Reform 4.1: Regulation ordering the professions of tourist guides, under component 3 of mission 1; Investment 1.1: Implementation of new waste management plants and modernization of existing plants, under component 1 of mission 2; Reform 1.2: National Program for Waste Management, under component 1 of mission 2;
Investment 1.4: Development of bio-methane, according to criteria for promoting the circular economy, under component 2 of mission 2; Investment 3.2: Hydrogen Use in hard-to-abate industry, under component 2 mission 2;

Investment 4.2: Development of Rapid Mass Transport systems (metro, streetcar, BRT), under component 2 of mission 2; Investment 4.3: Charging infrastructures, under component 2 of mission 2; Investment 5.1: Development of an international, industrial and R&D leadership in renewables and batteries, under component 2 of mission 2; Investment 1.1: Implementation of an advanced and integrated monitoring and forecast system under component 4 of mission 2; Investment 1.2: Measures for flood and hydrogeological risk reduction, under component 4 of mission 2; Investment 3.2: Digitization of national parks under component 4 of mission 2; Investment 4.1: Investments in primary water infrastructures for the security of water supply under component 4 of mission 2; Investment 3.1: Protection and enhancement of urban and peri-urban forests under component 4 of mission 2; Investment 4.2: Reduction of losses in water distribution networks, including digitization and monitoring of networks, under component 4 of mission 2; Investment 1.1: High-speed railway connections to the South for passengers and freight under component 1 of mission 3; Investment 1.2: High-speed lines in the North connecting to the rest of Europe, under component 1 of mission 3; Investment 1.3: Diagonal connections, under component 1 of mission 3; Investment 1.5: Strengthening metropolitan nodes and key national links, under component 1 of mission 3; Investment 1.7: Upgrading, electrification and resilience of railways in the South, under component 1 of mission 3; Investment 1.8: Upgrading railway stations (RFI management in South), under component 1 of mission 3; Investment 2.1: Digitalisation of the logistic chain, under component 2 of mission 3;

Reform 1.1: Reform of Technical and Professional Institutes, under component 1 of mission 4; Reform 2.1: Teachers' recruitment, under component 1 of mission 4; Investment 2.1: Integrated digital teaching and training on the digital transformation for school staff, under component 1 of mission 4; Reform 1.7: Reform of student housing regulation and investment in student housing, under component 1 of mission 4; Investment 4.1: Extension in number and career opportunities of PhDs (Research-oriented, Public Administration and Cultural Heritage), under component 1 of mission 4; 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 of mission 4; Investment 5: Creation of women's enterprises, under component 1 of mission 5; Investment 4: Investments in projects of urban regeneration, aimed at reducing situations of marginalisation and social degradation, under component 2 of mission 5; Investment 2: Territorial Proximity Health Facilities, under component 3 of mission 5; and Investment 1.2: Home as the first place of care and telemedicine, under component 1 of mission 6. On this basis, Italy has requested that the aforementioned measures, including their milestones and targets, where necessary, be amended. The Council Implementing Decision of 13 July 2021 should be amended accordingly.

(17) Italy has explained that three measures are no longer achievable in the specific terms envisaged in the original RRP because of unforeseen new circumstances, such as the need to follow unexpected lengthier preparatory procedures than initially planned, unforeseen developments in the consultation or procurement processes, the unexpected need for more time in order to take into account the adoption of new procedures, demand-driven circumstances or adapting the administrative framework to facilitate the implementation of the measure, and the necessity of additional adaptations of the legal framework. This concerns the following measures: Investment 1.1: Green ports: renewable energy and energy efficiency interventions at ports, under component 2 of mission 3; Investment 2.3: Strengthening and sectorial/territorial extension of technology transfer centres by industry segments, under component 2 of mission 4; and Investment 2: Territorial Proximity health facilities. On this basis, Italy has requested that the aforementioned measures, including its milestones and targets, where necessary, be amended. The Council Implementing Decision of 13 July 2021 should be amended accordingly.

(18) Italy has further requested to use part of the remaining resources freed up by the removal or modification of measures under Article 21 of Regulation (EU) 2021/241 for a total amount of EUR 8 421 000 000 to include five measures under the REPowerEU chapter. This concerns: M7-35-36-37 of Investment 13 (Adriatic Line Phase 1 (Sulmona compressor station and Sestino-Minerbio gas pipeline)); M7-38-39 of Investment 14 (Cross-border gas export infrastructure); M7-40-41-42, Investment 15 (Transizione 5.0); M7-43-44-45 of Investment 16 (Support to SMEs for self-production from renewable energy sources); and M7-46-47-48 of Investment 17 (Financial instrument for energy renovations public and social housing). Italy has requested to use the rest of the remaining resources freed up by the removal or modification of measures under Article 21 of Regulation (EU) 2021/241 to include six new measures. This concerns: M1C2-14bis-14ter of Reform 2.3 (Rationalization and simplification of firms' incentives) under Mission 1; M1C1-75bis and M1C1-99bis of Investment 1.10 (Support to qualification and eProcurement) under Mission 1; M1C2-30-31-32 of Investment 7 (Support to the production system for the Ecological Transition, Net-Zero Technologies, and competitiveness and resilience of strategic supply chains) under Mission 1; M2C1-22-23-24-25 of 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 Mission 2; M3C1-8-8bis of Investment 1.9 (Inter-regional connections) and M3C2-7 and M3C2-12 of Investment 2.3 (Cold ironing) under Mission 3.

(19) The Commission considers that the reasons put forward by Italy justify the amendment pursuant to Article 21(2) of Regulation (EU) 2021/241.

Correction of clerical errors

(20) Clerical errors have been identified in the text of the Council Implementing Decision of 13 July 2021, affecting 25 measures. The Council Implementing Decision of 13 July 2021 should be amended to correct those clerical errors that do not reflect the content of the RRP submitted to the Commission on 30 April 2021, as agreed between the Commission and Italy. Those clerical errors relate to: M1C1-119 and M1C1-120 of the Reform 1.14 (Reform of the subnational fiscal framework); and to M1C2-29 of Investment 5.2 (Competitiveness and resilience of supply chains) under component 2 of mission 1. Clerical errors also relate to M2C1-4, M2C1-5 and M2C1-6 of Investment 2.2 (Agri-solar park), to M2C2-9, M2C2-10, and M2C2-11 of Investment 2.1 (Strengthening smart grids), to M2C2-17 of Investment 3.4 (Hydrogen testing for railway mobility), to M2C2-19 of Investment 3.5 (Hydrogen Research and Development), to M2C2-32-34-35-33bis/ter of Investment 4.4.1 (Renewal of the regional public transport bus fleet with clean fuels) and to M2C2-31 of Investment 4.4.3 (Renewal fleet for the National fire brigade command). A clerical error concerns also Investment 5.3 (Development of an international, industrial and R&D leadership in electric buses) under component 2 of mission 2.

Clerical errors also relate to M2C3-7 and M2C3-8 of Investment 1.2 (Construction of buildings, requalification and strengthening of real estate assets of the administration of justice) under component 3 of mission 2, to M2C4-26 of Investment 3.5 (Restoration and protection of the seabed and marine habitats) under component 4 of mission 2, to M4C1-7 and M4C1-25 of Investment 1.4 (Extraordinary intervention aimed at the reduction of territorial gaps in I and II cycles of secondary school and at tackling school drop-out), to M4C1-24 of Investment 1.6 (Active orientation in school-university transition), to M4C1-11 and M4C1-15 of Investment 1.7 (Scholarships for University access), to M4C2-5-6-7 of Investment 1.1 (Research Projects of Significant National Interest (PRIN)), to M4C2-8 of Investment 1.3 (Partnerships extended to universities, research centres, companies and funding of basic research projects), to M4C2-9 of Investment 1.4 (Strengthening research structures and supporting the creation of 'national R&D leaders' on some Key Enabling Technologies), to Investment 1.5 (Establishing and strengthening of 'innovation ecosystems for sustainability', building 'territorial leaders of R&D'), adding a final target, to M4C2-22 of Investment 2.1 (Important Project of Common European Interest (IPCEI)), and to M4C2-16 of Investment 3.1 (Fund for construction of an integrated system of research and innovation infrastructures), under component 2 of mission 4, to M5C1-10 of Investment 3 (Housing First and Post Stations), under component 1 of mission 5, to M5C2-21-22 of Investment 7 (The Sport and Social Inclusion project) under component 2 of mission 5 and to M6C2-13 of Investment 1.3 (EHR) under component 2 of mission 6. Those corrections do not affect the implementation of the measures concerned. Further clerical errors concern M1C1-16 of Investment 1.6.5 (Digitization of the Council of State) and M3C1-4 of Investment 1.1 (High-speed railway connections to the South for passengers and freight).

The REPowerEU chapter based on Article 21c of Regulation (EU) 2021/241

(21) The REPowerEU chapter includes five new reforms and 17 new investments.

(22) The first reform, Streamlining permitting procedures for renewable energy at central and local level, provides for the adoption and entry into force of a single primary legislative text, known as Testo Unico consolidating all the norms regulating the deployment of renewable energy sources. The second reform aims to reduce Environmentally Harmful Subsidies listed in the annual Catalogue of Environmentally Harmful Subsidies published by the Ministry of Environment and Energy Security. The third reform, Reduction of the costs of connection to the gas network of biomethane, aims to enhance the integration of biomethane producing facilities in the national energy network. The fourth reform, Mitigation of financial risk associated with renewable Power Purchase Agreements (‘PPAs’) , establishes a system of guarantees mitigating the financial risk associated with renewable PPAs. The fifth reform, Plan for new Skills – Transitions, consists in updating the regulatory framework of training and operationalising the tools to combat skills mismatch, updating the already adopted New Skills Plan. One investment in the REPowerEU chapter, Investment 17. Financial instrument for energy renovations public and social housing, will contribute to address energy poverty, by setting up a financial instrument for energy renovations of public and social housing and, targeting vulnerable households in other residential buildings.

The REPowerEU chapter also includes measures that contribute to improving energy infrastructure and facilities to meet immediate security of supply needs, in particular: two investments (Investment 13. Adriatic Line Phase 1, Investment 14. Cross-border gas export infrastructure) will improve the national gas infrastructure and strengthen the security of supply needs for gas both in Italy and in Central Europe; three investments (Investment 4. Tyrrhenian link, Investment 5. SA.CO.I.3, Investment 6. Cross-border electricity interconnection projects between Italy and neighbouring countries) will improve the electric grid infrastructure by integrating Sardinia and Sicily with the continent, interconnecting Corsica and Sardinia, and increasing the existing interconnection between Italy, Austria and Slovenia; one investment, Investment 7. Smart National Transmission Grid consists in interventions to strengthen the digitalisation of the national transmission grid. Moreover, one investment, Investment 16. Support to SMEs for self-production from renewable energy sources, will set up a facility supporting private companies investing in self-consumption and self-production of renewable energy; one investment, Investment 15. Transizione 5.0, will support the energy transition of production processes towards an energy efficient, sustainable and renewable-based model of production through a tax credit scheme; one investment, Investment 8. Sustainable, circular and secure supply of Critical Raw Materials supports research projects aimed at facilitating the recovering and recycling of critical raw materials, in particular waste electrical and electronic equipment, including wind turbine blades and photovoltaic panels; one investment, Investment 10. Pilot projects on skills ‘Crescere Green’, consists in a pilot training intervention for the development of skills, with a sectoral focus depending on the most required skills by the green transition in the labour market.

(23) The REPowerEU chapter also includes scaled-up measures affecting four measures under components M1C1, Digitalisation, innovation and security in the PA, and M2C2, Renewable energy, hydrogen, grid and sustainable mobility. The scaled-up measures included in the REPowerEU chapter introduce a substantive improvement in the level of ambition of the measures already included in the national RRP.

Commission’s assessment

(24) The Commission has assessed the modified RRP, including the REPowerEU chapter, against the assessment criteria laid down in Article 19(3) of Regulation (EU) 2021/241.

Balanced response contributing to the six pillars

(25) In accordance with Article 19(3), point (a), of and Annex V, criterion 2.1, to Regulation (EU) 2021/241, the modified RRP, including the REPowerEU chapter, represents to a large extent (Rating A) a comprehensive and adequately balanced response to the economic and social situation, thereby contributing appropriately to all of the six pillars referred to in Article 3 of that Regulation, taking into account the specific challenges faced by and the financial allocation for the Member State concerned.

(26) The Commission considers that the modified RRP submitted by Italy along with the REPowerEU chapter does not impact the previous assessment of the response of the RRP to the six pillars representing to a large extent a comprehensive and adequately balanced response to the economic and social situation as set out in paragraph 25, thereby contributing appropriately to all six pillars referred to in Article 3 of Regulation (EU) 2021/241, taking into account the specific challenges and the financial allocation of Italy.

(27) The various measures of the modified RRP, including the REPowerEU chapter, represent a comprehensive response with an appropriate overall balance between pillars, with a significant number of components significantly or partially supporting more than one pillar. Italy's modified RRP continues to focus on six key policy areas: digitisation, innovation, competitiveness and culture; green revolution and ecological transition; infrastructures for sustainable mobility; education and research; inclusion and cohesion; and healthcare. The measures included in the REPowerEU chapter contribute significantly or partially to the above pillars. Particularly, the 5 new reforms and 17 new investments aim to support green skills, promote zero-emission transport, improve electricity and gas transmission and enhance energy efficiency.

Addressing all or a significant subset of challenges identified in country-specific recommendations

(28) 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[1], or challenges identified in other relevant documents officially adopted by the Commission in the context of the European Semester.

(29) In particular, the modified RRP, including the REPowerEU chapter, takes into account country-specific recommendations formally adopted by the Council prior to the assessment of the modified RRP by the Commission. As the maximum financial contribution for Italy has been adjusted upwards, all 2022 and 2023 structural recommendations are considered in the overall assessment.

[1] Regulation (EU) No 1176/2011 of the European Parliament and of the Council of 16 November 2011 on the prevention and correction of macroeconomic imbalances (OJ L 306, 23.11.2011, p. 25).

(30) Having assessed progress in the implementation of all relevant country-specific recommendations as part of the 2023 European Semester, the Commission finds that substantial progress has been achieved with regard to the recommendations on tax evasion (2019 recommendation 1.3), civil justice (2019 recommendation 4.1 and 2020 recommendation 4.1) liquidity provision to the real economy (2020 recommendation 3.1) and expansion of public investment for the green and digital transition (2022 recommendation 1.2).

(31) The modified RRP, including the REPowerEU chapter, includes an extensive set of mutually reinforcing reforms and investments that contribute to effectively addressing all or a significant subset of the economic and social challenges outlined in the country-specific recommendations addressed to Italy by the Council in the context of the European Semester, in particular in public administration and administrative capacity (2023 recommendation 2.1), and in the areas of renewable energy and energy infrastructure (2023 recommendations 3.1, 3.2 and 3.3), energy efficiency (2023 recommendation 3.4), sustainable transport (2023 recommendation 3.6) and green skills (2023 recommendation 3.7).

(32) The REPowerEU chapter is expected to contribute to reinforcing the ambition of the RRP with regard to the relevant country-specific recommendations addressed in the field of energy and green transition. It contributes to strengthening distribution transmission and distribution networks, including those related to gas, for example through the scale-up of the measure to increase the resilience of power grid (M2C2-I2.2). The reform aimed at streamlining permitting procedures for renewable energy at central and local level (M7-R1) is expected to contribute to the enhancement of energy security and speed-up of renewable energy production. Moreover, the chapter is expected to reduce energy demand and increase energy efficiency. The reform putting forward the Plan for new skills (M7-R5) complemented by the investment on skills 'Crescere Green' (M7-I12) are aimed at creating and strengthening the skills needed for the green transition. The REPowerEU chapter is also expected to contribute to promoting sustainable transport including through, for example, the new reform aimed at reducing the environmental harmful subsidies (M7-R2). Sustainable transport would also benefit from, inter alia, the investment expected to strengthen the regional public transport railway fleet with zero emission trains and universal service (M2C2-I4.4.2), the scale-up of the investment on strengthening of the regional public transport railway fleet with zero emission trains and universal service (M2C2.I4.4.2), and the new investment 'Grant Scheme for the development of an international, industrial and R&D leadership in electric buses' (M7-I2).

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

(34) By addressing the aforementioned challenges, the modified RRP is also expected to contribute to correcting the imbalances, as identified in recommendations made pursuant to Article 6 of Regulation (EU) No 1176/2011 in 2019, 2020, 2022 and 2023, that Italy is experiencing, in particular with regard to high public debt and weak competitiveness dynamics in a context of low productivity growth.

Contribution to growth potential, job creation and economic, social and institutional resilience

(35) In accordance with Article 19(3), point (c), of and Annex V, criterion 2.3, to Regulation (EU) 2021/241, the modified RRP, including the REPowerEU chapter, is expected to have a high impact (rating A) on strengthening the growth potential, job creation, and economic, social and institutional resilience of Italy, 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.

(36) In view of reforms and investments put forward as part of the modification of the RRP, the initial positive assessment of the impact of the RRP on growth potential, job creation, and territorial and social cohesion is confirmed. The modified RRP, including the REPowerEU chapter, continues to contribute to economic growth and job creation in Italy and to increasing the capacity of the Italian economy to respond to the social challenges resulting from the energy transition. In this context, the modified RRP addresses several vulnerabilities of the economy, including over-reliance on fossil fuels, an outdated energy transmission and distribution network, especially in rural areas, as well as limited affordability for poor households to improve energy efficiency of buildings. The modified RRP, including the REPowerEU chapter, also helps boosting the development of green skills relevant for the green transition by supporting green skills, promoting zero-emission transport, improving electricity and gas transmission, reducing reliance on environmentally harmful subsidies and enhancing energy efficiency.

Do no significant harm

(37) In accordance with Article 19(3), point (d), of and Annex V, criterion 2.4, to Regulation (EU) 2021/241, the modified RRP, including the REPowerEU chapter, is expected to ensure that no measure (rating A) for the implementation of reforms and investments projects included in this RRP does significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852 of the European Parliament and of the Council[1] (the principle of 'do no significant harm').

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[1] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13).

(38) The modified RRP assesses compliance with the principle of ‘do no significant harm’ following the methodology set out in the technical guidance provided in the Commission Notice entitled ‘Technical guidance on the application of “do no significant harm” under the Recovery and Resilience Facility Regulation’[1].

(39) Italy submitted an assessment of the principle of ‘do no significant harm’ for each new and revised measure of the modified RRP, including the REPowerEU chapter. The information provided shows that the RRP is expected to ensure compliance with that principle. In addition, for those measures that require the selection of projects in the future, specific relevant safeguards are introduced in associated milestones and targets for that purpose. The information provided by Italy makes it possible to conclude that the RRP is expected to ensure that none of the measures does significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852.

1 OJ C 58, 18.2.2021, p. 1.

(40) In accordance with Article 21c(6) of Regulation (EU) 2021/241, on the basis of information provided by Italy, the Commission considers that the principle of 'do no significant harm' should not apply to two measures that contribute to the objective set out in Article 21c(3), point (a), of that Regulation. This concerns measures M7.I11 'Adriatic Line Phase 1' and M7.I12 'Cross-border gas export infrastructure'. The first measure consists in the construction of the compressor station in Sulmona and approximately 140 km of gas pipeline, and the second contributes to the construction of a compressor station in Poggio Renatico, close to the border with Austria. The measures are necessary and proportionate to meet immediate security of supply needs, taking into account cleaner feasible alternatives and the risk of lock-in effects, in accordance with Article 21c(6), point (a), of Regulation (EU) 2021/241. The compressor station in Sulmona and Sestino-Minerbio gas pipeline and the compressor station in Poggio Renatico will make it possible to make full use of existing gas capacities, including liquified natural gas, in Italy and the transmission of additional capacities towards Central Europe. In doing so, the infrastructure will help Italy and neighbouring Member States to diversify their source of gas supply. Without the pipeline, this would not be possible due to bottlenecks in the existing grid, which prevent the injection in the existing network of imported liquified gas and gas imported through the southern entry points. Therefore, the compressor station in Sulmona and Sestino-Minerbio gas pipeline and the compressor station in Poggio Renatico together contribute to meeting immediate security of supply needs and enabling the diversification of supply in the interest of the Union as a whole. In addition, cleaner alternatives cannot be deployed within a comparable timeline. The risk of lock-in effect is considered mitigated, given the reforms and investments that will favour the green transition included in the RRP and in the REPowerEU chapter and the consequent decreasing forecasted demand of gas, as provided by Italian authorities.

(41) Moreover, for the compressor station in Poggio Renatico, Italy has undertaken satisfactory efforts to limit the potential harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852, where feasible, and to mitigate harm through other measures, including the measures in the REPowerEU, in accordance with Article 21c(6), point (b), of the Regulation (EU) 2021/241. For the measure ‘Adriatic Line Phase 1’, while an Environmental Impact Assessment already exists, a dedicated milestone related to the implementation of the project has been included to ensure that Italy will: 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; verify the appropriate assessments already carried out under the Council Directive 92/43/EEC[1] in the light of the newly established SSCOs; update, if needed, the appropriate assessments (‘Valutazione di incidenza ambientale’) already carried out under that Directive in line with the national guidelines of 28 December 2019; and ensure their integration into the overall environmental impact assessment procedure. Third, the measures do not jeopardise the achievement of the Union’s 2030 climate targets and the objective of Union climate neutrality by 2050, in accordance with Article 21c(6), point (c), of Regulation (EU) 2021/241. In the medium-to-long term, the compressor station in Sulmona and Sestino-Minerbio gas pipeline and the compressor station in Poggio Renatico will provide a back-up to stabilise electricity and heat supply, thereby supporting the increase in the use of renewable energy sources. Moreover, the modified RRP, including the REPowerEU chapter, contains reforms and investments to promote energy efficiency, renewable energy, and sustainable mobility, which are expected to contribute to the achievement of the Union climate target by 2030, on the way to climate neutrality objective by 2050.

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1 Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L 206 22.7.1992, p. 7).

(42) Lastly, Italy provided supporting documents showing that the end of the construction works and the technical acceptance of the compressor stations in Sulmona and Poggio Renatico and the gas pipeline between Sestino and Minerbio should take place in June 2026 and the infrastructure is planned to be in operation by 31 December 2026, in accordance with Article 21c(6), point (d), of Regulation (EU) 2021/241.

(43) The estimated cost of the measures subject to a positive assessment under Article 21c(6) of Regulation (EU) 2021/241 is, for the measure 'Adriatic Line Phase 1', EUR 375 000 000, while the estimated cost of the upgrade of the Poggio Renatico compressor station is EUR 45 000 000. The total estimated cost of these two measures represents 3,8 % of the estimated costs of the measures included in the REPowerEU chapter.

(44) Pursuant to Article 21c(8) of Regulation (EU) 2021/241, the revenues made available in accordance with Article 10e(1) of Directive 2003/87/EC of the European Parliament and of the Council[1] are not to contribute to reforms and investments derogating from the principle of 'do no significant harm'. For that purpose, the Commission has ensured that the estimated costs of reforms and investments that do not derogate from the principle of 'do no significant harm' correspond at least to the Member State's allocation of additional non-repayable financial support for REPowerEU based on Article 21a of Regulation (EU) 2021/241.

[1] Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a system for greenhouse gas emission allowance trading within the Union and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32).

Contribution to the REPowerEU objectives

(45) In accordance with Article 19(3), point (da), of and Annex V, criterion 2.12, to Regulation (EU) 2021/241, the REPowerEU chapter is expected to effectively contribute to a large extent (rating A) to energy security, the diversification of the Union's energy supply, an increase in the uptake of renewables and in energy efficiency, an increase in energy storage capacities or the necessary reduction of dependence on fossil fuels before 2030.

(46) The implementation of the measures included in the REPowerEU chapter are expected to contribute, in particular, to supporting the objectives in Article 21c(3), points (a), (b), (c), (d), (e) and (f), of Regulation (EU) 2021/241.

(47) The implementation of Investments 13. Adriatic Line Phase 1 (Sulmona compressor station and Sestino-Minerbio gas pipeline), and 14. Cross-border gas export infrastructure is expected to contribute to the objective set out in Article 21c(3), point (a), of Regulation (EU) 2021/241, that is, improving energy infrastructure and facilities to meet immediate security of supply needs for gas, considering that their objective is to streamline permitting procedures for renewable energy at central and local level.

(48) The implementation of Investment 3: Scale-up measure: Production of Hydrogen in brownfield sites, Investment 4: Tyrrhenian link, Investment 5: SA.CO.I.3, Investment 6: Cross-border electricity interconnection projects between Italy and neighbouring countries, Investment 15: Transizione 5.0, and of Reform 1: Streamlining permitting procedures for renewable energy at central and local level, Reform 3: Reduction of the costs of connection to the gas network of biomethane, and Reform 4: Mitigation of financial risk associated with renewable PPAs is expected to contribute to the objective set out in Article 21c(3), point (b), of Regulation (EU) 2021/241, boosting energy efficiency in buildings and critical energy infrastructure, decarbonising industry, increasing the production and uptake of sustainable biomethane and of renewable or fossil-free hydrogen, and increasing the share and accelerating the deployment of renewable energy.

(49) The implementation of Investment 17: Financial instrument for energy renovations of public and social housing and targeting vulnerable households in other residential buildings is expected to contribute to the objective set out in Article 21c(3), point (c), of Regulation (EU) 2021/241, that is, tackling energy poverty. This measure consists 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.

(50) The implementation of Investment 1. Scale-up measure: Strengthening smart grids, Investment 15:Transizione 5.0 supporting the energy transition of production processes towards an energy efficient, sustainable and renewable-based model of production through a tax credit scheme and Investment 16: Support to SMEs for self-production from renewable energy sources is expected to contribute to the objective set out in Article 21c(3), point (d), of Regulation (EU) 2021/241, that is, incentivising reduction of energy demand.

(51) The implementation of Investment 2: Scale-up measure: Interventions to increase the resilience of power grid and Investment 7: Smart National Transmission Grid is expected to contribute to the objectives set out in Article 21c(3), point (e), of Regulation (EU) 2021/241, that is, addressing internal and cross-border energy transmission and distribution bottlenecks, supporting electricity storage and accelerating the integration of renewable energy sources.

(52) Reform 2: Reduction of Environmental Harmful Subsidies, Investment 11: Scale-up measure: Strengthening of the regional public transport railway fleet with zero-emission trains and universal service, and Investment 12: Grant Scheme for the development of an international, industrial and R&D leadership in electric buses are expected to support zero-emission transport and its infrastructure, including railways, as set out in Article 21c(3), point (e), of Regulation (EU) 2021/241.

(53) The implementation of Investments 8: Sustainable, circular and secure supply of Critical Raw Materials, Investment 9: Scale-up measure: provide technical assistance and strengthen capacity building for the implementation of the Italian recovery and resilience plan and Investment 10: Pilot projects on skills ‘Crescere Green’ is expected to contribute to the objective set out in Article 21c(3), point (f), of Regulation (EU) 2021/241, that is, supporting the objectives set out in Article 21c(3), points (a) to (e), of that Regulation, through an accelerated requalification of the workforce towards green and related digital skills, as well as through support for the value chains in critical raw materials and technologies linked to the green transition.

Measures having a cross-border or multi-country dimension or effect

(54) In accordance with Article 19(3), point (db), of and Annex V, criterion 2.13, to Regulation (EU) 2021/241, the measures included in the REPowerEU chapter are expected to a large extent (rating A) to have a cross-border or multi-country dimension or effect.

(55) 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 accordance with the objectives set out in Article 21c(3) of Regulation (EU) 2021/241, taking into account the financial contribution available to Italy and its geographical position.

(56) Nine measures included in Italy's REPowerEU chapter have a cross-border or multi-country dimension or effect. Investment 5.SA.CO.I.3 ('Sardinia-Corsica-Italy 3'), the cross-border electricity interconnection projects between Italy and neighbouring countries (Austria and Slovenia), and the cross-border gas export infrastructure in Poggio Renatico have a cross-border dimension. Other seven investments aim to improve the capacity of the grid to transport electricity or gas northwards and have therefore a multi-country dimension.

(57) The total costs of these measures account for a total of EUR 1 923 200 000 representing 17 % of the estimated costs of the REPowerEU chapter.

(58) 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.

Contribution to the green transition, including biodiversity

(59) In accordance with Article 19(3), point (e), of and Annex V, criterion 2.5, to Regulation (EU) 2021/241, the modified RRP, including the REPowerEU chapter, contains measures that contribute to a large extent (rating A) to the green transition, including biodiversity, or to addressing the challenges resulting therefrom. The measures supporting climate objectives account for an amount which represents 39,0 % of the RRP's total allocation and 68,4 % of the total estimated costs of measures in the REPowerEU chapter calculated in accordance with the methodology set out in Annex VI to Regulation (EU) 2021/241. In accordance with Article 17 of that Regulation, the modified RRP, including the REPowerEU chapter, is consistent with the information included in the National Energy and Climate Plan 2021-2030.

(60) With regard to measures related to the green transition, the modified RRP introduces changes to 26 measures on the basis of Article 21 of Regulation (EU) 2021/241 and the correction of clerical errors. Those changes do not affect the contribution to the green transition as the measures support the decarbonisation of industry, deployment of renewable energy and hydrogen, sustainable transport, energy efficiency, water management, circular economy, climate change adaptation and sustainable tourism. The REPowerEU chapter includes 20 measures which aim to secure energy supply in the Union as a whole, including by addressing challenges identified in the Commission's most recent needs assessment, in accordance with the objectives set out in Article 21c(3) of Regulation (EU) 2021/241, taking into account the financial contribution available to Italy and its geographical position. Those measures will aim at reducing dependence on fossil fuels and energy demand.

(61) Those measures related to the green transition, including biodiversity, in the modified RRP and the REPowerEU chapter have a lasting impact as the measures are aimed at structural changes to reduce Italy's overall reliance on fossil fuels and at increasing energy savings by shifting to green technologies, in particular those related to renewable energy sources, energy storage, energy efficiency and industrial decarbonisation. As a result, they also contribute to achieving the 2030-2050 targets and the objective of Union climate neutrality by 2050.

Contribution to the digital transition

(62) In accordance with Article 19(3), point (f), of and Annex V, criterion 2.6, to Regulation (EU) 2021/241, the modified RRP contains measures that contribute to a large extent (rating A) to the digital transition or to addressing the challenges resulting from it. The measures supporting digital objectives account for an amount which represents 25,6 % of the modified RRP's total allocation calculated in accordance with the methodology set out in Annex VII to Regulation (EU) 2021/241.

(63) The REPowerEU chapter is expected to contribute to the digital transition and to addressing the resulting challenges by including measures such as Strengthening Smart Grid and Smart Transmission Grid. The modified RRP entails modifications that reduce the ambition of Mission 1, Mission 3 and Mission 4, thus contributing less than before to the digital objectives. The reduction is however compensated by an increase in ambition in Mission 6. In accordance with Article 21c(5) of Regulation (EU) 2021/241, reforms and investments in the REPowerEU chapter are not to be taken into account when calculating the RRP's total allocation for the purpose of applying the digital target requirement set by that Regulation. The contribution to the digital transition of Italy's modified RRP (excluding the REPowerEU chapter) stands at EUR 46 872 000 000.

Lasting impact

(64) In accordance with Article 19(3), point (g), of and Annex V, criterion 2.7, to Regulation (EU) 2021/241, the modified RRP, including the REPowerEU chapter, is expected to have a lasting impact on Italy to a large extent (rating A).

(65) The modified RRP does not reduce the ambition of the RRP as a whole. It takes into account the prolonged impact of the COVID-19 crisis, inflation and supply chain disruptions, as well as some unexpected legal or technical difficulties or the availability of better alternatives for the implementation of some measures by modifying them in accordance with Article 21(2) of Regulation (EU) 2021/241. The modified RRP increases the ambition of existing measures as a result of the increased financial contribution and includes a REPowerEU chapter. These are expected to have lasting positive effects on the Italian economy and further boost its green and digital transition.

Monitoring and implementation

(66) In accordance with Article 19(3), point (h), of and Annex V, criterion 2.8, to Regulation (EU) 2021/241, the arrangements proposed in the modified RRP, including the REPowerEU chapter, are adequate (rating A) to ensure effective monitoring and implementation of the RRP, including the envisaged timetable, milestones and targets, and the related indicators.

(67) The modified RRP submitted by Italy does not amend the multi-level governance system for the implementation and monitoring of the RRP. The arrangements are still considered to remain adequate to ensure effective monitoring and implementation of the RRP, including the envisaged timetable, milestones and targets, and the related indicators. The nature and extent of the proposed modifications to Italy's RRP do not have an impact on the previous assessment of the effective monitoring and implementation of the RRP as positively assessed by the Council Implementing Decision of 19 September 2023. The milestones and targets that accompany the modified measures, including those in the REPowerEU chapter, are clear and realistic and the proposed indicators for those milestones and targets are relevant, acceptable and robust. Milestones and targets are also relevant for measures already completed which are eligible under Article 17(2) of Regulation (EU) 2021/241. The satisfactory fulfilment of those milestones and targets over time is required to justify a disbursement request.

Costing

(68) In accordance with Article 19(3), point (i), of and Annex V, criterion 2.9, to Regulation (EU) 2021/241, the justification provided in the modified RRP, including the REPowerEU chapter, on the amount of the estimated total costs of the RRP is to a medium extent (rating B) reasonable and plausible, is in line with the principle of cost efficiency and is commensurate with the expected national economic and social impact.

(69) The amount of the estimated total costs of the modified RRP is in line with the nature and type of the envisaged reforms and investments. As a result, cost estimates for most of the measures in the modified RRP are deemed reasonable and plausible. Italy has provided sufficient information and evidence that the amount of the estimated total costs is not covered by existing or planned Union financing. Finally, the estimated total cost of the modified RRP is in line with the principle of cost-efficiency and commensurate with the expected national economic and social impact. Therefore, a rating B is warranted for the modified RRP.

Coherence of the RRP

(70) In accordance with Article 19(3), point (k), of and Annex V, criterion 2.11, to Regulation (EU) 2021/241, the modified RRP, including the REPowerEU chapter, includes to a high extent (rating A) measures for the implementation of reforms and public investment projects that represent coherent actions.

(71) The modifications to the RRP concern all of the 6 existing missions and include an additional mission, the REPowerEU chapter. The modifications made to the existing chapters do not alter the overall coherence of the RRP, taking into account the way in which the missions are mutually reinforcing and complementary, in particular those related to the green and digital transitions and the newly added REPowerEU chapter. The new investments and reforms including those in the REPowerEU chapter, are complementary to existing measures in the RRP. Those new investments and reforms, as well as those investments and reforms where the ambition has been increased, are mutually reinforcing and complementary.

Any other assessment criteria

(72) The Commission considers that the modifications put forward by Italy do not affect the positive assessment of the RRP set out in the Council Implementing Decision of 13 July 2021 regarding the relevance, effectiveness, efficiency and coherence of the RRP against the assessment criteria laid down in Article 19(3), point (j), of Regulation (EU) 2021/241.

Equality

(73) The previous description of the gender equality and equal opportunities for all remains valid. Italy has explained that several measures modified in and added to the RRP, including under the REPowerEU chapter, are expected to have a positive impact on socio-economic integration, including gender equality and equal opportunities for all.

Consultation process

(74) The modified RRP of Italy includes a summary of the consultation process carried out for its preparation and implementation. In the preparation of the modified RRP, Italy carried out targeted consultations on the broad intentions of the RRP modifications, including the REPowerEU chapter, with social partners, stakeholders, regional and local authorities and other political groups. In its submission, Italy has provided details on the stakeholders consulted, explained the outcome of this targeted complementary consultation and outlined how the input received from the stakeholders was reflected initially, including for measures in the REPowerEU chapter.

(75) To ensure ownership by the relevant actors, it is crucial to involve all local authorities and stakeholders concerned, including social partners, throughout the implementation of the investments and reforms included in the modified RRP, including the REPowerEU chapter.

Positive assessment

(76) Following the positive assessment of the Commission concerning the modified RRP, including the REPowerEU chapter, which found that the RRP satisfactorily complies with the criteria for assessment set out in Regulation (EU) 2021/241, in accordance with Article 20(2) of and Annex V to that Regulation, this Decision sets out the reforms and investment projects necessary for the implementation of the modified RRP, including the REPowerEU chapter, the relevant milestones, targets and indicators, and the amount made available from the Union for the implementation of the modified RRP, including the REPowerEU chapter, in the form of non-repayable financial support.

Financial contribution

(77) The estimated total cost of the modified RRP, including the REPowerEU chapter, of Italy is EUR 194 415 951 466. As the amount of the estimated total cost of the modified RRP, including the REPowerEU chapter, is higher than the updated maximum financial contribution available for Italy, the financial contribution calculated in accordance with Article 11 of Regulation (EU) 2021/241 allocated for Italy's modified RRP, including the REPowerEU chapter, should be equal to the total amount of the financial contribution available for Italy's modified RRP, including the REPowerEU chapter. This amount is equal to EUR 69 023 756 552.

(78) Pursuant to Article 21a(5) of Regulation (EU) 2021/241, on 7 August 2023, Italy submitted a request for the allocation of the revenue referred to in Article 21a(1) of that Regulation, shared between Member States on the basis of the indicators set out in the methodology referred to in Annex IV to Regulation (EU) 2021/241. The estimated total cost of reforms and investments aiming to contribute to the objectives set out in Article 21c(3), points (b) to (f) of Regulation (EU) 2021/241 included in the REPowerEU chapter is EUR 10 757 950 000. As this amount is higher than the allocation share available for Italy, the additional non-repayable financial support available for Italy should be equal to the allocation share. This amount is equal to EUR 2 755 867 236.

(79) The total financial contribution available to Italy should be EUR 71 779 623 788.

REPowerEU pre-financing

(80) Italy has requested the following funding for the implementation of its REPowerEU chapter: EUR 2 755 867 236 from the revenue from the emissions trading system under Directive 2003/87/EC.

(81) For those amounts, pursuant to Article 21d of Regulation (EU) 2021/241, on 23 November 2023, Italy has requested pre-financing of 20 % of the funding requested. Subject to available resources, that pre-financing should be made available to Italy subject to the entry into force of, and in accordance with, the agreement to be concluded been the Commission and Italy pursuant to Article 23(1) of Regulation (EU) 2021/241.

(82) The Council Implementing Decision of 13 July 2021 on the approval of the assessment of the recovery and resilience plan for Italy should therefore be amended accordingly. For the sake of clarity, the Annex to that Implementing Decision should be replaced entirely,

HAS ADOPTED THIS DECISION:

Article 1

The Council Implementing Decision of 13 July 2021 on the approval of the assessment of the recovery and resilience plan for Italy is amended as follows:

(1) Article 1 is replaced by the following:

'*Article 1*
Approval of the assessment of the RRP

The assessment of the modified RRP of Italy on the basis of the criteria provided for in Article 19(3) of Regulation (EU) 2021/241 is approved. The reforms and investment projects under the RRP, the arrangements and timetable for the monitoring and implementation of the RRP, including the relevant milestones and targets and the additional milestones and targets related to the payment of the loan, the relevant indicators relating to the fulfilment of the envisaged milestones and targets, and the arrangements for providing full access by the Commission to the underlying relevant data are set out in the Annex to this Decision.';

(2) in Article 2, paragraphs 1 and 2 are replaced by the following:

‘1. The Union shall make available to Italy a financial contribution in the form of non-repayable support amounting to EUR 71 779 623 788[*]. That contribution includes:

(a) an amount of EUR 47 925 096 762, which shall be available to be legally committed by 31 December 2022;

(b) an amount of EUR 21 098 659 790, which shall be available to be legally committed from 1 January 2023 until 31 December 2023;

(c) an amount of EUR 2 755 867 236[**], in accordance with Article 21a(6) of Regulation (EU) 2021/241, exclusively for reforms and investments that aim to contribute to the objectives set out in Article 21c(3), points (b) to (f), of that Regulation.

2. The Union financial contribution shall be made available by the Commission to Italy in instalments in accordance with the Annex to this Decision. An amount of EUR 8 954 466 787 shall be made available as pre-financing in accordance with Article 13 of Regulation (EU) 2021/241.

An amount of EUR 551 173 447 shall be made available as pre-financing in accordance with Article 21d of Regulation (EU) 2021/241. That pre-financing may be disbursed by the Commission in up to two payments.

The pre-financing and instalments may be disbursed by the Commission in one or several tranches. The size of the tranches shall be subject to the availability of funding.

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* This amount corresponds to the financial allocation after deduction of Italy's proportional share of the expenses referred to in Article 6(2) of Regulation (EU) 2021/241, calculated in accordance with the methodology set out in Article 11 of that Regulation.

** This amount corresponds to the financial allocation after deduction of Italy's proportional share of the expenses referred to in Article 6(2) of Regulation (EU) 2021/241, calculated in accordance with the methodology set out in Annex IVa to that Regulation.';

(3) the Annex is replaced by the text set out in the Annex to this Decision.

Article 2

This Decision is addressed to the Italian Republic.

Done at …,

For the Council

The President