

28 JULY 2023

Positive preliminary assessment of the satisfactory fulfilment of milestones and targets related to the third payment request submitted by Italy on 30 December 2022, transmitted to the Economic and Financial Committee by the European Commission

Executive summary

In accordance with Article 24(2) of Regulation (EU) 2021/241, on 30 December 2022, Italy submitted a request for payment for the third instalment of the non-repayable support and the third instalment of the loan support. The payment request was accompanied by the required management declaration and summary of audits.

To support its payment request, Italy provided due justification of the satisfactory fulfilment of the 38 milestones and targets of the third instalment of the non-repayable support and 16 out of the 17 milestones and targets of the third instalment of the loan support, as set out in Section 2(1)(1.1) and Section 2(2)(2.1) of the Council Implementing Decision of 13 July 2021 on the approval of the assessment of the recovery and resilience plan for Italy¹.

For 8 targets covering a large number of recipients, in addition to the summary documents and official listings provided by Italy, Commission services have assessed a statistically significant sample of individual files. The sample size has been uniformly set at 60 which corresponds to a confidence level of 95% or above in all cases.

In its payment request, Italy has confirmed that measures related to previously satisfactorily fulfilled milestones and targets have not been reversed. The Commission does not have evidence of the contrary².

This includes in relation to milestone M1C1-68, *Repository system for Audit and Control: information for monitoring implementation of RRF*, and the commitments on audit and control that were undertaken in the context of the first payment request to ensure continuous compliance with this milestone and with its obligations under the Financing and Loan Agreements.

Based on the documentation submitted, and on the videoconference held on 16/01/2023, Italy has ensured the collection and storing of data on beneficial owners of national and foreign companies, both for already concluded contracts, as well as for future contracts, independent of the implementing bodies.

This has been achieved by the connection of ReGiS IT system to a series of databases that would prevent cases of double funding, fraud, conflict of interest and corruption namely PIAF - Integrated Anti-Fraud Gco-funded by the Commission and OLAF under the Hercule III programme and managed by the Italian Financial Police (Guardia di Finanza). PIAF includes information from the BORIS platform which allows beneficial ownership (BO) registers to exchange information, BDU (Unique database managed by Italian General Accounting office that collects information and data about projects funded directly or indirectly by EU) and BDAP (Database for public administrations).

¹ ST10160/21 and ST 10155/61 ADD 1, not yet published.

² This paragraph shall be removed for the first payment request.

The Central Service for the NRRP has started to use the ARACHNE and PIAF database for data collection and verification to correctly identify the beneficial ownership of national and international companies. These features are already accessible to the entities who have access to ReGis. Now, all the Ministries responsible for the implementation of measures have access to Arachne and Orbis.

The Central Service have organized trainings sessions on the use of these tools as per Ares(2023)1407945 that have been delivered to all entities accredited for the use of ReGis.

To comply with the commitment concerning the prevention and verification of absence of conflict of interest and double funding, the Central Service confirmed that declaration of absence of conflict of interest and double funding for the applicants of the projects to receive the funds in the Facility (both officials of public administration and both participants to call for proposal and call for tender) are 100% checked before the signature of any contracts or award. Based on the risk assessment of the measures being implemented, the Central Service for the NRRP verifies the conflict interest by using the data on beneficial ownership of the final recipients and contractors (including foreign companies) collected and stored in ReGis, using the risk scoring tool Arachne before the EU funding is awarded or ultimately at the award of the contracts.

The Central Service confirmed also that ex-post controls are carried out by the implementing bodies on a sample basis (according to the risk assessment). In addition, based on the risk assessment of the measures being implemented the Central Service for the NRRP confirmed the establishment of a procedure describing when, how and by whom, data on beneficial ownership of the final recipients and contractors (including foreign companies) will be collected, verified, and updated in ReGis and implement this procedure in the checks of conflict of interest and double funding during the life cycle of the projects, using the risk scoring tool Arachne.

The Central Service provided then the final version of the guidelines adopted in June and August 2022. The guidelines are common for all implementing bodies involved and establish the control methods and the correct input of data in the ReGis system, regarding the double funding, beneficial owners, and conflict of interest. The guidelines have been complemented with the circular note 16 of 14/04/2023 (Ares(2023)2922565) by including the procedures to be adopted for the verification, detection, and prevention of fraud, double funding, corruption and conflict of interest. Those integrations included the explicit provision for the clause of absence of conflict of interest and prohibition of double funding to be included in the awards for the selection of projects and/or implementing bodies, and the explicit provision for the clause of absence of conflict of interest to be included in the calls for tender.

On the basis of the evidence submitted and showed, the Commission considers that Italy has ensured continuous compliance with the milestone and with its obligations under the Financing and Loan Agreements with respect to these commitments.

Upon receipt of the payment request, the Commission has assessed on a preliminary basis the satisfactory fulfilment of the relevant milestones and targets. Based on the information provided by Italy, the Commission has made a positive preliminary assessment of the satisfactory fulfilment of 54 out of 55 milestones and targets.

The milestones and targets positively assessed as part of this payment request demonstrate significant steps in the implementation of Italy's Recovery and Resilience Plan. They notably highlight the continuation of the reform momentum in key policy areas. This includes, among others, competition, justice, education, undeclared work and water management. The milestones and targets also confirm

progress towards the completion of investment projects related to cybersecurity, renewables, grids, railways, research, tourism, urban regeneration and social policies.

By the transmission of this positive preliminary assessment and in accordance with Article 24(4) of Regulation (EU) 2021/241, the Commission asks for the opinion of the Economic and Financial Committee on the satisfactory fulfilment of the relevant milestones and targets.

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Number: M1C1-3	M1C1-3, Related Measure: Investment 1.1: Digital infrastructure
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Name of the Milestone: Completion of the Polo Strategico Nazionale (PSN)	
Qualitative Indicator: Cloud deployment report, by Ministry for Technological Innovation and Digital Transition	Time: Q4 2022
Context:	
<p>The objective of this investment is the creation of a state of the art, fully-redundant, national cloud-based hybrid infrastructure, called ‘<i>Polo Strategico Nazionale</i>’ (hereinafter referred to as “PSN”), the certification of secure and scalable public cloud alternatives and the migration of the datasets and applications of the public administration to a cloud environment.</p> <p>Milestone M1C1-3 concerns the successful completion of the testing of the PSN datacentres in view of the start of the migration process of the datasets and applications of targeted public administrations towards the cloud infrastructure.</p> <p>Milestone M1C1-3 is the first step of the implementation of the ‘Digital Infrastructure’ investment and will be followed by targets M1C1-17 and M1C1-26, both related to the progressive migration towards the PSN of Central Public Administrations and Local Healthcare Authorities (<i>Aziende Sanitarie Locali</i>). The investment has a final expected date for implementation in Q2 2026.</p>	
Evidence provided:	
<p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> i) Summary document duly justifying how the milestone, including all the constitutive elements, was satisfactorily fulfilled; ii) Certificate of completion of the PSN, issued in accordance with the national legislation and signed by responsible officer within the Department of Digital Transformation under the Presidency of the Council of Ministers on 2 December 2022; iii) A report by an independent engineer dated 15 December 2022 and endorsed by the relevant ministry, certifying that the testing of datacentres is successfully completed and including justification that the technical specifications of the project are aligned with the Council Implementing Decision’s description of the investment and milestone. <p>The authorities also provided:</p> <ul style="list-style-type: none"> iv) The Italian Cloud strategy (<i>Strategia Cloud Italia</i>), published by the Ministry of Technological Innovation and Digital Transformation (MITD) on 7 September 2021; v) Agency for Digital Italy (<i>Agenzia per l’Italia digitale, hereinafter referred to as “AgID”</i>) Regulation on the PSN “<i>Regulation laying down minimum levels of security, computing capacity, energy savings and reliability of digital infrastructure for public administrations and quality, security, performance and scalability characteristics, portability of cloud services for public administrations, migration arrangements and how cloud services are qualified for public administration</i>” (provided for in Article 33-septies of Decree-Law No. 179/2012) and AgID decision No. 628/2021 of 15 December 2021 on the adoption of the Regulation on PSN; vi) The feasibility project of 10 December 2021 on the proposal for implementation according to the model of Public Private Partnership of the PSN; vii) Decree No. 47/2021-PNRR of 27 December 2021 of the Department of Digital Transformation (DTD) under the Presidency of the Council of Ministers selecting the proposal for the creation of the PSN; viii) Decision No. 306 by the National Cybersecurity Agency (<i>Agenzia per la Cybersicurezza Nazionale, hereinafter referred to as “ACN”</i>) of 18 January 2022 and its Annex on the ‘<i>model for drawing up the list and classification of public administration data and services</i>’; 	

- ix) Decision No. 307 by the ACN of 18 January 2022 and its Annex on the ‘*update of additional minimum security levels, capacity processing, and reliability of digital infrastructures for the public administration and the additional characteristics of quality, security, performance and scalability of cloud services for the public administration, as well as the qualification requirements for cloud services for public administration*’;
- x) The call for tender launched by Difesa Servizi S.p.a. on 28 January 2022 for the creation of the PSN, the associated tender specifications and the award decision of 11 July 2022;
- xi) The contract of 24 August 2022 between the Department of Digital Transformation (DTD) and the ‘Polo Strategico Nazionale S.p.a.’ for the creation of the PSN and the registration No. 3132 of 9 December 2022 by the National Court of Auditors of Decree 124/2022 approving the contract;
- xii) The award contract of 16 November 2022 between the independent engineer and the Department of Digital Transformation (DTD) under the Presidency of the Council of Ministers and the technical specifications of the contract;
- xiii) The declaration of absence of conflicts of interest by the independent engineer;
- xiv) The curriculum vitae of the independent engineer.

Analysis:

The Commission considers that there is a clerical error in the text of the Council Implementing Decision as regards the description of this milestone and has undertaken the assessment on a revised basis.

In the first part of the description of the milestone, it is stated that “*The full completion of the overall project shall be reached when all the targeted public administrations have completed the moving of identified racks towards the Polo Strategico Nazionale (PSN)*”. However, such a formulation refers to the objective of the overall investment “Investment 1.1: Digital infrastructure”. The existence of a clerical error in the description of M1C1-3 is made evident when looking at the subsequent targets linked to this investment (M1C1-17 and M1C1-26) which concern the migration to the PSN of Central Public Administrations and Local Healthcare Authorities. These two targets can represent meaningful objectives in the implementation of the investment only if milestone M1C1-3 relates to the testing, which allows the start of the migration process of the identified racks, initially by at least 100 administrations by Q3 2024 (M1C1-17) and, subsequently, by at least 280 administrations by Q2 2026 (M1C1-26). In addition, the existence of such a clerical error is also evident when looking at working versions of the Commission proposals for the Council Implementing Decision. In such versions, the first part of the description of the milestone was included as a standalone sentence meant to describe the objective of the overall measure. The Commission will therefore assess the full completion of the overall project when evaluating the fulfilment of those follow-up targets.

The Commission considers that this is a clerical error and has undertaken the assessment on this basis.

Against this background, the justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the milestone.

- In line with the description of the milestone, **Italy provided evidence that the testing of four datacentres part of the PSN has been successfully completed, leading to the completion of the PSN, in line with the name of the milestone and with the qualitative indicator.**
 - Italy provided in particular a ‘Cloud deployment report’, which is a certificate of completion dated 2 December 2022 issued in accordance with the national legislation and signed by the responsible officer within the Department of Digital Transformation under the Presidency of

the Council of Ministers. This certificate indicates that on 30 November 2022 the PSN S.p.a. company has completed the design, preparation and set-up of the PSN infrastructure. More specifically, the certificate indicates that the four datacentres located in Acilia and Pomezia in Latium and in Rozzano and Santo Stefano Ticino in Lombardy, as referred to in the contract for the creation of the PSN signed on 24 August 2022, have been completed.

- In line with the description of the milestone, this **allows the start of the migration process of the datasets and applications of targeted public administrations towards the PSN.**
 - Italy provided a report by an independent engineer certifying that the testing of the four datacentres has been successfully completed and that the technical specifications of the project are in line with the reference standards and certifications of international standards and aligned with the description of the milestone and with the description of the investment in the Council Implementing Decision.
- **The three constitutive elements specified in the description of the measure in the Council Implementing Decision are also fulfilled.**
 - First, as concerns the **requirement to ensure that the systems, datasets and applications of the public administration are hosted in highly reliable datacentres, with high quality standards for security, performance, scalability, European interoperability and energy efficiency**, Italy has provided three pieces of evidence that consistently prove compliance with the features above:
 - The Italian Cloud strategy (*Strategia Cloud Italia*) of 7 September 2021, which was developed by the Ministry of Technological Innovation and Digital Transformation (MITD) with the aim of providing the strategic direction and defining the key principles, features and requirements for the implementation and control of cloud solutions in the Public Administration;
 - AgID Regulation on the National Strategic Hub (*Polo Strategico Nazionale - PSN*) adopted with AgID decision No. 628/2021 of 15 December 2021 and whose a) Article 7 and Annex A lay down the minimum levels of security, computing capacity, energy savings and reliability of digital infrastructure for public administrations and b) Article 8 and Annex B lay down the minimum levels of quality, security, performance and scalability characteristics, portability of cloud services for public administrations;
 - The decision by the National Cybersecurity Agency (ACN) of 18 January 2022 and its Annex on the '*update of additional minimum security levels, capacity processing, and reliability of digital infrastructures for the public administration and the additional characteristics of quality, security, performance and scalability of cloud services for the public administration, as well as the qualification requirements for cloud services for public administration*'. In particular, (i) Annex A2 of the decision details the minimum security levels, reliability, capacity processing and energy efficiency of digital infrastructures for the public administration, (ii) Annex B2 details the features in terms of quality, security, performance and scalability, interoperability and portability of cloud services for the public administration and (iii) Annex C details the qualification requirements for cloud services for public administration.
 - Second, as concerns the **requirement to create a state of the art, fully-redundant, national cloud-based hybrid infrastructure**, Italy provided:
 - The feasibility project of the PSN proposal of 10 December 2021, which foresees the creation of a state of the art, national cloud-based hybrid infrastructure based on a public-private partnership and hosted in four datacentres on the basis of a fully redundant so-called 'double region' (2 datacentres + 2 datacentres) architecture;

- Decree No. 47/2021-PNRR of 27 December 2021 of the Department of Digital Transformation (DTD), which, following the assessment of the proposal for the creation of the PSN, approved the feasibility project;
 - The call for tender launched by Difesa Servizi S.p.a. on 28 January 2022 for the creation of the PSN and the award decision of 11 July 2022;
 - The contract of 24 August 2022 between the Department of Digital Transformation (DTD) and the 'Polo Strategico Nazionale S.p.a.' for the creation of the PSN and the registration No. 3132 of 9 December 2022 by the National Court of Auditors of Decree 124/2022 approving the contract;
 - The certificate of completion of the PSN dated 2 December 2022 and signed by the responsible officer within the Department of Digital Transformation under the Presidency of the Council of Ministers which indicates that on 30 November 2022 the PSN S.p.a. company has completed the design, preparation and set-up of the PSN infrastructure.
- Third, as concerns the **requirement on the certification of secure and scalable public cloud alternatives**, Italy provided:
- AgID Regulation on the National Strategic Hub (*Polo Strategico Nazionale - PSN*), whose section 5 outlines the requirements for the certification of cloud services for the public administration;
 - Decision No. 307 by the ACN of 18 January 2022, whose Annex, under Articles 5, 6 and 7 outlines respectively the certification chain, the definition of certification requirements and the certification levels for cloud services for the public administration while Article 8 outlines the definition of certification requirements for cloud services infrastructures for the public administration.
- Fourth, as concerns the part of the measure description according to which **the PSN infrastructure is expected to be operated by a technological provider selected through a European tender and to be designed in adherence with the data interoperability standards defined at European level accordingly with Gaia-X initiative to allow the free exchange of non-personal data between the various Member States by interconnecting their national cloud models**,
- Italy provided the call for tender launched by Difesa Servizi S.p.a. on 28 January 2022 for the creation and the operation of the PSN and the associated tender specifications. In particular, Annex 5 of the call for tender provides for the standard form for the European Single Procurement Document while, in line with the Italian Cloud strategy (*Strategia Cloud Italia*) of 7 September 2021, the tender specifications define interoperability as one of the key principles for the PSN, in line with the objectives of the Gaia-X initiative in terms of interconnection of national cloud models and free exchange of non-personal data across Member States.
- Finally, as concerns the part of the measure description that **similar requirements are expected to be adopted in the pre-qualification of public cloud providers**,
- Article 7 and Annex A of the AgID Regulation on the PSN lay down the minimum levels of security, computing capacity, energy savings and reliability of digital infrastructure for public administrations and Article 8 and Annex B lay down the minimum levels of quality, security, performance and scalability characteristics, portability of cloud services for public administrations. In line with its Article 14(1), AgID Regulation on the PSN entered into force on 3 January 2022, three-months after the expiry of the so-called standstill period starting from the date of its notification to the European Commission, pursuant to Directive (EU) 2015/1535.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M1C1-4	M1C1-4, Related Measure: Investment 1.3.1: National Digital Data Platform
Name of the Milestone: National Digital Data Platform operational	
Qualitative Indicator: Report by Ministry for Technological Innovation and Digital Transition (MITD) demonstrating the launch of the National Digital Data platform	Time: Q4 2022
<p>Context:</p> <p>Investment 1.3.1 envisages the development of a National Digital Data Platform (<i>Piattaforma Digitale Nazionale Dati, hereinafter referred to as “PDND”</i>) that will guarantee the interoperability of datasets through a catalogue of Application Programming Interfaces (<i>hereinafter referred to as “APIs”</i>) shared across central and local administrations. This investment is part of Investment 1.3 on Data and Interoperability, together with investment 1.3.2 on the development of a Single Digital Gateway which aims at harmonizing a set of digital public services across EU countries, according to the once-only principle (re-use of information provided by the citizen to reduce red-tape).</p> <p>Milestone M1C1-4 consists in the PDND to become operational, allowing public administrations to publish their application programming interfaces (API) on the platform, authenticate APIs access by other authorities and sign interoperability agreements with other authorities.</p> <p>Milestone M1C1-4 is the first step in the implementation of this measure and will be followed by target M1C1-18 in Q4-2024, which consist in the publication of 400 APIs in the PDND. The final target for the measure is M1C1-27, which is due to be completed by Q2-2026 and consists in the publication of 1000 APIs in the PDND.</p>	
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> i) Summary document duly justifying how the milestone, including all the constitutive elements, was satisfactorily fulfilled; ii) Report by the Department of Digital Transformation of the Presidency of Council of Ministers (formerly Ministry for Technological Innovation and Digital Transition) on 6 December 2022, demonstrating that the PDND has been launched; iii) Certificate of works completion provided by the contractor (PagoPA) on 24 November 2022, demonstrating that PDND is operational. <p>The authorities also provided:</p> <ul style="list-style-type: none"> iv) Agency for Digital Italy (<i>Agenzia per l'Italia digitale, hereinafter referred to as “AgID”</i>) Guidelines on PDND; “Guidelines on the technological infrastructure of the PDND for the interoperability of databases and information systems” published on 10 December 2021; v) Legislative Decree No. 82 of 7 March 2005 (<i>Codice Amministrazione Digitale, hereinafter referred as “CAD”</i>); vi) AgID Guidelines on interoperability; “Guidelines on technical interoperability of Public Administrations” published on 27 April 2021; vii) AgID Guidelines on APIs; “Guidelines on technologies and standards for the safety of interoperability through APIs of information systems” published on 21 May 2021; viii) Agreement between the Department of Digital Transformation of the Presidency of Council of Ministers and the state-owned enterprise PagoPA for the management of the PDND signed on 4 March 2022. 	

Analysis:

The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the milestone.

- **National Digital Data Platform operational**
 - The certificate of works completion provided by the contractor certifies that the PDND has become operational on 17 October 2022.
- **The platform shall allow the agencies to: - publish their Application Programming Interfaces (APIs) on the Platform's API Catalogue;**
 - The report by the Department of Digital Transformation evidences that the PDND now allows public administrations ('agencies') to publish their APIs on the PDND's API Catalogue according to the procedures described in the Agid Guidelines on PDND (paragraphs 3.1.1 and 7), concerning for example the minimum requirements that the APIs and associated services must possess, or the requirements that the sharing and accessing public authority must satisfy.
- **The platform shall allow the agencies to: - establish and sign digital interoperability agreements via the Platform;**
 - The Report by the Department of Digital Transformation of the Presidency of Council of Ministers certifies that the PDND website (at the following hyperlink: <https://selfcare.pagopa.it/onboarding/prod-interop>) allows the public administrations to digitally sign interoperability agreements among them. The website is owned by PagoPA, the company in charge of the management of the PDND as per agreement with the Presidency of Council of Ministers provided by Italian authorities.
- **The platform shall allow the agencies to: - authenticate and authorize APIs access using the Platform's functionalities;**
 - The report by the Department of Digital Transformation evidences that the authentication and authorization of APIs has been tested by pilot authorities and that it has been implemented according to the procedures described in the AgID Guidelines on PDND (paragraph 8). This functionality is now operational and available to all public authorities that decide to use it. The data provider can specify the qualifications that the data user must possess and these can be verified thanks to the platform's functionalities.
- **The platform shall allow the agencies to: - validate and assess the compliance with the national interoperability framework.**
 - The report by the Department of Digital Transformation evidences that the validation and assessment of compliance with the national interoperability framework has been tested by pilot authorities. The national interoperability framework is defined by the AgID Guidelines on PDND, the AGID Guidelines on interoperability and the AgID guidelines on APIs, all of which have been provided by Italian authorities.
- **Furthermore, in line with the description of the measure, the measure envisages the development of a National Digital Data Platform ("Piattaforma Digitale Nazionale Dati") that shall guarantee the interoperability of datasets through a catalog of Application Programming Interfaces (APIs) shared across central and local administrations. The (National Digital Data) Platform shall be fully compliant with EU law.**
 - The National Digital Data Platform is operational and its capability of allowing public administrations to share datasets among themselves in an interoperable way through APIs

has been tested as testified by the report by the Department of Digital Transformation. The relevant EU Law in this case are Regulation (EU) No. 2014/910 (EiDAS Regulation), Regulation (EU) No. 2016/279 (GDPR Regulation) and Directive (EU) No. 2019/1024 (PSI Directive). The compliance has been ensured through the application of the Agid Guidelines on PDND, Agid guidelines on interoperability and AgID guidelines on APIs during the set-up of the PDND, since those guidelines obey the relevant provisions of the mentioned EU legislation.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M1C1-5	M1C1-5, Related Measure: Investment 1.5: Cybersecurity
Name of the Milestone: Creation of the new National Cyber Security Agency	
Qualitative Indicator: Administrative constitution act	Time: Q4 2022
<p>Context:</p> <p>The objective of this investment is to implement a ‘National Perimeter for Cyber Security’ (<i>Perimetro Nazionale di Sicurezza Cibernetica, hereinafter referred to as “PSNC”</i>) in line with the security requirements set out in the Directive (EU) 2016/1148 (NIS Directive) and to strengthen national cyber-defence capabilities of technical inspection and risk monitoring.</p> <p>The objective of milestone M1C1-5 is the creation of the National Cybersecurity Agency (<i>Agenzia per la Cybersicurezza Nazionale, hereinafter referred to as “ACN”</i>).</p> <p>M1C1-5 is accompanied by four other milestones and targets also due by Q4 2022. Milestone M1C1-6, which aims to define the detailed architecture of the whole ecosystem of the national cybersecurity architecture; milestone M1C1-7, which envisages the startup of the network of cybersecurity screening and certification laboratories; milestone M1C1-8, which aims at activating a Central Audit Unit within the ACN; and target M1C1-9, which aims at completing five strengthening interventions upgrading cybersecurity structures within the PSNC.</p> <p>These five milestones and targets are followed by four milestones and targets due by Q4 2024. Target M1C1-19, which aims to complete 50 strengthening interventions upgrading cybersecurity structures within the PSNC; milestone M1C1-20, which envisages the full deployment of national cybersecurity services; milestone M1C1-21, which aims at completing the network of cybersecurity screening and certification laboratories and Evaluation Centres; and milestone M1C1-22, which aims at making the Central Audit Unit within the National Cybersecurity Agency fully operational. The investment has a final expected date for implementation in Q4 2024.</p>	
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i) Summary document duly justifying how the milestone, including all the constitutive elements, was satisfactorily fulfilled; ii) Copy of the publication in the Official Journal for primary legislation and the secondary legislation that is critical for achieving the objectives described in the Council Implementing Decision and reference to the relevant provisions indicating the entry into force, namely: <ol style="list-style-type: none"> a) Decree Law of 14 June 2021, No. 82 on “<i>Urgent provisions on cybersecurity, the definition of the national cybersecurity architecture and the establishment of the National Cybersecurity Agency</i>”, converted with amendments by Law of 4 August 2021, No. 109 and entered into force on 5 August 2021; 	

- b) Prime Ministerial Decree of 9 December 2021, No. 222 on “*Accounting regulation of the National Cybersecurity Agency*”, published on the Official Journal No. 305 of 24 December 2021 and entered into force on 25 December 2021;
- c) Prime Ministerial Decree of 9 December 2021, No. 223 on “*Rules of organization and functioning of the National Cybersecurity Agency*”, published on the Official Journal No. 306 of 27 December 2021 and entered into force on 27 December 2021;
- d) Prime Ministerial Decree of 9 December 2021, No. 224 on “*Staff Regulations of the National Cybersecurity Agency*”, published on the Official Journal No. 306 of 27 December 2021 and entered into force on 27 December 2021.

Analysis:

The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the milestone.

- As concerns the requirement on the **conversion into law of the Decree Law constituting the National Cybersecurity Agency**, Italy provided:
 - Decree Law of 14 June 2021, No. 82 (hereinafter referred to as “D.L. 2021/82”) on “*Urgent provisions on cybersecurity, the definition of the national cybersecurity architecture and the establishment of the National Cybersecurity Agency*”. D.L. 2021/82 sets out the administrative constitution act foreseen in the qualitative indicator of the milestone, defines the objectives, the organization and the functions of the National Cybersecurity Agency. The Decree Law was converted with amendments by Law of 4 August 2021, No. 109 and entered into force on 5 August 2021. In particular, Article 5 of D.L. 2021/82, stipulates the creation of the ACN.
- As concerns the requirement on the **publication in the Official Journal of the Prime Ministerial Decree containing the internal regulation of the National Cybersecurity Agency**, Italy provided the set of three Prime Ministerial Decrees stipulating the internal regulations of the ACN, namely:
 - Prime Ministerial Decree of 9 December 2021, No. 222, published on the Official Journal No. 305 of 24 December 2021 and entered into force on 25 December 2021, which stipulates the “*Accounting regulation of the National Cybersecurity Agency*”;
 - Prime Ministerial Decree of 9 December 2021, No. 223, published on the Official Journal No. 306 of 27 December 2021 and entered into force on 27 December 2021, which stipulates the “*Rules of organization and functioning of the National Cybersecurity Agency*”;
 - Prime Ministerial Decree of 9 December 2021, No. 224, published on the Official Journal No. 306 of 27 December 2021 and entered into force on 27 December 2021, which stipulates the “*Staff Regulations of the National Cybersecurity Agency*”.

The constitutive elements specified in the description of the measure in the Council Implementing Decision are also fulfilled:

- **Strengthen Italy’s defences against the risks posed by cybercrime, notably through the implementation of a ‘National Perimeter for Cyber Security’ (PSNC), in line with the security requirements set out in the Directive (EU) 2016/1148 on security of network and information systems (NIS Directive), and by strengthening national cyber-defence capabilities of technical inspection and risk monitoring**, Italy has provided D.L. 2021/82 which defines the objectives, organization and functions of the ACN. In particular, according to Article 7(1) of D.L. 2021/82 on the “*Functions of the Agency for the national cybersecurity*”, the ACN is the “*National Authority competent and single point of contact in the field of security of networks and information systems*” (paragraph d)) and “*ensures coordination between public bodies involved in cybersecurity matters at national level*” (paragraph r)), thus assigning to the ACN - as sole interlocutor - the goal of ensuring and developing national cyber resilience, for the strengthening

of the capacities of monitoring, prevention and response to malicious cyber events. Furthermore, this constitutive element is also assessed under milestone M1C1-8 and target M1C1-9, that form part of this preliminary assessment, as the implementation of such milestone and target also contribute to its fulfilment.

- **Develop a state-of-the-art, integrated system, tightly interconnecting different entities across the country and connecting internationally with partners and trusted technology providers,** Italy has provided:
 - D.L. 2021/82, which envisages under Article 7(1) a) that the ACN ensures the coordination among public entities devoted to cybersecurity and promotes common actions toward cyber-resilience and therefore tightly interconnects different entities across the country. Article 7(1) r) of D.L. 2021/82 stipulates that the ACN involves also the private sector, international partners, universities and research centers in partnerships aiming at strengthening national cyber-capabilities.
 - Such constitutive element is also assessed under milestone M1C1-6 that forms part of this assessment, for which Italy has provided the National Cybersecurity Strategy 2022-2026 published on 22 May 2022 by the ACN and which defines the high-level objectives to be pursued, the actors involved and the implementing measures needed for achieving a state-of-the-art cybersecurity system.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M1C1-6	M1C1-6, Related Measure: Investment 1.5: Cybersecurity	
Name of the Milestone: Initial deployment of the national cyber security services		
Qualitative Indicator: Report demonstrating the full architecture of the national cybersecurity services		Time: Q4 2022
Context:		
<p>The objective of this investment is to implement a ‘National Perimeter for Cyber Security’ (PSNC), in line with the security requirements set out in the Directive (EU) 2016/1148 (NIS Directive), and to strengthen national cyber-defence capabilities of technical inspection and risk monitoring.</p> <p>The objective of milestone M1C1-6 is to define the detailed architecture of the whole ecosystem of the national cybersecurity architecture. This includes a national Information Sharing and Analysis Center (ISAC), a network of Computer emergency response teams (CERTs), a national HyperSOC, the High Performance Computing integrated with the Artificial Intelligence/Machine Learning (AI/ML) tools to analyse national level cybersecurity incidents.</p> <p>M1C1-6 is accompanied by four other milestones and targets also due by Q4 2022: milestone M1C1-5, which concerns the creation of the National Cybersecurity Agency (<i>Agenzia per la Cybersicurezza Nazionale, hereinafter referred to as “ACN”</i>); milestone M1C1-7, which envisages the start-up of the network of cybersecurity screening and certification laboratories; milestone M1C1-8, which aims at activating a Central Audit Unit within the ACN; and target M1C1-9, which aims at completing five strengthening interventions upgrading cybersecurity structures within the PSNC.</p> <p>These five milestones and targets are followed by four milestones and targets due by Q4 2024. Target M1C1-19, which aims to complete 50 strengthening interventions upgrading cybersecurity structures within the PSNC; milestone M1C1-20, which envisages the full deployment of national cybersecurity services; milestone M1C1-21, which aims at completing the network of cybersecurity screening and</p>		

certification laboratories and Evaluation Centres; and milestone M1C1-22, which aims at making the Central Audit Unit within the National Cybersecurity Agency fully operational. The investment has a final expected date for implementation in Q4 2024.

Evidence provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) Summary document duly justifying how the milestone, including all the constitutive elements, was satisfactorily fulfilled;
- ii) Report issued on 15 December 2022 by an independent engineer endorsed by the Department of Digital Transformation of the Presidency of the Council of Ministers, including justification that the technical specifications of the project(s) are aligned with the Council Implementing Decision's description of the investment and milestone.

The authorities also provided:

- iii) The National Cybersecurity Strategy 2022-2026 published on 22 May 2022 by the National Cybersecurity Agency;
- iv) High-level design of National Cyber Services document, published by Department of Digital Transformation on 12 December 2022;
- v) High-level design of Computer Emergency Response Teams (CERTs) Italia document, published by Department of Digital Transformation on 12 December 2022;
- vi) High-level design of Information Sharing and Analysis Centers (ISAC) document, published by Department of Digital Transformation on 12 December 2022;
- vii) High-level design of HyperSOC document, published by Department of Digital Transformation on 12 December 2022;
- viii) High-level design of high-performance computing and AI/ML document, published by Department of Digital Transformation on 22 November 2022.
- ix) Decree-Law of 14 June 2021, No. 82 on "Urgent provisions on cybersecurity, the definition of the national cybersecurity architecture and the establishment of the National Cybersecurity Agency", converted with amendments by Law of 4 August 2021, No. 109 and entered into force on 5 August 2021;
- x) The Implementation Plan of the National Cybersecurity Strategy published on 22 May 2022 by the National Cybersecurity Agency.

Analysis:

The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the milestone.

- **The milestone shall be achieved with the definition of the detailed architecture of the whole ecosystem of the national cybersecurity architecture. Report demonstrating the full architecture of the national cybersecurity services & initial deployment of the national cyber security services.**
 - The National Cybersecurity Strategy document illustrates how the ecosystem of the national cybersecurity architecture will be structured along four axes of action:
 - the strengthening of the National cybersecurity screening and certification laboratory and the Evaluation Centres
 - the set-up and updating of a consistent legislative cybersecurity framework
 - the strengthening of technical capabilities and knowledge base concerning cybersecurity threats

- increasing the cyber-resilience of the public administration, also through the consolidation of the IT infrastructure.
 - The National Cybersecurity Strategy document also describes the main actors of the national cybersecurity architecture. At the political level the architecture is coordinated by the President of the Council of Ministers, assisted by the Interministerial Committee for the Safety of the Republic. At the operational level, the National Cybersecurity Agency (Agenzia per la Cybersicurezza Nazionale, ACN) coordinates the other administrations constituting the Nucleus for the cybersecurity (NCS). Finally at the technical level the Computer Security Incident Response Team Italia (CSIRT Italia) operates in coordination with the technical level of other NCS administrations.
 - Finally, the high-level design of National Cyber Services document contains the definition of monitoring, analysis, response, mitigation and data sharing capabilities according to an integrated model of cyber resilience.
 - The National Cybersecurity Strategy is the high-level *report demonstrating the full architecture of the national cybersecurity services*, complemented for the more detailed descriptions by the other documents mentioned in the remainder of the analysis. The definition of the whole ecosystem of the national cybersecurity architecture constitutes an *initial deployment of the national cyber-security services*.
- **The milestone shall be achieved with the definition of the detailed architecture of the whole ecosystem of the national cybersecurity architecture (that is, a national Information Sharing and Analysis Center (ISAC))**
 - The document on high-level design of ISAC outlines the components, procedure and governance needs for the creation of a national ISAC network for the response to cyber threats. The network, composed of a national ISAC, embedded in the ACN and various sectorial ISACs to be developed also through public-private partnerships has the main objective of enhancing the dissemination and use of higher-value added information to raise the country's level of cyber resilience, through various means such as best practices, guidelines, safety alerts, and recommendations. According to the document on high-level design ISAC's activities are going to be organised according both to a services division across four domains (guidelines, sharing and awareness, sectorial analysis, tools) and a sectorial division with managers liaising with sectorial ISACs and sectorial stakeholders.
- **The milestone shall be achieved with the definition of the detailed architecture of the whole ecosystem of the national cybersecurity architecture (that is, a network of Computer emergency response teams (CERTs))**
 - The high-level design of Computer Security Incident Response Teams (hereinafter referred to as "CSIRTs") Italia document describes the procedures, technological requirements, and governance structure of the network of computer emergency response teams. CSIRT is an alternative acronym for Computer Emergency Response Team (CERT). CSIRT Italia (already operational) is embedded in the ACN and pursues the following objectives: monitoring cyber incidents at national level; issuing early warnings and sharing information to interested parties about cyber risks and incidents; intervening in the event of a cyber incident; carrying out analysis of cyber risks and incidents; enhancing situational awareness; participating in the EU CSIRTs network. To this end, the CSIRT establishes cooperative relationships with the private sector and promotes the adoption and use of common or standardized practices for cyber incidents and risks management processes. CSIRT Italia coordinates the network of territorial CSIRTs and uses a hybrid cloud network to provide the network with both the level of flexibility and security needed. For the remaining needs, CSIRT Italia leverages on ACN technological infrastructure, in particular its Cyber Data Platform and the possibility of using High Performance Computing (HPC) and Artificial Intelligence/Machine Learning (AI/ML) tools.

- **The milestone shall be achieved with the definition of the detailed architecture of the whole ecosystem of the national cybersecurity architecture (that is, a national HyperSOC)**
 - The high-level design of HyperSOC document describes the procedures, technological requirements, and governance structure of the network of security operations centres (SOCs). The documents foresees the creation of an HyperSOC, embedded in the ACN, which is a collection and analysis system capable to aggregate, correlate and analyze security events of interest for the agency to early identify complex attack patterns, as well as to enable a preventive and integrated cyber risk management among multiple data sources. The HyperSOC will strengthen the action of existing and new local SOCs also through the offering of uses cases, tools and knowledge bases. The HyperSOC will also operate closely with the CSIRT's network, notifying them of potentially threatening events, resulting from its analysis. The HyperSOC will leverage on ACN technological infrastructure, in particular its Cyber Data Platform and the possibility of using HPC and AI/ML tools.
- **The milestone shall be achieved with the definition of the detailed architecture of the whole ecosystem of the national cybersecurity architecture (that is, the High Performance Computing integrated with the Artificial Intelligence/Machine Learning (AI/ML) tools to analyse national level cybersecurity incidents)**
 - The high-level design of high-performance computing and AI/ML document provides a description of technological principles and architectural model of the HPC and AI/ML tools that underpin their role in the cybersecurity infrastructure. The IT infrastructure that will support the ACN's activities follows the principles of Domain Driven Design which ensures that business process changes are mirrored in technology changes. The infrastructure will also use a hybrid cloud solution in order to guarantee sufficient flexibility and scalability. The AI/ML solutions will be used to spot relevant pattern in the large quantity of data collected by various stakeholders (for example public administrations or private firms) and support the activity of the CSIRT and SOC networks, as explained in the remainder of the analysis above.

Furthermore, **the constitutive elements specified in the description of the measure in the Council Implementing Decision are also fulfilled:**

- **The measure envisages the development of a state-of-the-art, integrated system, tightly interconnecting different entities across the country and connecting internationally with partners and trusted technology providers.** The National Cybersecurity Strategy 2022-2026 describes the actors involved and in particular the role of the ACN and its components (ISAC, CSIRT Italia and HyperSOC) as the center of cybersecurity networks involving public and private entities and other stakeholders and among them, technology providers. The ACN is also the liaison between the Italian cybersecurity networks and their EU level counterparts like CyCLONe (Cyber Crisis Liaison Organisation Network) a CSIRTs European network.
- **Strengthen national cyber-defence capabilities of (...) risk monitoring,** the high-level design of HyperSOC document illustrates how the creation of the HyperSOC (pp.3) will significantly enhance the risk monitoring capabilities of the National Perimeter for Cybersecurity given that the hyperSOC aggregates, correlates and analyses security events of interest and feeds those analyses to the other elements of the Perimeter.
- **Strengthen of front-line capabilities towards the public and companies/entities to manage alerts and actual publicly recognized events,** Italy provided the High-level design of HyperSOC document and the High-level design of Computer Security Incident Response Teams (CSIRTs) Italia document. Both documents outline how both the ACN interacts with stakeholders, including companies and the public at large to proactively suggest cybersecurity strengthening actions (in the case of HyperSOC) or to coordinate a response to active threats (CSIRT Italia).

- **Significantly strengthening cyber asset and human resources in charge of national security and response to cyber threats**, Italy provided (i) the High Level Design of National Cyber Services, (ii) the High-level design of HyperSOC document (iii) the High-level design of Computer Emergency Response Teams (CERTs) Italia document. The documents illustrate how the reorganization of existing assets into a new governance will contribute to strengthen their effectiveness. In addition, the ISAC contributes to the increase in human capital in cybersecurity through the diffusion of high value-added information like guidelines, best practices and recommendations.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M1C1-7	M1C1-7, Related Measure: Investment 1.5: Cybersecurity	
Name of the Milestone: Start-up of the network of cybersecurity screening and certification laboratories		
Qualitative Indicator: Documentation provided demonstrating the identified processes and procedures to be shared among labs and reporting provided		Time: Q4 2022
<p>Context:</p> <p>The objective of this investment is to implement a ‘National Perimeter for Cyber Security’ (<i>Perimetro Nazionale di Sicurezza Cibernetica, PSNC</i>) in line with the security requirements set out in the Directive (EU) 2016/1148 (NIS Directive) and to strengthen national cyber-defence capabilities of technical inspection and risk monitoring.</p> <p>The objective of milestone M1C1-7 is the start-up of the network of cybersecurity screening and certification laboratories through (i) the identification by the National Cybersecurity Agency of where the screening and certification laboratories and centres will be created, the experts profiles to be recruited, the full definition of processes and procedures to be shared among labs, and (ii) the activation of one lab. The milestone also envisages that the activities created to the constitution and activation of the scrutiny labs shall be supervised by Ministero dello Sviluppo Economico (MISE) with the National Assessment and Certification Center (<i>Centro di Valutazione e Certificazione Nazionale</i>, hereinafter referred to as “CVCN”) and integrated with the Evaluation Center (<i>Centro di Valutazione</i>, hereinafter referred to as “CV”) by the Ministry of Interior and the Ministry of Defence.</p> <p>M1C1-7 is accompanied by four other milestones and targets also due by Q4 2022. Milestone M1C1-5, which concerns the creation of the National Cybersecurity Agency (<i>Agenzia per la Cybersicurezza Nazionale</i>, hereinafter referred to as “ACN”); milestone M1C1-6, which aims to define the detailed architecture of the whole ecosystem of the national cybersecurity architecture; milestone M1C1-8, which aims at activating a Central Audit Unit within the National Cybersecurity Agency; and target M1C1-9, which aims at completing five strengthening interventions upgrading cybersecurity structures within the PSNC.</p> <p>These five milestones and targets are followed by four milestones and targets due by Q4 2024. Target M1C1-19, which aims to complete 50 strengthening interventions upgrading cybersecurity structures within the PSNC, milestone M1C1-20, which envisages the full deployment of national cybersecurity services, milestone M1C1-21, which aims at completing the network of cybersecurity screening and certification laboratories and Evaluation Centres, and milestone M1C1-22, which aims at making the Central Audit Unit within the National Cybersecurity Agency fully operational. The investment has a final expected date for implementation in Q4 2024.</p>		

Evidence provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i. Summary document duly justifying how the milestone, including all the constitutive elements, was satisfactorily fulfilled;
- ii. A report by the National Cybersecurity Agency (ACN) demonstrating the implementation of required actions and justifying how these have led to achieving the objective of the investment;
- iii. Documentation related to the:
 - a) identification by the ACN of where the screening and certification laboratories and centres will be created, the experts profiles to be recruited, the full definition of processes and procedures to be shared among labs;
 - b) activation of one lab;
 - c) policy and procedure for the supervision by the CVCN of the laboratory and in coordination with the CV by the Ministry of Interior and the Ministry of Defence. In particular, Italy provided:
 - i. Public notice 4/2022 of 5 September 2022 for measures to strengthen analytical and software monitoring capabilities in the Central Public Administration, together with the associated documentation;
 - ii. Public notice 5/2022 of 20 October 2022 for the payment of grants for the establishment of testing laboratories for the Software and Network accreditation area, together with the associated documentation;
 - iii. The public competitions for the recruitment of 50 experts in various disciplines, with an open-ended contract, for the Information and Communication Technology, published in the Official Journal No. 15 of 22 February 2022;
 - iv. Prime Ministerial Decree No. 92 of 18 May 2022 on the *“Regulation on the accreditation of testing laboratories and connections between the National cybersecurity Screening and Certification Center, the accredited testing laboratories and the Evaluation Centres of the Ministry of the Interior and the Ministry of Defence, pursuant to Article 1, paragraph 7, letter b) of Decree-Law No 105 of 21 September 2019, converted, with amendments by Law No. 133 of 18 November 2019”*, published in the Official Journal No. 164 of 15 July 2022 and entered into force on 30 July 2022;
 - v. The High Level Design document of the CVCN, adopted on 7 December 2021 by the ACN;
 - vi. Prime Ministerial Decree of 15 June 2022 on *“Definition of the terms and conditions for the transfer of functions, equipment and documentation from the Ministry of Economic Development to the National Cybersecurity Agency”*, published in the Official Journal No. 151 of 30 June 2022.
 - vii. A report dated 14 December 2022 on the activation of the laboratory, accompanied by documentation on the organizational structure and operating model of the lab, the execution procedures of the tests and the tools used and the list of testing personnel and their competencies.

The authorities also provided:

- viii. Decree Law of 14 June 2021, No. 82 on *“Urgent provisions on cybersecurity, the definition of the national cybersecurity architecture and the establishment of the National Cybersecurity Agency”* converted with amendments by Law of 4 August 2021, No. 109 and entered into force on 5 August 2021;

- ix. The public competitions for the recruitment of 50 experts in various disciplines, with an open-ended contract, for the Information and Communication Technology, published in the Official Journal No. 15 of 22 February 2022;
- x. Technical decisions of the ACN of 11 August 2022 provided for in the Regulation on accreditation of testing laboratories, referred to in Article 4 (1) (e) of Prime Ministerial Decree No. 92 of 18 May 2022.
- xi. The National Cybersecurity Strategy 2022-2026.

Analysis:

The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the milestone.

- **Identification by the ACN of where the screening and certification laboratories and centers will be created**

- Italy provided public notice 5/2022 of 20 October 2022 *“for the granting of grants to Public Administrations, Public Bodies and private entities for the activation of test laboratories to support the technological scrutiny activities of the National Evaluation and Certification Center for the Software and Network accreditation area”*. The deadline for submitting project proposals closed on 12 December 2022 and 38 applications were submitted. Among these 38 applications, the authorities provided evidence that following the formal eligibility checks and subsequent checks on the eligibility of the projects on the basis of the provisions foreseen in public notice 5/2022, 27 applications were considered eligible. On this basis, the ACN has identified the following 13 locations for the screening and certification laboratories and centers: Acireale (Catania), Ancona, Assago (Milano), Bienno (Brescia), Catania, Faenza (Ravenna), Milano, Napoli, Pescara, Roma, Taranto, Torino, Valenzano (Bari).

- **Identification of the experts profiles to be recruited**

- Italy provided the public competitions for the recruitment of 50 experts in various disciplines, with an open-ended contract, for the Information and Communication Technology, published in the Official Journal No. 15 of 22 February 2022. In particular, Article 1 of the notice of competition lists the various expert profiles to be recruited and which are expected to work mainly for operating needs of the CVCN:
 - 15 experts for the technical/administrative functions of “Certification and inspection” with experience in the application of Common Criteria/ITSEC (Information Technology Security Evaluation Criteria) certification schemes and/or as ISO (International Organization for Standardization) auditors;
 - Ten experts for the functions of “hardware and telecommunications technician” with experience in hardware development, embedded systems and/or telecommunications networks;
 - 15 experts for the functions of “Software Technician” with experience in software development and/or IT security;
 - Four experts for the management and implementation of industrial, technological and research programmes with experience in investment programmes of national and European relevance in the field of cybersecurity;
 - Three experts for the functions of ‘cryptographic technician’ with experience in theoretical or applied cryptography;
 - Three experts for the operational functions of cybersecurity with knowledge in cyber incident management, malware analysis, forensic analysis and cyber threat intelligence, data analysis and exploitation and cyber risk management.

- **Full definition of processes and procedures to be shared among labs**, Italy provided:
 - Prime Ministerial Decree No. 92 of 18 May 2022 on the “*Regulation on the accreditation of testing laboratories and connections between the National cybersecurity Screening and Certification Center, the accredited testing laboratories and the Evaluation Centres of the Ministry of the Interior and the Ministry of Defence, pursuant to Article 1, paragraph 7, letter b) of Decree-Law No. 105 of 21 September 2019, converted, with amendments by Law No. 133 of 18 November 2019*”, published in the Official Journal No. 164 of 15 July 2022 and entered into force on 30 July 2022. Such Prime Ministerial Decree No. 92 completes the regulatory framework related to the PSNC and fully defines the processes and procedures to be shared among labs for the laboratories’ operating model. In particular:
 - Section 1 of Prime Ministerial Decree No. 92 defines the tasks of the CVCN and the areas of accreditation as well as the technical, logistical, competence and experience requirements and the IT security measures;
 - Section 2 of Prime Ministerial Decree No. 92 defines the accreditation procedure of testing laboratories;
 - Section 3 of Prime Ministerial Decree No. 92 defines the processes and procedures for the accreditation of CVs;
 - Section 4 of Prime Ministerial Decree No. 92 contains the provisions related to the connections with the CVCN;
 - The High Level Design document of the CVCN, adopted on 7 December 2021 by the ACN, and the technical decisions of the ACN of 11 August 2022 provided for in the Regulation on accreditation of testing laboratories, referred to in Article 4 (1) (e) of Prime Ministerial Decree No. 92 of 18 May 2022 on the tasks of the CVCN, which specify in more detail such processes and procedures.

- **Activation of one lab**
 - Italy provided evidence that a laboratory was activated in Rome. In particular, Italy provided:
 - Public notice 4/2022 of 5 September 2022 “*for measures to strengthen analytical and software monitoring capabilities in the Central Public Administration*”. This public notice aimed at identifying project proposals for upgrading the ability to screen and certify applications and digital services for the public administration by setting up and activating laboratories for the analysis and screening of software used within the public administration;
 - Evidence that the selection procedure was completed, that a project was accepted for funding, that the implementing entity MEF-RGS signed the deed of obligation and the laboratory was activated in Rome. In particular, Italy provided a report on the activation of the laboratory signed by the officer responsible for the project and dated 14 December 2022. Such report certifies that all necessary measures in terms of installations, logistics, infrastructures, technical, procedural, management and training aspects needed to activate the laboratory have been completed, accompanied by documentation on the organizational structure and operating model of the lab, the execution procedures of the tests and the tools used and the list of testing personnel and their competencies.

- **The activities created to the constitution and activation of the scrutiny labs shall be supervised by Ministero dello Sviluppo Economico (MISE) with the CVCN and integrated with the CVs by the Ministry of Interior and the Ministry of Defence.**
 - Article 7(1) sub-paragraph f) of Decree Law of 14 June 2021, No. 82 creating the ACN, foresees that the ACN takes up all functions in the area of cybersecurity assigned by previous provisions to MISE, while Article 7(4) foresees that the CVCN, established at MISE, is transferred to the ACN. Prime Ministerial Decree of 15 June 2022 has subsequently defined the modalities for

the transfer of functions, equipment and documentation in the area of cybersecurity from MISE to the ACN. In particular, Article 4 of Prime Ministerial Decree of 15 June 2022 provides that MISE transfers to the ACN the equipment and activities of the CVCN. On this basis, the ACN supervises with the CVCN the constitution and activation of the scrutiny labs. In the meantime, Prime Ministerial Decree No. 92 of 18 May 2022, published in the Official Journal No. 164 of 15 July 2022 and entered into force on 30 July 2022, establishes the criteria and general conditions for the accreditation of the laboratories, and defines the roles and activities of the CVCN, the CVs of the Ministry of the Interior and the Ministry of Defence and the scrutiny laboratories. In particular, the CVCN is the responsible entity for the accreditation of the scrutiny laboratories (Art. 4), for the coordination of their activity and the activity of CVs and for the integration between the scrutiny laboratories and CVs (Art. 21).

- The Council Implementing Decision required that “the activities created to the constitution and activation of the scrutiny labs shall be supervised by Ministero dello Sviluppo Economico (MISE) with the CVCN and integrated with the CVs by the Ministry of Interior and the Ministry of Defence.” The constitution and activation of the scrutiny labs is supervised by the ACN instead of the Ministero dello Sviluppo Economico (MISE). Whilst this constitutes a minimal substantive deviation from the requirement of the Council Implementing Decision, this solution improves the progress toward the achievement of the measure, since the supervision activity is transferred to a more specialised entity (ACN instead of MISE) while ensuring the involvement of the CVCN and the integration with the CVs by the Ministry of Interior and the Ministry of Defence, in line with the requirement of the Council Implementing Decision. As of this, this minimal deviation does not change the nature of the measure and does not affect the progress towards achieving the investment that the milestone represents. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled.

Furthermore, **the constitutive elements specified in the description of the measure in the Council Implementing Decision are also fulfilled.** In particular, as concerns the requirements related to:

- **The construction/strengthening of the country’s inspection and audit capabilities of hardware and software used by subjects with essential functions to certify trustworthiness/preempt threats,** and to
- **The power up of units of law enforcement and cyber units within the Police forces in charge of investigations of criminal activities,** Italy provided:
 - Public notice 4/2022 of 5 September 2022 for measures to strengthen analytical and software monitoring capabilities in the Central Public Administration, together with the associated documentation. Such public notice aimed at identifying project proposals for upgrading the ability to screen and certify applications and digital services for the public administration by setting up and activating laboratories for the analysis and screening of software used within the public administration and, as presented above, the related selection procedure led to the activation of one laboratory in Rome;
 - Public notice 5/2022 of 20 October 2022 for the payment of grants for the establishment of testing laboratories for the Software and Network accreditation area, together with the associated documentation. As presented above, the selection procedure related to such public notice led to the identification of the location for 13 screening and certification laboratories and centers;
 - The public competitions for the recruitment of 50 experts in various disciplines, with an open-ended contract, for the Information and Communication Technology, published in the Official Journal No. 15 of 22 February 2022. Such experts profiles are expected to work mainly for the operating needs of the CVCN in view of contributing to the evaluation of the security of ICT assets, systems and services within the PSNC;

- Technical decisions provided for in the Regulation on accreditation of testing laboratories, referred to in Article 4 (1) (e) of Prime Ministerial Decree No. 92 of 18 May 2022.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M1C1-8	M1C1-8, Related Measure: Investment 1.5: Cybersecurity	
Name of the Milestone: Activation of a Central Audit Unit for PSNC & NIS security measures		
Qualitative Indicator: Reporting provided demonstrating the launch of the Central Audit Unit		Time: Q4 2022
<p>Context:</p> <p>The objective of this investment is to implement a ‘National Perimeter for Cyber Security’ (<i>Perimetro Nazionale di Sicurezza Cibernetica, PSNC</i>) in line with the security requirements set out in the Directive (EU) 2016/1148 (Network and Information Security (NIS) Directive) and to strengthen national cyber-defence capabilities of technical inspection and risk monitoring.</p> <p>The objective of milestone M1C1-8 is the activation of a Central Audit Unit for PSNC and NIS within the National Cybersecurity Agency (<i>Agenzia per la Cybersicurezza Nazionale, ACN</i>). The milestone also foresees that the processes, logistics and operation arrangements shall be formalized into adequate documentation with specific focus on the operating processes, such as rules of engagement, auditing and reporting procedures and that the IT tools shall gather, manage and analyse the audit data and shall be developed and used by the Audit Unit.</p> <p>M1C1-8 is accompanied by four other milestones and targets also due by Q4 2022. Milestone M1C1-5, which concerns the creation of the ACN, milestone M1C1-6, which aims to define the detailed architecture of the whole ecosystem of the national cybersecurity architecture, M1C1-7 which envisages the start-up of the network of cybersecurity screening and certification laboratories and target M1C1-9, which aims at completing five strengthening interventions upgrading cybersecurity structures within the PSNC.</p> <p>These five milestones and targets are followed by four milestones and targets due by Q4 2024. Target M1C1-19, which aims to complete 50 strengthening interventions upgrading cybersecurity structures within the PSNC, milestone M1C1-20, which envisages the full deployment of national cybersecurity services, milestone M1C1-21 which aims at completing the network of cybersecurity screening and certification laboratories and Evaluation Centres, and milestone M1C1-22, which aims at making the Central Audit Unit within the National Cybersecurity Agency fully operational. The investment has a final expected date for implementation in Q4 2024.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> Summary document duly justifying how the milestone, including all the constitutive elements, was satisfactorily fulfilled; A report by the ACN demonstrating the implementation of required actions and justifying how these have led to achieving the objective of the investment; Documentation demonstrating the appointment and activation of an internal unit within the National Cybersecurity Agency, including reference to its mandate and activities: 		

- a) Decree Law of 14 June 2021, No. 82 on “*Urgent provisions on cybersecurity, the definition of the national cybersecurity architecture and the establishment of the National Cybersecurity Agency*” converted with amendments by Law of 4 August 2021, No. 109 and entered into force on 5 August 2021;
 - b) The public competitions for the recruitment of 50 experts in various disciplines, with an open-ended contract, for the Information and Communication Technology, published in the Official Journal No. 15 of 22 February 2022;
 - c) Prime Ministerial Decree of 15 June 2022 on “*Definition of the terms and conditions for the transfer of functions, equipment and documentation from the Ministry of Economic Development to the National Cybersecurity Agency*”, published in the Official Journal No. 151 of 30 June 2022;
 - d) Directorial Decree of the National Cybersecurity Agency of 14 October 2022 identified by protocol No. 132214 creating the Certification and Supervision Service which contains the Central Audit Unit for PSNC and NIS (*Divisione Organo Ispettivo e di Vigilanza*).
- iv) Documentation on the processes, logistics and operation arrangements:
- a) Descriptive document on the service delivery model of the Verification and Inspection Body (*Organismo di Verifica e Ispezione*);
 - b) Manual of the Verification and Inspection Body (*Organismo di Verifica e Ispezione*) pursuant to ISO 17020;
 - c) Documentation of the management system: descriptive documentation of the management system applied to the institutional processes framed within the CV service activities together with the associated attachment;
 - d) Descriptive document on the phases envisaged by the inspection audit process in line with the NIS directive and with the PSNC;
 - e) Descriptive document on the methods of access to the technical-documentary information within the IT tool for the purpose of carrying out the inspection activities;
 - f) Documentation on the security measures and related checklists for inspection activities;
 - g) Documentation on the verification and inspection procedure for the accreditation of test laboratories: document describing the phases envisaged by the inspection audit process for the purpose of accrediting test laboratories;
 - h) Documentation on the requirements of the supporting IT tools and on the completion of the development of the minimum set of tools required for the operation of the audit unit;
 - i) Functional Requirements of the ‘Data Reception and Inspection System’ Platform (*Sistema Ricezione e Ispezione dati, Sirio*): description of use cases and of the functional requirements for the implementation of the IT tool;
 - j) Security Guidelines of the ‘Data Reception and Inspection System’ Platform: descriptive documentation of the guidelines for the commissioning security of the IT platform in order to define security requirements;
 - k) Architecture Document of the ‘Data Reception and Inspection System’ Platform: descriptive documentation of the IT platform architecture, infrastructure components and requirements and necessary applications.

The authorities also provided:

- v) Documentation on the minimum set of tools necessary for the functioning of the audit unit, such as:
 - a) The so called ‘PSNC checklist’ containing the audit plan, the initial and final meeting, the examination of the administrative requirements and the documents granted, the minimum security measures and the evidence collected during the inspection activities;
 - b) The so called ‘Checklist for the National Assessment and Certification Center (*Centro di Valutazione e Certificazione Nazionale, CVCN*)’ containing the competence and experience requirements of the evaluators: documentation created for the purpose of assessing the

- competence and experience requirements required of the technical personnel called to operate within the Accredited Evaluation Laboratories (hereinafter referred to as “LAPs”);
- c) The ‘Checklist for Technical Determinations’ - ISO-IEC 17025, ISO-IEC 27001: Descriptive document of the checklists relating to the technical determinations and the UNI CEI EN ISO 17025 and ISO/IEC 27001 standards used in the context of documentary checks and inspections on site for the purpose of the accreditation of LAPs.

Analysis:

The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the milestone.

- **Appointment of an internal unit within the National Cybersecurity Agency, with the mandate for performing the activities of the Central Audit Unit that will account for the PSNC & NIS Security measures**
 - In line with this requirement and with the name of the milestone and the qualitative indicator, Italy provided:
 - Directorial Decree of the ACN of 14 October 2022 appointing the Certification and Supervision Service (*Servizio di Certificazione e Vigilanza*) within the ACN, which contains the Central Audit Unit for ‘National Perimeter for Cyber Security’ (*Perimetro Nazionale di Sicurezza Cibernetica, PSNC*) and Network and Information Security (NIS) Security measures (*Organismo di Verifica e Ispezione*, hereinafter referred to as “OVI”) and is also charge of the National Assessment and Certification Center (*Centro di Valutazione e Certificazione Nazionale*, hereinafter referred to as “CVCN”);
 - A report by the ACN demonstrating the appointment of an internal unit within the National Cybersecurity Agency, with the mandate for performing the activities of the Central Audit Unit that will account for the PSNC & NIS Security measures, on the basis of extensive documentation.

- **Formalization of the processes, logistics and operation arrangements into adequate documentation with specific focus on the operating processes, i.e. rules of engagement, auditing and reporting procedures**
 - Italy provided extensive evidence proving that the processes, logistics and operation arrangements have been formalized into adequate documentation. In particular, Italy provided two sets of documents outlining, on the one hand, the operating processes, and, on the other hand, the relevant checklists for the Central Audit Unit for PSNC and NIS Security measures. Such documents specify the Central Audit Unit’s rules of engagement, the execution, the audit operating procedures to be followed, and the reporting procedures of inspection activities, namely the findings reports. In particular, Italy provided:
 - A descriptive document on the service delivery model of the OVI;
 - The manual of the OVI pursuant to ISO 17020;
 - Documentation of the management system: descriptive documentation of the management system applied to the institutional processes framed within the CV service activities together with the associated attachment;
 - A descriptive document on the phases envisaged by the inspection audit process in line with the NIS directive and with the PSNC;
 - A descriptive document on the methods of access to the technical-documentary information within the IT tool for the purpose of carrying out the inspection activities;

- Documentation on the security measures and related checklists for inspection activities;
- Documentation on the verification and inspection procedure for the accreditation of test laboratories: document describing the phases envisaged by the inspection audit process for the purpose of accrediting test laboratories;
- Documentation on the minimum set of tools necessary for the functioning of the audit unit, such as:
 - The so called 'PSNC checklist' containing the audit plan, the initial and final meeting, the examination of the administrative requirements and the documents granted, the minimum security measures and the evidence collected during the inspection activities;
 - The so called 'Checklist for the CVCN containing the competence and experience requirements of the evaluators: documentation created for the purpose of assessing the competence and experience requirements required of the technical personnel called to operate within the Accredited Evaluation Laboratories (LAP);
 - The 'Checklist for Technical Determinations' - ISO-IEC 17025, ISO-IEC 27001: Descriptive document of the checklists relating to the technical determinations and the UNI CEI EN ISO 17025 and ISO/IEC 27001 standards used in the context of documentary checks and inspections on site for the purpose of the accreditation of LAPs.

- **The IT tools shall gather, manage and analyse the audit data and shall be developed and used by the Audit Unit**

- Italy provided evidence on the design and security and functional requirements of the network and information systems for the collection, management and analysis of data from inspection/audit activities. In particular, Italy provided documentation on the 'Data Reception and Inspection System' Platform (*Sistema Ricezione e IspeziOne dati, Sirio*) developed by the ACN to supports the verification and inspection activities of the OVI. Italy provided in particular:
 - the functional requirements of the Platform, which describe the use cases and the functional requirements for the implementation of the IT tool;
 - the security guidelines of the Platform, which define the platform's security requirements;
 - the architecture document of the Platform, which describes the IT platform architecture, the infrastructure components and the requirements and necessary applications.

- **Documentation reporting the completion of the development of the tools shall be provided**

- Italy provided evidence that the development of the tools and the design of the platform outlined above have been completed. In particular, as indicated above, Italy provided:
 - the functional requirements of the Platform, which describe the use cases and the functional requirements for the implementation of the IT tool;
 - the security guidelines of the Platform, which define the platform's security requirements;
 - the architecture document of the Platform, which describes the IT platform architecture, the infrastructure components and the requirements and necessary applications.
- In addition, Italy provided evidence that the development of such tools led to the completion of the first segregated area to support the collection, analysis and inspection data management and the IT tools were then installed in a suitable dedicated network.

The constitutive elements specified in the description of the measure in the Council Implementing Decision are also fulfilled.

- **Strengthen Italy's defences against the risks posed by cybercrime, notably through the implementation of a 'National Perimeter for Cyber Security' (PSNC), in line with the security requirements set out in the Directive (EU) 2016/1148 on security of network and information**

systems (NIS Directive), and by strengthening national cyber-defence capabilities of technical inspection and risk monitoring

- **Construct/strengthen the country's inspection and audit capabilities of hardware and software used by subjects with essential functions to certify trustworthiness/preempt threats**
 - Directorial Decree of the National Cybersecurity Agency of 14 October 2022 identified by protocol No. 132214 created the Certification and Supervision Service which contains the OVI.
 - This has further strengthened, following the creation of the ACN, national cybersecurity capabilities of technical inspection and risk monitoring as well as audit capabilities of hardware and software used by subjects with essential functions to certify trustworthiness and preempt cybersecurity threats.
 - In addition, the definition of processes, procedures and operating instructions of the OVI both in relation to security measures in the context of PSNC and NIS, and as concerns the technological scrutiny of electronic devices and applications used in the context of the PSNC has further contributed to this objective. As indicated above, in this regard Italy has provided in particular:
 - A descriptive document on the service delivery model of the OVI;
 - The manual of the OVI pursuant to ISO 17020;
 - Documentation of the management system.
 - More specifically on the inspection audit capabilities of the PSNC and NIS, Italy provided:
 - A descriptive document on the phases envisaged by the inspection audit process in line with the NIS directive and with the PSNC;
 - A descriptive document on the methods of access to the technical-documentary information within the IT tool for the purpose of carrying out the inspection activities;
 - Documentation on the security measures and related checklists for inspection activities.
 - The public competitions for the recruitment of 50 experts in various disciplines, with an open-ended contract, for the Information and Communication Technology, published in the Official Journal No. 15 of 22 February 2022 also allowed to strengthen the activities of the CVCN and of the OVI.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M1C1-9	M1C1-9, Related Measure: Investment 1.5: Cybersecurity		
Name of the Target: Support to the upgrade of security structures T1			
Quantitative Indicator: Number	Baseline: 0	Target: 5	Time: Q4 2022
Context:			
<p>The objective of this investment is to implement a 'National Perimeter for Cyber Security' (PSNC), in line with the security requirements set out in the Directive (EU) 2016/1148 (NIS Directive), and to strengthen national cyber-defence capabilities of technical inspection and risk monitoring.</p> <p>Target M1C1-9 concerns the completion of five strengthening interventions upgrading security structures in the National Security Perimeter for Cyber (PSNC) and Network and Information Systems (NIS) sectors. Those interventions shall focus on Healthcare, Energy and Environmental (Drinking Water Supply) sectors.</p>			

M1C1-9 is accompanied by four other milestones also due by Q4 2022. Milestone M1C1-5, which concerns the creation of the National Cybersecurity Agency (*Agenzia per la Cybersicurezza Nazionale, hereinafter referred to as "ACN"*); milestone M1C1-6, which aims to define the detailed architecture of the whole ecosystem of the national cybersecurity architecture; milestone M1C1-7 which envisages the start-up of the network of cybersecurity screening and certification laboratories; and milestone M1C1-8, which aims at activating a Central Audit Unit within the ACN.

These five milestones and targets are followed by four milestones and targets due by Q4 2024. Target M1C1-19, which aims to complete 50 strengthening interventions upgrading cybersecurity structures within the PSNC, milestone M1C1-20, which envisages the full deployment of national cybersecurity services, milestone M1C1-21, which aims at completing the network of cybersecurity screening and certification laboratories and Evaluation Centres, and milestone M1C1-22, which aims at making the Central Audit Unit within the National Cybersecurity Agency fully operational. The investment has a final expected date for implementation in Q4 2024.

Evidence Provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) Summary document duly justifying how the milestone, including all the constitutive elements, was satisfactorily fulfilled;
- ii) Seven certificates of completion issued by the ACN on 12 December 2022 attesting the completion of cybersecurity strengthening interventions by the following central administrations:
 - a) Ministry of Environment and Energy Security (Ministero dell' Ambiente e Sicurezza Energetica, MASE);
 - b) Presidency of the Council of Ministers (Presidenza del Consiglio dei ministri);
 - c) Ministry of Enterprises and Made in Italy (Ministero delle Imprese e del Made in Italy, ex. Ministero dello Sviluppo Economico);
 - d) Ministry of Health (Ministero della Salute);
 - e) Ministry of Infrastructures (Ministero delle Infrastrutture, ex Ministero delle Infrastrutture e Mobilità Sostenibile);
 - f) Ministry of Economy and Finance (Ministero dell'Economia e delle Finanze);
 - g) Ministry of Foreign Affairs and International Cooperation (Ministero degli Affari Esteri e della Cooperazione Internazionale).
- iii) A report by an independent engineer endorsed by the relevant ministry, including justification that the technical specifications of the projects are aligned with the Council Implementing Decision's description of the investment and target.

The authorities also provided:

- iv) Decree of the Presidency of the Council of Ministers (DPCM) No. 131 of 30 July 2020 "Regulation on the 'National Perimeter for Cyber Security' (*Perimetro Nazionale di Sicurezza Cibernetica, PSNC*) pursuant to Article 1 (2) of Decree Law No. 105 of 21 September 2019, converted, with amendments, into Law No. 133 of 18 November 2019 and entered into force on 5 November 2020;
- v) Decree Law No. 82 of 14 June 2021 on "*Urgent provisions on cybersecurity, the definition of the national cybersecurity architecture and the establishment of the National Cybersecurity Agency*", converted with amendments by Law of 4 August 2021, No. 109 and entered into force on 5 August 2021;

- vi) Directive 2016/1148/EU of the European Parliament and of the Council of 6 July 2016 concerning measures for a high common level of security of network and information systems across the Union (NIS Directive).

Analysis:

The Commission considers that there is a clerical error in the text of the Council Implementing Decision as regards the description of the target M1C1-9 and has undertaken the assessment on a revised basis. In such description, it is stated that “intervention types include upgrades to Security Operating Centers (SOCs), Cyber boundary defence improvements and Internal monitoring and control capabilities”. However, target M1C1-19, which is expected in Q4 2024, states that “interventions types include, for example, Security Operating Centers (SOCs), Cyber boundary defence improvements and Internal monitoring and control capabilities”. This latter text correctly indicates that those interventions are listed as examples and it is a matter for the Italian authorities to decide which of those interventions are appropriate.

Those interventions are set out as examples also in working versions of the Commission’s proposal for the Council Implementing Decision for target M1C1-9 but they have been mistakenly erased from the final Commission proposal adopted by the Council. Against this background, the Commission considers that, similarly to target M1C1-19, target M1C1-9 lists the interventions as examples and not as requirements and the justification and substantiating evidence provided by the Italian authorities cover all constitutive elements of the target.

- **At least five strengthening interventions upgrading security structures completed in the National Security Perimeter for Cyber (PSNC) and Network and Information Systems (hereinafter referred to as “NIS”) sectors.**
 - The certificates of completion and the report by the independent engineer (pp. 8-11) provided by Italy show that seven strengthening interventions upgrading security structures have been completed by 15 December 2022. The first two strengthening interventions have been completed at the Presidency of the Council of Ministers and at the Ministry of Foreign Affairs. The public administrations target of the two interventions are part of the ‘Interministerial Committee for the Safety of the Republic’ (*Comitato Interministeriale per la Sicurezza della Repubblica*, CISR) as stated by Art. 5 of Law No. 124 of 3 August 2007 and as such they belong to the PSNC as stated by Art. 3 of DPCM No. 131 of 30 July 2020;
 - The remaining five interventions have been completed at the Ministry of Economy and Finances, Ministry of Infrastructures and Transports, Ministry of Enterprises and Made in Italy, Ministry of Health and Ministry of Environment and Energy Security. Those ministries are the responsible authorities for the NIS sectors as specified by Art. 15 (1) sub-paragraph g) of Decree Law No. 82 of 14 June 2021 and therefore the interventions are in line with the provisions of the Council Implementing Decision.
- **Intervention types include upgrades to Security Operating Centers (SOCs), Cyber boundary defence improvements and Internal monitoring and control capabilities.**
 - Having considered the existence of the clerical error in the text of the description of the target presented at the beginning of the analysis, the seven reports of completion of cybersecurity strengthening interventions provided by Italian authorities show that the following activities have been completed under the internal monitoring and control capabilities intervention types:
 - a detailed analysis of the procedures, processes and organisation of cyber capabilities;
 - an analysis of capabilities of systems and security tools currently in use;
 - the devising of strategic plans of strengthening interventions;

- an analysis and evaluation of the potential impact of loss of integrity, availability and secrecy (of sensitive data);
 - an analysis of processes and tools for the management of digital identities;
 - In addition, an intervention pertaining to Cyber boundary defence improvements and consisting in a revision and strengthening of Risk Management Methodology has been completed.
- **Interventions shall focus on Healthcare, Energy and Environmental (Drinking Water Supply) sectors.**
- The Council Implementing Decision requires that at least five strengthening interventions upgrading security structures completed in the National Security Perimeter for Cyber (PSNC) and Network and Information Systems (NIS) sectors. Furthermore, the Council Implementing Decision requires that interventions shall focus on Healthcare, Energy and Environmental (Drinking Water Supply) sectors. As mentioned in the first sub-section of the analysis above, five out of seven strengthening interventions have been completed within the responsible authorities for the NIS sectors, while two interventions pertain to other administrations belonging to the PSNC but not to NIS sectors. In particular, Art. 15 (1) sub-paragraph g of Decree-Law No. 82 of 14 June 2021 provides that the Ministry of Environment and Energy Security is the NIS authority responsible for both the energy and the drinking water supply sectors and that the Ministry of Health is the NIS authority responsible for the healthcare sector. Two out of the seven interventions have been made in the focus NIS sectors and they cover all three of the focus sectors, namely the healthcare (intervention at the Ministry of Health), energy and environmental (Drinking Water Supply) sectors (intervention at the Ministry of Environment and Energy Security (MASE)). The remaining interventions covered the banking sector and the financial sector (Ministry of Economy and Finance), the transports sector (Ministry of Infrastructure and transport), and digital infrastructures sector (Ministry of Enterprises and Made in Italy). Out of the five minimum interventions required by the CID, the Italian authorities completed two interventions focused on the three fields (healthcare, energy and environmental), thereby attaching more importance to those fields, in line with the requirement of the Council Implementing Decision.

The constitutive elements specified in the description of the measure in the Council Implementing Decision are also fulfilled.

- **In particular, as concerns the requirement to strengthen Italy’s defences against the risks posed by cybercrime, notably through the implementation of a ‘National Perimeter for Cyber Security’ (PSNC), in line with the security requirements set out in the Directive (EU) 2016/1148 on security of network and information systems (NIS Directive), Italy has implemented seven strengthening interventions of administrations belonging to the PSNC and in charge of NIS sectors, as documented by the seven certificates of completion provided by Italy. These interventions provide a further step toward the implementation of the PSNC.**

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M1C1-10	M1C1-10, Related Measure: Reform 1.2: Transformation support	
Name of the Milestone: Entry into force of the setup of Transformation Team and NewCo		
Qualitative Indicator: Provision in the legal act indicating the entry into force of legal act to create the Transformation Office and entry into force of legal act to create the NewCo		Time: Q4 2022
Context:		

The objective of this reform is to support the digital transformation of all central and local public administrations through the set-up of a dedicated “digital PA Transformation Office” and through the set-up of a company (NewCo) focused on software development & operations management.

The objective of milestone M1C1-10 is to complete the setup of the “Transformation Office” and of the new company (NewCo) focused on software development & operations management. The set-up of the Transformation office includes the selection of experts that are going to work there through a call for expression of interest. The set-up of the NewCo also requires administrative acts making the company operational.

Milestone M1C1-10 is the only milestone of this reform.

Following the completion of this milestone, in line with the description of the measure in the Council Implementing Decision, Italy will ensure sure that the Transformation Office will support public administrations in their implementation of investments 1.1 to 1.7 under this component (M1C1) and will also support the implementation of investments and reforms in digitalization of healthcare included in Mission 6. The transformation office will consist in a temporary technology competent resource pool that shall orchestrate and support the migration effort and the centralized negotiation of “packages” of certified external support. This is a further step of this reform that is not linked to the milestones and targets in the Council Implementing Decision.

Evidence provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) Decree-Law No. 80 of 9 June 2021 (“Decreto reclutamento PA”), published in the Official Journal No. 136 of 9 June 2021, converted into Law No. 113 of 6 August 2021, published in the Official Journal No. 188 of 7 August 2021;
- ii) No. 47 Calls for expression of interest from 7 February 2020 and 3 October 2022 for the hiring of 268 experts for the Transformation Office;
- iii) No. 264 Decrees of the Presidency of the Council of Ministers from for the appointment of experts to the Transformation Office;
- iv) Decree-Law No. 36 of 30 April 2022, published in the Official Journal No. 100 of 30 April 2022, converted into Law No. 79 of 29 June 2022, published in the Official Journal No. 150 of 29 June 2022;
- v) Decree of the Presidency of the Council of Ministers of 5 August 2022 (*Statuto della Società per Azioni “3-I S.p.A”*);
- vi) Decree of the Presidency of the Council of Ministers of 15 September 2022 (*Individuazione delle risorse finanziarie per per il conferimento del capitale sociale della 3-I S.p.A*);
- vii) Decree of Ministry of Public Administration of 7 September 2022 appointing one member of the Board of Directors and one alternate member of the Supervisory Board of 3-I S.p.A;
- viii) Decree of Ministry of Economy and Finance of 4 November 2022 appointing the President of the Supervisory Board of 3-I S.p.A;
- ix) Decree of Ministry of Labour of 22 November 2022 appointing three members of the Board of Directors and one member and one alternate member of the Supervisory Board of 3-I S.p.A;
- x) Decree of the Presidency of the Council of Ministers (DPCM) of 1 December 2022 appointing the Chairman of the Board of Directors and one member of the Supervisory Board of 3-I S.p.A;
- xi) Notarial deed of 12 December 2022 establishing the 3-I S.p.A. company;
- xii) Registration of 15 December 2022 of 3-I S.p.A. in the registry of the Chamber of Commerce of Rome;

xiii) Decree-Law No. 135 of 15 December 2018, published in the Official Journal No. 290 of 14 December 2018, converted into Law No. 12 of 11 February 2019, published in the Official Journal No. 36 of 12 February 2019.

Analysis:

The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the milestone.

- **Provision in the legal act indicating the entry into force of legal act to create the Transformation Office and entry into force of legal act to create the NewCo.**
 - Art. 19 of Decree Law No. 80 of 9 June 2021 that creates the Transformation Office, states that the Decree Law entered into force the day after its publication on the Official Journal on the 10 June 2021. The legal act that creates the NewCo, that is the notarial deed of 12 December which legally establishes the 3-I S.p.A. company has been recorded in the public registry on the 15 December 2021 and produces legal effects from that date.
- **For the setup of the Transformation office, the necessary legal acts shall include: - The Publication of the Decree Law “reclutamento” (already approved by the Council of Ministers No. 22 of June 4th 2021 and published on the Official Journal (“Gazzetta Ufficiale”) on June 10th 2021);**
 - The Decree-Law No. 80 of 9 June 2021 has been published on 10 June 2021 on the Official Journal, in line with the requirements of the Council Implementing Decision. Art. 10 of the Decree assigns the financial resources for the hiring of personnel for the Transformation Office.
- **For the setup of the Transformation office, the necessary legal acts shall include: - The publication of a call for expression of interest.**
 - A series of 47 calls for expression of interest for various expert profiles to be employed in the Transformation Office has been published between 7 February 2020 and 3 October 2022 on the recruitment portal (<https://www.inpa.gov.it/>) managed by the Department of Civil Service. Some of the most common expert profiles include account manager, technical implementation manager, operations assistant, community manager, project manager, programme manager and data steward. The calls specify the selection and accessibility criteria of the various job profiles and they also highlight the temporary nature of the job offered, not exceeding the 31 December 2026 deadline, all in line with the requirements of the milestone.
- **For the setup of the Transformation office, the necessary legal acts shall include: - The selection and conferment of the assignment to the experts (on a temporary basis for the duration of the RRF).**
 - A series of 264 Decrees of the Presidency of the Council of Ministers has been issued, each appointing an individual in a specific job position in the Transformation Office, describing the various tasks involved and specifying the duration of the job, usually three years, but not going beyond the 31 December 2026.
- **For the NewCo, the key steps required shall include: - Legislative authorization;**
 - Art. 28 Par. 1 of Decree-Law No. 36 of 30 April 2022 authorizes the establishment of the NewCo 3-I S.p.A and lists the central public administrations which are the beneficiaries of its activities.
- **For the NewCo, the key steps required shall include: - Decreto del Presidente del Consiglio dei Ministri (DPCM) authorizing the establishment of the company and setting the objectives, share capital, duration and directors to the company;**

- The DPCM of 5 August 2022 approves the Company's articles of association for 3-I S.p.A., setting among others: the establishment of the company (Art. 1 of the statute), its objectives (Art. 3), duration (Art. 26) and share capital (Art. 4). The Council Implementing Decision required that the directors of the company are appointed through a DPCM. However, members of the Board of Directors and of the Supervisory Board, the appointment of which was necessary for the proper functioning of the company, were appointed by the Decree of the Ministry of Public Administration of 7 September 2022, Decree of the Ministry of Economy and Finance of 4 November 2022 and Decree of the Ministry of Labour of 22 November 2022. Whilst this constitutes a minimal formal deviation from the requirement of the Council Implementing Decision, Ministerial Decrees have the same legal value as DPCMs, as both are administrative acts which must be founded on a legislative provision which defines their areas of application and limits. For Ministerial Decrees, their areas of application is set by Art. 28 Par. 3 and 4 of Decree-Law No. 36 of 30 April 2022. The only difference between Ministerial Decrees and DPCMs is the issuing authority: the President of the Council of Ministers issues DPCMs, and Ministers issue Ministerial Decrees. The Ministerial Decrees have been adopted and their content is in line with the requirement of the Council Implementing Decision. As of this, this minimal deviation does not affect the progress towards achieving the reform that the milestone represents. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled.
- **For the NewCo, the key steps required shall include: - Institution of the company with notarial deed.**
 - As outlined above, the notarial deed of 12 December 2021 legally establishes the 3-I S.p.A. company.
- **(for the NewCo) Acts required to make the company operational - articles of association and various regulations.**
 - The articles of association for 3-I S.p.A have been adopted with the DPCM of 5 August 2022. The final act necessary to make the company operational, the registration in the registry of the Chamber of Commerce of Rome of 3-I S.p.A has been made on 15 December 2022.
- **Furthermore, in line with the description of the measure, the objective of this reform is to support the digital transformation of all central and local public administrations through the set-up of a dedicated "Digital PA transformation office".**
 - The two largest calls for expression of interest (for 147 and 80 experts) envisage the creation of seven territorial pools of experts of the Digital PA Transformation Office disseminated through the Italian territory, in order to assist more effectively local public administrations.
- **Furthermore, in line with the description of the measure: the measure envisages the set up a company focused on software development & operations management to support the digital step-up of central administrations.**
 - The objective of the NewCo, as stated in Art. 3 of its statute (contained in the DPCM of 5 August 2022) is the development, maintenance and management of software solutions and IT services in support of institutional activities of central public administrations. In particular 80% of its operations will support the following public administrations: INPS, INAIL, ISTAT, Presidency of the Council of Ministers and Ministry of Labour.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M1C1-34	M1C1-34, Investment 1.8: Recruitment procedures for the office of trial for civil and criminal Courts		
Name of the Target: Start of the recruitment procedures for civil and criminal courts			
Quantitative Indicator: Number	Baseline: 0	Target: 8 764	Time: Q4 2022
<p>Context:</p> <p>Target M1C1-34 is part of Investment 1.8, which aims at improving the efficiency of civil, criminal and administrative courts, ultimately reducing the backlog of cases in these courts and their disposition time.</p> <p>Target M1C1-34 concerns the establishment (or, when already existing, the strengthening) of “office of the trial” (support teams) in civil and criminal courts and consists of the hiring of 8764 units of personnel by Q4 2022. This Staff should provide support to judges’ activities, also carrying out tasks such as study, legal research, drafting of acts and organization of the files. Ultimately, the office of the trial should allow for a better allocation of resources within courts, leaving judges more time to focus on their tasks.</p> <p>Target M1C1-34 is the third step of the implementation of Investment 1.8. It follows the completion of milestone M1C1-32, related to the entry into force of special legislation regulating recruitment as part of the National Recovery and Resilience Plan, and of target M1C1-33, related to the recruitment of at least 168 units of personnel in the “office of the trial” within administrative courts. Target M1C1-34 will be followed by target M1C1-39, related to the recruitment of 10955 additional staff for the “office of the trial” within civil and criminal courts by Q2 2024 (sixth payment request). It is further followed by target M1-C1-40, related to the recruitment of 158 additional units in the office of the trial within administrative courts, target M1C1-41, related to the reduction in the number of pending cases (with 2019 as baseline year) by 25% in Administrative Regional Courts, and target M1C1-42, related to the reduction in the number of pending cases by 35% in the Council of State – all to be completed by Q2 2024. The Investment 1.8 has a final expected date for implementation in Q2 2024.</p>			
<p>Evidence Provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> i) A summary document duly justifying how the milestone, including all the constitutive elements, was satisfactorily fulfilled. The summary report includes information completed staffing procedures per judicial offices vis-à-vis the 2021 baseline; <p>The authorities also provided:</p> <ul style="list-style-type: none"> ii) Law Decree No. 80 of 9 June 2021, converted into Law No. 113 of 6 August 2021, published in the Official Journal No. 28 of 7 August 2021, foreseeing the recruitment of personnel for the offices of the trial; iii) Public competition for 8171 units to support the trial office as published in the Official Journal No. 62 of 6 August 2021; iv) Link to the selected candidates for the public competition for 8171 units to support the trial office; 			

- v) Public competition for 79 units to support the trial office in Trento Court of Appeal district in the Official Journal No. 98 of 10 December 2021;
- vi) Link to the selected candidates for the public competition for 79 units to support the trial office in Trento Court of Appeal district;
- vii) Two Public competitions for 1660 and 750 units of technical staff in support of trial offices and courts as published in the Official Journal No. 26 of 1 April 2022;
- viii) Link to the selected candidates for the public competition for 1660 and 750 units of technical staff in support of trial offices and courts;
- ix) Legislative Decree No. 151 of 10 October 2022 published in the Official Journal No. 38 of 17 October 2022 permanently establishing the trial office of first instance courts, courts of appeal (second instance), and Court of Cassation (supreme court);
- x) Two Decrees of the Ministry of Justice of 26 July 2021 defining the recruitment methods for the fixed-term staff of the trial office and allocating trial office units to districts;
- xi) Ministerial memorandum (*Circolare*) DOG No. 0254463.U of 2 December 2021 by the *Dipartimento dell'Organizzazione Giudiziaria, del Personale e dei Servizi* providing further details about the organisation of the trial offices;
- xii) Ministerial memorandum (*Circolare*) DOG No. 0269895.U of 22 December 2021 by the *Dipartimento dell'Organizzazione Giudiziaria, del Personale e dei Servizi* starting the system of performance evaluation of the trial offices (*Monitoraggio integrato*);
- xiii) Results of *Monitoraggio integrato* with information of distribution of trial offices across courts and judiciary districts as of November 2022;
- xiv) Ministerial memorandum (*Circolare*) DOG No. 0228522.U of 3 November 2021 by the *Dipartimento dell'Organizzazione Giudiziaria, del Personale e dei Servizi* (Department of Organization of the Judicial System, Human Resources and Services) and Ministerial memorandum DOG No. 0242601.U of 24 October 2022 by the Directorate General for resources and technologies (*Direzione Generale delle Risorse materiali e delle tecnologie*) providing details about training of the staff of trial offices;
- xv) Memorandum of Understanding signed by the Ministry of Justice and the School of Judiciary;
- xvi) Ministerial memorandum (*Circolare*) DOG No. 0242601.U of 24 October 2022 by the *Dipartimento dell'Organizzazione Giudiziaria, del Personale e dei Servizi* notifying the conclusion of a training agreement with private provider;
- xvii) Ministerial memorandum (*Circolare*) DOG No. 0059485.U of 2 March 2023 by the *Dipartimento dell'Organizzazione Giudiziaria, del Personale e dei Servizi* requesting information about the precise assignment of staff to trial offices and/or to the implementation of judiciary-related measures in the Recovery and Resilience Plan.

Analysis:

The justification and substantiating evidence provided Italy cover all constitutive elements of the milestone.

- **Start the recruitment procedures of at least 8764 units of personnel for the office of trial for civil and criminal Courts and place units into service.**
 - Article 11(1) and Article 13(1) of the Law Decree 9 June 2021, No. 80 (hereinafter referred to as D.L. No. 80/2021), as converted by Law 6 August 2021, No. 113, foresees the recruitment of units of personnel ensuring the operationalisation of the offices of the trial. In particular:
 - According to Article 11(1) of D.L. No. 80/2021, 16500 units of personnel are hired among graduates in law, economics or political science. The

recruitment process is organised in two tranches of 8250 units of personnel each between 2021 and 2024.

- According to Article 13(1) of the D.L. No. 80/2021, 5410 units of personnel are hired among candidates with a “technical profile”. The recruitment process is organised between 2021 and 2026.
- Two Ministerial Decrees published on 26 July 2021 on the *Bollettino Ufficiale del Ministero della Giustizia* of 31 July 2021, initiate the first tranche of recruitment of 8250 units of personnel for the trial office (in pursuance of article 12(1) of D.L. 80/2021), determining the quotas of staff to be assigned to the various judicial districts and setting out the methodology for their recruitment (in pursuance of Article 14(12) of D.L. 80/2021).
- Between August and December 2021, the Ministry of Justice published two calls for a total of 8250 units of personnel to be employed in trial offices across judicial districts – one call for 8171 positions (published on Official Journal of 6 August 2021, No. 62) and another specifically dedicated to 79 positions in the judicial district of the Court of Appeal of Trento (Official Journal of 10 December 2021, No. 98). In April 2022, the Ministry published a call for 5410 positions with “technical profile” in support of the work of trial offices, as defined by Article 13 and Annex II of D.L. 80/2021. In line with the description of the measure, the units of personnel recruited through these calls have a temporary contract of a maximum duration of three years.
- The Council Implementing Decision requires the start of the recruitment procedures of at least 8764 units of personnel for the office of trial for civil and criminal Courts. As of December 2022, 9132 units of personnel had been hired and were placed into service: 7242 of them (6471 graduates in law, economics or political science, and 771 technical profiles) were assigned to a specific trial office; 1890 units with technical profiles support both trial offices and, more broadly, the court to which the trial offices belong in the pursue of RRP milestones and target as set out in Mission 1 and Component M2C3.
- The Recovery and Resilience Plan provides that part of the 8764 units of personnel for the office of trial have a “technical profile” (IT experts, accountants, building engineers, statisticians, management and administration experts, data entry experts) and can provide support to both trial offices and to courts to which the offices belong to, and to advance the implementation of RRP measures more broadly (see description of Investment 1.8 at page 5 of *scheda narrativa PNRR No. 110*).
- On this basis, it is considered that this constitutive element of the M1C1-34 is satisfactorily fulfilled.
- **In line with the description of the measure, Article 11 of D.L. 80/2021 and Article 2 of the Legislative Decree 10 October 2022, No. 151 (hereinafter referred to as D.Lgs. 151/2022), as published in the Official Journal of 17 October 2022, No. 243, establishes trial offices that have the ultimate goal of reducing disposition time in the Italian judicial system.**
 - According to the updated summary document shared by Italian authorities on 14 April 2023, Investment 1.8 contributed to strengthen 452 trial offices and create 377 across courts of first instance and second instance.
 - Article 11 of D.L. No. 80/2021 and Article 2 of D. Lgs. No. 151/2022 define the office of the trial as an organisational tool aimed at speeding up the disposition of cases and ensuring a fair duration of trials, in line with the objectives set out by the description of the measure.

- Articles 5 to 11 of the D. Lgs. 151/2022 define the roles of the staff of the trial offices: they must support magistrates in studying dossiers, conducting legal research, drafting acts and organising acts.
- **In line with the description of the measure, the investment also comprises training to support the digital transition in the justice system.**
 - Article 16 of the D.L. 80/2021 (as amended) ensures the provision of initial training and task-specific training by the Ministry of Justice for all the newly recruited staff of the trial offices, independently on their profile. Ministerial memorandum DOG No. 0228522.U of 3 November 2021 by the *Dipartimento dell'Organizzazione Giudiziaria, del Personale e dei Servizi* (Department of Organization of the Judicial System, Human Resources and Services) and Ministerial memorandum DOG No. 0242601.U of 24 October 2022 by the Directorate General for resources and technologies (*Direzione Generale delle Risorse materiali e delle tecnologie*) operationalise Article 16: at page 12 of the former, trainings organised by the Italian School of Judiciary are set out (the Memorandum of Understanding signed by the Ministry of Justice and the School of Judiciary provides further details); the latter details the engagement of a private provider with experience in judicial training.

The justification and substantiating evidence provided Italy cover all constitutive elements included in the further specification of the Operational Arrangements Annex 1. In particular:

- **Start the recruitment procedures for the Trial Office by completing the recruitment of at least 8764 units of personnel and put them in service.**
 - As mentioned above, as of December 2022, 9132 units of personnel had been hired and were placed into service: 7242 of them (6471 graduates in law, economics or political science, and 771 technical profiles) were assigned to a specific trial office; 1890 units with technical profiles support both trial offices and, more broadly, the court to which the trial offices belong in the pursue of RRP milestones and target as set out in Mission 1 and Component M2C3.
- **The baseline shall be the number of personnel in service on 31 December 2021.**
 - The summary document summarises the result of the completed staffing procedures vis-à-vis the 2021 baseline. As of 31 December 2021, there were 6075 units of staff assigned to offices of the trials across tribunals and courts of appeal.
- **The completed staffing procedures should not include those funded through national funds.**
 - The summary document specifies that all contracts have been financed with RRP resources and no positions have been funded through national funds.
- **For completed staffing procedures it is meant the contract signed and the personnel in service.**
 - The figures mentioned above refer to units of staff who signed the contracts and are placed into service, as indicated by the summary document. Italian authorities have moreover shared the list of anonymised contracts indicating the identification number of the new employees. For a random sample of those contracts, Italy has provided proof of signature for all contracts, that all contractors had been assigned to a trial office, and that all contractors had entered into service.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M1C1-35	M1C1-35, Related Measure: M1C1.R1.7 - Reform of tax courts
Name of the Milestone: Comprehensive reform of tax courts of first and second instance	
Qualitative Indicator: Provision in the law indicating the entry into force of the revised legal framework	Time: Q4 2022
<p>Context:</p> <p>The measure aims at reforming tax courts in order to make the enforcement of tax law more effective with a view of deflating the Court of Cassation given the high amount of appeals that reaches its forum.</p> <p>Milestone M1C1-35 requires a comprehensive reform of tax courts of first and second instance following up on the objective set by the abovementioned measure.</p> <p>Milestone M1C1-35 is the only milestone of this reform.</p>	
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> i) A summary document duly justifying how the milestone, including all the constitutive elements, was satisfactorily fulfilled; ii) Law No. 130 of 31 August 2022 published in the Official Journal No. 204 of 1 September 2022, which includes provisions for the reform of tax courts and tax proceedings; iii) Law No. 130 of 31 August 2022 as republished in the Official Journal No. 216 of 15 September 2022 to include the relative notes without changing the value and efficacy of the Law; iv) [Decree Law No. 13 of 24 February 2023, published in the Official Journal No. 47 of 24 February 2023, on urgent measures for the implementation of the Recovery and Resilience Plan, as converted into law by Law No. 41 of 21 April 2023 published in the Official Journal No. 94 of 21 April 2023 concerning the increased threshold of competence for monocratic tax judges.] v) [Legislative Decree No. 149 of 10 October 2022 published in the Official Journal No. 243 of 17 October 2022, implementing the enabling legislation for the civil justice reform as per Law No. 206/2021, which introduces the preliminary ruling to the Court of Cassation that is also extended to tax proceedings. vi) Decree Law No. 51 of 10 May 2023, published in the Official Journal No. 108 of 10 May 2023, on public entities administration, legal deadlines and solidarity measures.] <p>The authorities also provided:</p> <ul style="list-style-type: none"> vii) Decision of the Tax Agency (<i>Agenzia delle Entrate</i>) Director of 16 September 2022 on the implementation of Article 5 of Law 130/2022 concerning the facilitated resolution of tax proceedings pending before the Court of Cassation; viii) Deliberation of the Tax Justice Council (<i>Delibera del Consiglio di Presidenza della Giustizia Tributaria</i> – hereinafter referred to as CPGT) No. 1558 of 15 November 2022 and related Annex on the publication on the institutional website of the recognition of vacant posts for tax judges that could be destined to an application procedure (<i>procedura di interpello</i>) addressed to judges of other jurisdictions in accordance with Article 1 (paragraph 5) of Law 130/2022; ix) Deliberation of the CPGT No. 1559 of 16 November 2022 containing the Notice of the application procedure (<i>procedura di interpello</i>) for the selection of judges from other jurisdictions transiting to tax courts in accordance with Article 1 (paragraph 5) of Law No. 130/2022 and annexes; 	

- x) Deliberation of the CPGT No. 311 of 15 March 2023 containing the final ranking of judges transiting to the tax jurisdiction;
- xi) Set of preparatory documents for the adoption of Law No. 130 of 31 August 2022;
- xii) Set of preparatory documents for the adoption of Decree Law No. 13 of 24 February 2023;
- xiii) Monitoring report on the state of tax litigation in 2021 prepared by the Ministry of Economy and Finance – Directorate for Tax Justice, published in June 2022;
- xiv) [Ministerial Decree of 24 March 2023 as published in the Official Journal No. 109 of 11 May 2023, which establishes the retribution of tax judges, together with copy of its registration of 14 April 2023 by the control authority of Corte dei Conti and preparatory documents;
- xv) Set of procedurals implementing rules (*Regolamento*) for the Inspective Office (*Ufficio Ispettivo*) and the Abstract Office (*Ufficio del Massimario*) adopted by the CPGT with Deliberations No. 158 of 31 January 2023 and No. 233 of 14 February 2023;]
- xvi) [Deliberations No. 1 and 2 of 1 January 2023 of the CPGT establishing the Superior School of Tax Justice and adopting its implementing rules and statute;]
- xvii) [Link to Budget Law 2023 No. 197 of 29 December 2022 published in the Official Journal No. 303 of 29 December 2022;]
- xviii) Memorandum of Understanding between the Tax Agency (*Agenzia delle Entrate*) and the State Legal Office (*Avvocatura Generale dello Stato*) on the legal representation and advice provided by the latter;
- xix) Decree Law No. 44 of 22 April 2023 as published in the Official Journal No. 95 of 22 April 2023, which establishes the reorganisation of the Ministry of Finance and Economics, together with copy of the draft conversion Law;
- xx) Ministry of Economics and Finance observation letter of 6 of February 2023;
- xxi) Copy of two application procedures (*procedura di interpello*) of the Directorate for Tax Justice of the Ministry of Economics and Finance dated 20 of April 2023 for two managerial offices under the Directorate.

Analysis:

The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the milestone.

- **Provision in the law indicating the entry into force of the revised legal framework**
 - In line with the Council Implementing Decision qualitative indicator of the milestone, Law No. 130 of 31 August 2022 (hereinafter referred to as Law No. 130/2022) contains provisions on the reform of tax courts and tax proceedings and entered into force on 16 of September 2022, namely 15 days after publication in the Official Journal No. 204 of 1 September 2022, in accordance with the legislative national framework.
 - Law Decree No. 13 of 24 February 2023, which has entered into force the day following its publication in the Official Journal in accordance with its Article 58, namely on 25 February 2023, and has been converted into law by Law No. 41 of 21 April 2023, also entered into force the day following its publication on 22 of April 2022 in accordance with its Article 1, contains urgent measures for the implementation of the Recovery and Resilience Plan, including on tax justice.
 - Legislative Decree No. 149 of 10 October 2022, implementing the enabling legislation for the civil justice reform as per Law No. 206/2021, entered into force the day following its publication in the Official Journal No. 243 of 17 October 2022, namely on 18 of October in accordance with its Article 52. It introduces the preliminary ruling to the Court of Cassation that is also extended to tax proceedings.

- **The revised legal framework shall make the enforcement of tax law more effective and decrease the high amount of appeals at the Court of Cassation.**
 - Law No. 130/2022 provides for a comprehensive reform of tax courts of first and second instance as required by the Council Implementing Decision requirements of the milestone and of the measure by:
 - Rationalising and reorganising the tax justice system through the professionalisation of tax judges, the strengthening of administrative structures and the strengthening of the autonomy of the self-governing body. More in detail:
 - i. Article 1 of Law No. 130/2022 establishes the creation of professional tax judges by regulating their selection process, status and the possibility for judges from other jurisdictions to transfer to the new category (through the so-called procedure of *interpello*), their obligation to continuous training and career progression. Tax judges are expected to replace honorary judges with a gradual process that would initially encompass the *interpello* and then selection through tax judges' annual competitions as of 2024 which will ultimately lead to the entry into service of 576 tax judges in 2030. The professionalisation of tax judges is aimed to increasing the quality and effectiveness of tax rulings, which, under the previous system of honorary judges, was characterized by a high amount of tax appeals pending at the Court of Cassation.
 - ii. Such novelty also entails administrative and structural changes, since tax courts of first and second instances would be replacing tax commissions, therefore amending Legislative Decree No. 545 of 1992 that regulates the tax jurisdiction.
 - iii. Moreover, i Article 1 (11) of Law No. 130/2022 provides for the creation as of 1 October 2022 of two managerial offices under the Directorate for Tax Justice of the Ministry of Economics and Finance (hereinafter referred to as “MEF”) and of 18 managerial new posts for one or more secretarial offices of tax courts. This novelty would strengthen the new tax court system by providing organisational support and as such making the enforcement of tax law more effective.
 - iv. Furthermore, the reform introduces two new offices placed under the self-governing body of tax justice (so called *Consiglio di Presidenza della Giustizia Tributaria*, hereinafter referred to as “CPGT”) and receiving technical and organisational support from MEF. Such offices are:
 - the Inspection Office (*Ufficio ispettivo*) that oversees on the correct functioning of the tax jurisdictional activity and
 - the Abstract Office (*Ufficio del massimario nazionale*) in charge of compiling a case-law of tax rulings (Article 1 (1) sub-paragraphs q and r).
 - v. The CPGT has adopted the implementing rules of the Abstract Office with Deliberation No. 158 of 31 January 2023 and of the Inspection Office with Deliberation No. 233 of 14 February 2023. Such offices are set to reinforce the new tax court system by respectively providing organisational support and incentivising a uniform application of tax law, hence making the enforcement of tax law

more effective and eventually decreasing the high amount of appeals at the Court of Cassation.

- vi. Finally, the reform intervenes on the composition of the tax justice self-governing body, which maintains its 15 members, four out of which being elected by the Parliament, but caters for the necessary and swift update due to the moving from honorary judges to professional tax judges as regards the 11 members who are named by judges. The reform (Articles 1 (7) and 8 (5) of Law No 130/2022 as modified by Decree-Law No. 13/2023 and by Decree-Law No. 51 of 2023 also envisages that the above-mentioned definitive transit to the tax jurisdiction should take place by 15 March 2023, as evidenced by the publication on CPGT website of the its Deliberation No. 311/2023 containing the final ranking of the judges opting to become tax judges and that new elections for the CPGT should be called no later than 30 September 2023. This novelty is essential consequence of the introduction of tax professional judges and as such contributes to the achievement of the objective of the reform by strengthening the new system of tax courts.
- Deflating litigation, which is ultimately directed at reducing the number of tax proceedings pending at the Court of Cassation and it is achieved as follows:
 - i. Article 3 of Law No. 130/2022 establishes a specific civil chamber at the Court of Cassation dedicated to tax disputes;
 - ii. Article 5(2) of Law No. 130/2022 introduced temporary settlement arrangements (actionable up to 120 days after the entry into force of Law No. 130/2022) for pending tax proceedings at Cassation Court where the Tax Agency had been fully or partially succumbing, depending on litigation value, in previous instances;
 - iii. The extension to tax proceedings of the preliminary ruling to the Court of Cassation, which had been introduced by Article 3 (27) (a) and (c) of Legislative Decree No 149 of 2022 that entered into force the day following its publication in the Official Journal No. 243 of 17 October 2022, namely on 18 of October in accordance with its Article 52.
 - iv. Pursuant to the objective of deflating litigation at Cassation level also through the professionalisation of tax judges and in line with the obligation to continuous training envisaged by Article 1 (1) subparagraph g), the CPGT has established the Superior School of Tax Justice and adopted its implementing rules and statute (Deliberations No 1 and 2 of 1 January 2023). The creation of the school is aimed at boosting the professional competence of tax judges which is ultimately set to increase the effectiveness of tax law enforcement and to deflate the Court of Cassation by reducing the number of appeals;
 - Increasing effective and faster procedures, whose objective is achieved by the following novelties:
 - i. Articles 4 (1) paragraph b and 8 (4) of Law No. 130/2022, as amended by Decree-Law No. 13/2023 introduces monocratic judges for tax courts of first instance, whose competence is fixed at proceedings having a claim of up to EUR 5.000,00, which is the value of most tax cases and as such should increase the effectiveness and

	<p>the definition of tax cases. Second instances are instead dealt by a college of judges;</p> <p>ii. Article 4 (1) paragraph c of Law No. 130/2022 admits the use of witness evidence in written form, if deemed necessary for the purposes of the decision, even without the agreement of the parties;</p> <p>iii. Article 4 (1) paragraph e of Law No. 130/2022 envisages that, for disputes following the complaint procedure that were unsuccessful for the Tax Agency, the judge should condemn the Tax Agency to pay proceeding costs when the Agency had previously rejected the complaint or the proposal for mediation submitted by the taxpayer. This may be also relevant for the purposes of the possible administrative liability of the official who rejected the complaint unjustifiably or failed to accept the taxpayer's proposal for mediation;</p> <p>iv. Article 4 (1) paragraph g of Law No. 130/2022 enables tax courts to extend a conciliation proposal to the parties for proceedings with a value up to 50.000 EUR. Moreover, in case this proposal is rejected by the party who results unsuccessful, the latter may be required to pay proceeding costs increased by 50% (Article 4 (3) paragraph d);</p>
Commission Preliminary Assessment: Satisfactorily fulfilled	

Number: M1C1-36	M1C1-36, Related Measure: M1C1.R1.4 - Reform of the civil justice; M1C1.R1.5 - Reform of the criminal justice; M1C1.R1.6 - Reform of insolvency framework	
Name of the Milestone: Entry into force of delegated acts for the civil and criminal justice reforms and of the insolvency reform		
Qualitative Indicator: Provision in the delegated acts indicating the entry into force of the delegated acts		Time: Q4 2022
Context:		
<p>Milestone M1C1-36 refers to a triple set of reforms of the justice system: the reform of the civil justice (M1C1.R1.4), the reform of the criminal justice (M1C1.R1.5) and the reform of the insolvency framework (M1C1.R1.6). The reforms of the civil and criminal justice are broadly aimed at reducing the length of proceedings, by simplifying existing procedures and by increasing the productivity of courts. The reform of the insolvency framework has the objective to digitalise and enhance insolvency proceedings, introducing early warning mechanisms prior to insolvency and managing all phases of insolvency proceedings more effectively.</p> <p>Milestone M1C1-36 concerns the entry into force of the delegated acts necessary for the implementation of the civil and criminal justice reforms and of the insolvency reform, in compliance with previous milestones M1C1-29, M1C1-30 and M1C1-31. The criteria and objectives of such delegated acts had been previously defined by two laws of delegation approved in 2021, which enabled the Italian Government to adopt, within a year from its entry into force, one or more legislative decrees in the area of civil and criminal justice. In particular, Law No. 206/2021 modified</p>		

the procedural civil code and special procedural laws, whereas Law No. 134/2021 modified the procedural criminal code and special procedural laws. As regards the insolvency framework, two important pieces of legislation had been adopted in 2021, both requiring further implementation: Decree-Law No. 118/2021, which included urgent measures relating to insolvency, and Decree-Law No. 152/2021, which introduced more specific measures on out-of-court settlement arrangements, alert mechanisms and training of magistrates dealing with insolvency proceedings.

Milestone M1C1-36 is the fourth milestone of the justice system reform, and it follows the completion of M1C1-29, M1C1-30 and M1C1-31, related to the adoption of the abovementioned enabling legislation for the civil and criminal justice reforms and of the insolvency reform in 2021. In connection to milestones M1C1-29 and M1C1-30, the Italian authorities have adopted Ministry of Justice Decree No. 147 of 13 August 2022, which reduces the margins of discretion in quantifying legal fees and enabling Law No. 71 of 17 June 2022 on the reform of the judicial system which incentivises judges to achieve annual objectives in order to obtain and be confirmed in top management positions

Milestone M1C1-36 will be followed by milestone M1C1-37, related to the adoption of all regulations and secondary sources of legislation necessary for the effective application of the enabling laws for the civil and criminal justice reforms, and of targets M1C1-43, M1C1-44, M1C1-47 and M1C1-48, on the reduction of backlogs for civil courts, and of targets M1C1-45 and M1C1-46 related to reduction in the length of civil and criminal proceedings. The reform has a final expected date for implementation in Q2 2026.

Evidence provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;
- ii) Link to the Legislative Decree No. 149 of 10 October 2022 published in the Official Journal No. 243 of 17 October 2022, implementing the enabling legislation for the civil justice reform as per Law No. 206/2021, which includes measures for the efficiency of civil proceedings and for the revision of the regulation of alternative dispute resolution tools and urgent measures to streamline proceedings concerning the rights of individuals and families and forced execution proceedings;
- iii) Link to the Legislative Decree No. 150 of 10 October 2022 published in the Official Journal No. 243 of 17 October 2022, implementing the enabling legislation for the criminal justice reform as per Law No. 134/2021, which includes measures for the efficiency of criminal proceedings, as well as provisions in the area of restorative justice and to reduce the length of criminal justice proceedings;
- iv) Decree-Law No. 162 of 31 October 2022 as published in the Official Journal No. 255 of 31 October 2022, which modifies the entry into force of the Legislative Decree No. 150 of 10 October 2022, as such the criminal justice reform;
- v) Link to the Legislative Decree No. 151 of 10 October 2022 published in the Official Journal No. 243 of 17 October 2022, implementing the enabling legislation for the civil justice reform as per Law No. 206/2021 and for the criminal justice reform as per Law No. 134/2021, which includes measures for the office of the trial;
- vi) Link to the Legislative Decree No. 83 of 17 June 2022 as published in the Official Journal No. 152 of 1 July 2022, which includes measures relating to insolvency;
- vii) Decree Law No. 198 of 29 December 2022 published in the Official Journal No. 303 of 29 December 2022, as converted into law by Law No. 14 of 24 February 2023, published in the

Official Journal No. 49 of 27 February 2023, which intervenes on applicability of legal provisions;

- viii) Explanatory report concerning the transitory provisions of the criminal justice reform;
- ix) Ministry of Justice Decree of 29 September 2022 establishing the technical and scientific Committee monitoring the efficiency of civil justice;
- x) Circulars of 5 July 2022 and 5 October 2022 of the Department of Judicial Organisation on the continuous monitoring of courts performance;
- xi) Ministry of Justice Decree of 28 December 2021 establishing the technical and scientific Committee monitoring the efficiency of criminal justice;
- xii) Decree of Presidency of the Council of Ministers No. 54 of 22 April 2022 on the reorganisation of the judicial system;
- xiii) Inter-ministerial Decree of the Ministry of Justice, the Ministry of Economy and Finance, and Ministry of Business and made in Italy of 29 December 2022 establishing the Permanent Observatory provided for in Article 353 of the business crisis and insolvency Code, and Decree of the Ministry of Justice of 3 February 2023 nominating the members of the Observatory;
- xiv) Decree of the Ministry of Justice - Director-General for Home Affairs, Department for Justice Affairs 28 of September 2021 as amended on 21 March 2023 pursuant to Article 13 of the Business crisis and insolvency Code setting the requirements for the IT platform and for the experts involved in the *composizione negoziata*
- xv) Inter-ministerial Decree of the Ministry of Justice, the Ministry of Businesses and Made in Italy and the Department of Digital Transformation of the Presidency of the Council of 9 March 2023 pursuant to Article 25undecies of the Business crisis and insolvency Code defining content and technicalities related to the computer program for the early warning mechanism;
- xvi) Agreement between the Ministry of Justice and Unioncamere for the implementation of the out-of-court settlement arrangement called '*composizione negoziata*' and link to the IT platform (<https://composizionenegoziata.camcom.it/>);
- xvii) Technical Protocols of 22 December 2022 and of 1 June 2023 between the Ministry of Justice and public databases owners for the interoperability of the platform for "*composizione negoziata*";
- xviii) Law No. 71 of 17 June 2022 as published in the Official Journal No. 142 del 20 June 2022 delegating powers to the Government for the reform of the judicial system;
- xix) Ministry of Justice Decree of 23 March 2022 and integrative technical report on the criteria for allocating the magistrates of the flexible organigram (*pianta organica flessibile*);
- xx) Resolution (*Delibera*) of the High Council of the Judiciary of 18 May 2022 laying down procedural guidelines for the allocation of magistrates to the flexible organigram (*pianta organica flessibile*);
- xxi) Budget Law 2023 No. 197 of 29 December 2022 published in the Official Journal No. 303 of 29 December 2022;
- xxii) Explanatory note by Ministry of Justice and Bank of Italy detailing reasons for not creating conditions of interoperability of the platform for the *composizione negoziata* with the systems of the individual credit institutions given the database functions already performed by the Central Credit Register of the Bank of Italy (6 March 2023).

The authorities also provided:

- xxiii) Law No. 206 of 26 November 2021 as published in the Official Journal No. 292 of 9 December 2021, constituting the enabling legislation for the civil justice reform, and a series of preparatory acts;
- xxiv) Law No. 134 of 27 September 2021 as published in the Official Journal No. 237 of 4 October 2021, constituting the enabling legislation for the criminal justice reform, and a series of preparatory acts;

- xxv) Decree-Law No. 118 of 24 August 2021 as converted with modifications in law No. 147/2021 and published in the Official Journal No. 254/2021, which includes urgent measures relating to insolvency;
- xxvi) Decree-Law No. 152 of 6 November 2021 as converted with modifications in law No. 233/2021, and published in the Official Journal 310/2021, which includes measures for implementing: 1. the interoperability of the IT platform for the out-of-court settlement arrangement called '*composizione negoziata*'; 2. A software that businesses could use to carry out an initial screening and diagnosis which results in the main points of an action plan and defines the next step(s) in the rescue operation; 3. Alert mechanisms; 4. Mandatory training courses and incentives for specialisation of magistrates dealing with procedures concerning restructuring and insolvency.
- xxvii) Decree-Law No. 28 of 30 April 2020 and Decree-Law No. 132 of 12 September 2014 regulating, *inter alia*, the use of alternative dispute resolution mechanisms for civil proceedings;
- xxviii) Link to the Legislative Decree No. 14 of 12 January 2019 as published in the Official Journal No. 38 of 14 February 2019 and implementing Law No. 155/2017, constituting the business crisis and insolvency Code;
- xxix) Ministry of Justice Decree of 22 April 2021 establishing a Committee to complete the transposition of Directive (EU) 2019/1023;
- xxx) Unioncamere report of 23 December 2022 on the use of the out-of-court settlement arrangement called '*composizione negoziata*';
- xxxi) Communication of the Ministry of Justice of 22 December 2022 addressed to the owners of the public databases relevant for the interoperability of the IT platform for the '*composizione negoziata*';
- xxxii) Ministry of Justice Decree No. 125 of 6 June 2022 defining the standard model for the guarantee for transferring the ownerships, or similar rights, on properties to be built as per art 3, paragraph 7-bis of Legislative Decree No. 122 of 20 June 2005;
- xxxiii) Ministry of Justice Decree No. 154 of 20 July 2022 defining the standard model and content for the insurance policy as per art 4 of Legislative Decree No. 122 of 20 June 2005;
- xxxiv) Law No. 20 of 14 January 1994 laying down provisions on the jurisdiction and control of the Court of Auditors;
- xxxv) Three Circulars of the Department of Judicial Organisation on the continuous monitoring of courts performance;
- xxxvi) Resolution (*Delibera*) of the High Council of the Judiciary of 5 October 2022 laying down procedural guidelines for drawing up civil and criminal management programmes for 2023;
- xxxvii) Report of the Directorate-General for Statistics and Organisational Analysis of 10 October 2022 on the statistical monitoring of RRP indicators;
- xxxviii) Ministry of Justice Decree of 27 December 2021 concerning the deployment of judges in a flexible manner (*pianta organica flessibile*) to fill in temporary gaps or critical situation under certain criteria including the need to guarantee the goals of the NRRP;
- xxxix) Ministry of Justice Decree of 29 October 2019, as published in the Official Journal No. 91 of 19 November 2019, stating the selection procedure for 310 ordinary magistrates;
- xl) Ministry of Justice Decree of 1 December 2021, as published in the Official Journal No. 98 of 10 December 2022, stating the selection procedure for 500 ordinary magistrates;
- xli) Ministry of Justice Decree of 18 October 2022, as published in the Official Journal No. 84 of 21 October 2022, stating the selection procedure for 400 ordinary magistrates;
- xlii) Decree Law No. 80 of 9 June 2021 laying down urgent measures to strengthen the administrative capacity of public administrations for RRP implementation and for the efficiency of justice and related documentation for the selection of temporary staff for the office of the trial;

- xliii) Ministry of Justice Decree No. 75 of 3 March 2022 defining the functioning of the registry for the experts of management and control procedures related to art. 356 of the business crisis and insolvency Code;
- xliv) Set of preparatory documents for the adoption of Legislative Decree No. 149 of 10 October 2022 (criminal justice reform), Legislative Decree No. 150 of 10 October 2022 (criminal justice reform) and Legislative Decree No. 83 of 17 June 2022 (insolvency framework reform);
- xlv) Report and working documents on the interoperability of the IT platform for the '*composizione negoziata*'
- xlvi) Ministry of Justice Decree No. 147 of 13 August 2022 as published in the Official Journal No. 236 of 8 October 2022 concerning the quantification of legal fees.

Analysis:

The justification and substantiating evidence provided by Italy covers all constitutive elements of the milestone.

Entry into force of all delegated acts whose content is indicated in the enabling legislation for the civil and criminal justice reforms and for the insolvency reform.

In line with the requirements of the Council Implementing Decision, the Italian authorities have adopted the necessary delegated acts to follow up on the implementation of all five constitutive elements of the **reform of the civil justice**, as laid out in Law No. 206/2021 that was assessed in the context of the prior milestone M1C1-29.

- The **Legislative Decree No. 149 of 10 October 2022**, implementing the enabling legislation for the civil justice reform as per Law No. 206/2021, entered into force the day following its publication in the Official Journal No. 243 of 17 October 2022, namely on 18 October in accordance with its Article 52. The applicability of the entire reform has been deferred to 28 February 2023 by the Budget Law 2023 No. 197 of 29 December 2022. Moreover, also due to the intervention of Decree Law No. 198 of 29 December 2022, some specific provisions, related for instance to the digital submission for documents, the creation of the registry of mediators in every tribunal, the free legal aid for mediation and assisted negotiated procedure and the digital signature of court expert oath, have become applicable as of 30 of June 2023. Italy has also adopted the Legislative Decree No. 151 of 10 October 2022, which entered into force on 1 November 2022 in accordance with its Article 19, namely 15 days after its publication in the Official Journal No. 243 of 17 October 2022. Legislative Decree No. 151/2022, implementing the enabling legislation for the civil justice reform as per Law No. 206/2021 and for the criminal justice reform as per Law No. 134/2021, includes measures for the trial office.
- As regards the length of proceedings and rationalisation of procedures, which is the first constitutive element identified by the combined reading of milestones M1C1-29 and M1C1-36, the **Legislative Decree No. 149/2022** provides that:
 - The existing summary procedure (now referred as *procedimento semplificato di cognizione*) is compulsory for any dispute, including those falling within the jurisdiction of the court in collegiate composition, (1) when the facts of the case are uncontroversial, (2) when the case is based on documentary evidence or (3) requires non-complex evidentiary activity and in providing for shorter procedural terms in comparison to those of ordinary proceedings. This enables the judge to adjudicate the case already in the first hearing (Article 3(13) paragraph c);
 - The introduction of a simplified procedure to adjudicate cases on an interim basis when the claim is manifestly unfounded (Article 3 (13) paragraph d);

- The reduction of the number of instances where the rulings have to be delivered by a panel of judges (Article 3(16) paragraphs a and b);
 - The expansion of justice of the peace (*giudice di pace*) competencies in order to move less complex cases (or of less economic importance) outside the ordinary courts (Article 3(1) paragraphs a and b);
 - The filtering measures in appeal proceedings such as the possibility to declare manifestly unfounded appeals that do not have a reasonable likelihood of being upheld and to take the decision of manifest unfoundedness following the oral hearing in accordance with the brief judgement procedure (Article 3 (26) paragraphs d and g and Article 3 (31) paragraphs a and b);
 - The accelerated and simplified procedure for Supreme Court' (*Corte di Cassazione*) proceedings that allow declaring appeals inadmissible or manifestly unfounded (Article 3 (28) paragraph g) and lower judges to request its preliminary ruling on questions of law on which the parties have already been heard (Article 3 (27) paragraph c).
- As regards the implementation of binding timeframes for procedures and a calendar for gathering of evidence, which is the second constitutive element, the **Legislative Decree No. 149/2022** confirms:
 - That the judge must prepare the schedule for the proceedings (*calendario del processo*) at the end of the first hearing (Article 3 (13) paragraph b);
 - The suppression of dispensable hearings (Article 3 (14) and 13 (paragraphs l and l));
 - The time limits between first hearing and the one for gathering evidence (Article 3 (13) paragraph b);
 - The obligation for defendants to submit case files and for judges to upload proceedings only electronically (Article 4 (12));
 - The possibility to take part in trials remotely under specific conditions that do not cause prejudice to the parties (Article 3 (10) and Article 4 (12)).
 - As regards the third constitutive element, which refers to the reinforcement in the use of alternative dispute resolution mechanisms to reduce the recourse to the civil justice system and lead to a decrease of actively pending proceedings, **the Legislative Decree No. 149/2022** also confirms the provisions of Law No. 206/2021 by:
 - Extending the scope of mandatory mediation (Article 7 (1) paragraph d);
 - Improving the training of mediators and reforms their professional requirements (Article 7 (1) paragraphs u, v and z);
 - Strengthening tax incentives (Article 7 (1) paragraphs aa and bb) and the proding for legal support in relation to out-of-court dispute resolution procedures (Article 7 (1) paragraph t);
 - Simplifying the assisted negotiated procedure and extending it to family disputes (Article 9);
 - Establishing training course on mediation techniques for judges, also by relying on universities and lawyers as potential training providers (Article 7 (1) paragraph e);
 - Strengthening the guarantees of impartiality and independence of the arbitrator (Article 3 (51)) and enhancing, subject to specific conditions, the enforceability of arbitrators' decrees and interim measures (Article 3 (52)).

- With reference to the fourth constitutive element, which requires reforming the procedure for forced execution to reduce the existing average time and the current system of quantification and recoverability of legal fees to reduce frivolous litigations, **the Legislative Decree No. 149/2022** follows up on Law No. 206/2021 with regard to the:
 - Cost and length of forced execution proceedings, such as the novelties relating to the introduction of the private sale procedure organised by the debtor (Article 3 (29) paragraph b and c) and of a stricter control by the judge on the work of the sale officer (*delegato alla vendita*), limiting the time the sale officer has to proceed to any subsequent attempts at sale (Article 3 (40), (42) paragraph a, b);
 - Quantification and recoverability of legal fees to reduce frivolous litigations, such as the introduction of a simplified procedure to adjudicate cases on an interim basis when the claim is manifestly unfounded (Article 3 (13) paragraph d) that may lead the succumbing part to the payment of legal fees and of an additional amount for damage compensation.
- In relation to the fifth constitutive element on introducing a monitoring system at Court level and increasing their productivity through the use of incentives:
 - The Ministry of Justice had already set up a system for monitoring the performance at court level and established the “trial office” (*ufficio per il processo*) with the aim of tackling the reduction of disposition time and backlog. **Legislative Decree No. 151 of 10 October 2022**, which as described above implements the enabling legislation for the civil justice reform as per Law No. 206/2021 and for the criminal justice reform as per Law No. 134/2021, regulates the trial office. The trial office is identified as the organisational structure placed at the level of civil and criminal courts of any instances, Cassation Court and family tribunals;
 - The Ministry of Justice has established a mechanism to collect and analyse quantitative data on disposition time and backlog as provided by the offices of the trial as well as qualitative information about trial offices functioning (Circulars of the Department of Judicial Organisation of 5 July and 5 October 2022). The authorities have also created the Technical and Scientific Committee with the Ministry of Justice Decree of 29 September 2022 in accordance with Decree Law 36/2022, which is tasked with promoting the reorganisation and the continuous update of the monitoring system for the justice reform. Moreover, the Law of Delegation for the reform of the judicial system No. 71 of 17 June 2022, which has entered into force the day after its publication on the Official Journal No. 142 on 20 June 2022, intervenes on the performance of courts by envisaging the definition and monitoring of annual productivity objectives for judicial offices.
 - As regards the measures to increase the productivity of civil courts through incentives, the Deliberation of the High Council of Judiciary of 5 October 2022 confirms the performance monitoring of managerial posts since the achievement of annual objectives is to be considered for the evaluation of Heads of Offices. Moreover, as regards the flexible organigram (*pianta organica flessibile*), namely the structure that provides support to courts within the judicial district in case of need, the Ministry of Justice Decree of 23 March 2022 allocates magistrates at district level in compliance with the criteria previously set by Ministry of Justice Decree of 27 December 2021.

In line with the requirements of the Council Implementing Decision, the Italian authorities have adopted the necessary delegated acts to address all constitutive elements indicated in the enabling Law No. 134/2021 for the **criminal justice reform** that has been assessed in the context of the prior milestone M1C1-30.

- The **Legislative Decree No. 150 of 10 October 2022** implements the enabling legislation for the criminal justice reform, namely Law No. 134/2021. Legislative Decree No. 150/2022 has been published in the Official Journal No. 243 of 17 October 2022 and its entry into force has been postponed by Decree Law No. 162 of 31 October 2022 to 30 December 2022, which is in line with the indicative timeline set by the Council Implementing Decision, except for few provisions. Such provisions, on one hand, introduced a transitory regime for ongoing proceedings, which did not affect their entry into force by 30 December 2022; on the other hand, specific provisions linked, for example, to the recording of evidence by audio-visual media during the oral hearing and to the applicability of the new discipline of having written exchanges of memories instead of oral hearings to appeals notified as of 1 July 2023 became applicable as of 30 June 2023.
- As regards the revision of the notification system, which is the first constitutive element identified by the combined reading of milestones M1C1-30 and M1C1-36, the **Legislative Decree No. 150/2022** provides for the general mandatory use of electronic notification (Article 10 (1) paragraph a);
- In relation to a broader use of simplified procedures, which is the second constitutive element, the **Legislative Decree No. 150/2022** confirms the incentives to extend the use of plea bargains and abbreviated proceedings if the defendant gives up lodging an appeal (Article 25 (1) paragraphs a and b, Article 24 (1) paragraph c and Article 98 (1) paragraph a) and extending the use of immediate proceeding (Article 25 (1) paragraphs a and Article 27 (1) paragraphs a, b and c);
- With reference to the third constitutive element, which requires a broader use of electronic filing of documents, the **Legislative Decree No. 150/2022** confirms the possibility to hold remote hearings with the agreement of the parties (Article 7 (1) paragraph b) and that where written form is required, procedural documents should be in general drafted and saved in digital form (Article 6 (1) paragraph a);
- As concerns to the adoption of simplified rules on evidence, which is the fourth constitutive element, the **Legislative Decree No. 150/2022** confirms the simplified rules on evidence provided for the enabling Law No. 134/2021, including dismissal to be requested when the evidence gathered does not reasonably allow a conviction (Article 22 (2) paragraph e) and the use of the video recorded evidence to avoid lengthy procedures when the judge changes (Article 30 (1) paragraph f);
- In relation to the definition of time limits for the duration of preliminary investigation and measures to avoid stagnation in the investigative phase, which is the fifth constitutive element, the **Legislative Decree No. 150/2022** confirms the novelties introduced the enabling Law No. 134/2021, notably the rule of decision which would end the preliminary investigations that are going beyond the fixed time limits (Article 22 (1) paragraph e and Article 98 (1) paragraph b), the application of simplified procedures and filtering of the appeal in absence of “reasonable expectation of conviction” (Article 22 (2) paragraph e) and Article 32 (8);
- With reference to the extension of the possibility to extinguish the crime if damages have been repaid, which is the sixth constitutive element, the **Legislative Decree No. 150/2022** confirms the extension of the number of cases where in order to be prosecuted crimes require the submission of a private lawsuit (*reati procedibili a querela*) and measures linked to the implementation of restorative conducts pursuing the objective of reducing pressure on the justice system (Article 44).
- The seventh and last constitutive element, notably the setting of organisational measures aiming at introducing a monitoring system and increasing the productivity of courts, is

common Council Implementing Decision requirement for both milestones M1C1-29 on civil justice reform and M1C1-30 on criminal justice reform. As such, in view of the combined reading with current milestone M1C1-36, please refer to the above section on civil justice reform.

As regards to **the insolvency framework**, the Council Implementing Decision required the entry into force of all delegated acts whose contents are indicated in the enabling legislation. To this extent:

- The Italian authorities had previously adopted **Decree Law No. 118 of 24 August 2021**, converted with modifications in law n. 147/2021, and **Decree-law No. 152 of 6 November 2021**, converted with modifications in law n. 233/2021, that were assessed in the context of the satisfactorily fulfilment of prior milestone M1C1-31. Being converted decree-laws, for their own legislative nature, which is inherently different from enabling legislation, they did not require the adoption of delegated acts to be implemented.
- The Italian authorities have on 17 June 2022 adopted **Legislative Decree No. 83/2022**, which transposes Directive (EU) 2019/1023 of 20 June 2019 on ‘preventive restructuring frameworks, discharge of debt and disqualifications, and measures to increase the efficiency of restructuring, insolvency and discharge procedures’, provides for a consolidation of the insolvency framework legislation.

Legislative Decree No. 83/2022 moreover amends the Business Crisis and Insolvency Code, namely Legislative Decree No 14 of 12 January 2019, giving a systematic and organic structure on insolvency measures that encompasses the novelties introduced by Decree Law No. 118/2021 and Decree-law No. 152/2021 and assessed in the context of prior milestone M1C1-31. The Legislative Decree No. 83/2022 also includes provisions related to the implementation of further elements of the reform of the insolvency framework.

Legislative Decree No. 83/2022 constitutes primary legislation and has therefore a higher ranking than delegated legislation. Whilst this constitutes a minimal formal deviation from the requirement of the Council Implementing Decision (which required the entry into force of delegated acts), this minimal deviation does not affect the progress towards achieving the reform that the milestone represents. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled.

The Legislative Decree No. 83 of 17 June 2022 has entered into force in accordance with its Article 51, namely 15 days after the publication in the Official Journal No. 152 of 1 July 2022, except for few provisions that entered into force 30 days after the publication. In particular:

- Articles 12-25quinquies contain the rules referring to the out-of-court settlement arrangements called “*composizione negoziata*” and its online IT platform, which correspond to the first and last constitutive elements of milestone M1C1-31 respectively concerning the revision of out-of-court settlement arrangements and the creation of an online platform for out-of-court resolution of disputes to reduce the burden of the judiciary. With specific regard to the IT platform for “*composizione negoziata*”, the Italian authorities have given further application to the provisions of the amended Business Crisis and Insolvency Code (hereinafter referred to as “Insolvency Code”). Article 13 provides for the establishment of a list of experts, involved in the process of “*composizione negoziata*”, available at the Chambers of Commerce of every region and autonomous province, and for their appointment process. The Ministry of Justice has also updated the Directorial Decree envisaged by of Article 13 that sets the requirements for the IT platform and for the experts involved in the *composizione negoziata*. With reference to the interoperability of the IT platform envisaged by Article 14 of the Insolvency Code, the Ministry of Justice has further implemented the above-mentioned

Article by setting up the technical specifications for a system that ensures exchange of data with the databases' of INAIL (the national institute for insurance against accidents at work - *Istituto nazionale Assicurazione Infortuni sul Lavoro*), INPS (the national social insurance agency - *Istituto nazionale della previdenza sociale*), Agenzia delle Entrate (the tax agency) and Bank of Italy (namely the Central Risk Credit, hereinafter referred as CRC). This is evidenced by the Technical Protocols signed between the Ministry of Justice and the abovementioned databases owners on 22 December 2022 and 1 June 2023.

As regards the access to the information of the Bank of Italy CRC, **the note of Bank of Italy of 6 March 2023** and the abovementioned Technical Protocols clarify that the implementation of the exchange of data has been designed taking into account the legislation applicable to Bank of Italy on the obligation of professional secrecy and cybersecurity considerations linked to the sensitivity of data. The exchange of data with Bank of Italy database lies on the peculiar institutional nature of Bank of Italy, which is also confirmed by Article 14 of the Insolvency and Business Code that leaves Bank of Italy free to decide the way to access the information contained in the CRC. The expert (as defined by Article 13, abovementioned) can indeed obtain the necessary information to be used for the *composizione negoziata* procedure by directly accessing the CRC, which returns the required documentation in a swift manner allowing a timely exchange of data. Hence, this is not expected to affect the functioning of the *composizione negoziata* IT platform since the electronic exchange of documentation and data between debtors and creditors is allowed. As follow-up to milestone M1C1-31, the online platform was envisaged to also ensure interoperability with banks' IT systems. The abovementioned CRC, which the expert can access as previously explained, is nevertheless fed by data provided by banks, financial institutions and other financial intermediaries, which have the obligation to signal clients with debts above 30.000 EUR (or above 250 EUR if considered insolvent by financial institutions). Moreover, banks, as creditors, can be invited by the expert to join the procedure from the beginning of the negotiation, on the basis of the documents provided by the business, or later upon consultation of the abovementioned databases in order to identify possible debt consolidation solutions. Hence, the overall set-up is able to ensure a swift, electronic exchange of documentation and data between debtors and creditors. Whilst this constitutes a minimal substantive deviation from the requirement of the Council Implementing Decision, the exchange of data with banks' IT system is anyway ensured since, on one hand, the CRC is fed by data provided by banks, financial institutions and other financial intermediaries and, on the other hand, the IT platform for *composizione negoziata* allows banks, as creditors, to join the procedure, as such including them in the exchange of documents and flow of information. As of this, this minimal deviation, for its limited effect, does not change the nature of the measure and does not affect the progress towards achieving the reform that the milestone represents. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled.

- In line with the second constitutive element of prior milestone M1C1-31 on putting in place early warning mechanisms and access to information prior to the insolvency phase:
 - Articles 25octies-25undecies discipline the early warning mechanisms to warn the debtor about insolvency risks (which are automatic alerts for missing payments to the tax or social security authorities) and deploys a software that businesses could use to carry out an initial screening and diagnosis of potential insolvency situations.
 - The Ministry of Justice, the Ministry of Businesses and Made in Italy and the Department of Digital Transformation of the Presidency of the Council have also adopted the Inter-ministerial Decree of 9 March 2023, which corresponds to the decree envisaged by Article 25undecies to define content and technicalities related to the computer program set to verify the debt sustainability (discussed above). Furthermore, the IT authorities have established a monitoring system of the

<p>efficiency of the newly introduced measures described above, which would be carried out by the Permanent Monitoring Observatory provided for in Article 353 of the Business Crisis and Insolvency Code as defined by the Inter-ministerial Decree of the Ministry of Justice, the Ministry of Economy and Finance, and Ministry of Business and made in Italy of 29 December 2022. The members of the Observatory have been appointed through Decree of the Ministry of Justice of 3 February 2023.</p> <ul style="list-style-type: none"> Finally, as regards the remaining constitutive elements of M1C1-31, they had already been implemented in the context of that prior milestone and as such, given the combined reading of M1C1-31 and M1C1-36 requirements, did not require further implementation as regards the current assessment of M1C1-36.
<p>Commission Preliminary Assessment: Satisfactorily fulfilled</p>

<p>Number: M1C1-57</p>	<p>Related Measure: Reform 1.9: Reform of the public administration³</p>
<p>Name of the Milestone: Entry into force of administrative procedures for the simplification reform aimed at implementing the RRF</p>	
<p>Qualitative Indicator: Provision in the law indicating the entry into force of the secondary legislation</p>	<p>Time: Q4 2022</p>
<p>Context:</p> <p>Milestone M1C1-57 is part of Reform 1.9, whose objective is to simplify administrative procedures to the benefit of businesses and citizens, while also ensuring the smooth implementation of the NRRP. The simplification reform eliminates authorizations not justified by imperative reasons of general interest, implements the adoption of silent consent mechanism, introduces principles of simple communication, and allows for the adoption of uniform regimes shared with Regions and municipalities.</p> <p>Milestone M1C1-57 concerns the entry into force of all related delegated acts, ministerial decrees, secondary legislation, and all other regulations necessary for the effective implementation of the simplification including agreements with Regions in case of exclusive and concurrent regional competence.</p> <p>Milestone M1C1-57 is the second and last milestone of the part of reform 1.9 of public administration related to the simplification of administrative procedures for the implementation of the Italian Recovery and Resilience and it follows the completion of milestone M1C1-52, related to the removal of critical bottlenecks on “Conferenza di servizi” (a formal agreement amongst two or more public administrations”), environmental impact evaluations and authorisations for waste recycling plants, energy efficiency and urban regeneration.</p>	
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <p>i. Decree-Law 31 May 2021, No. 77 on the governance of the National Recovery and Resilience Plan and initial measures to strengthen administrative structures and speed up</p>	

³ In the description, the measure is called “Reform 1.9 - Public employment reform and simplification reform”

- and streamline procedures (*“Decreto-Legge 31 maggio 2021, No. 77 Governance del Piano nazionale di ripresa e resilienza e prime misure di rafforzamento delle strutture amministrative e di accelerazione e snellimento delle procedure”*)
- ii. Decree of the Ministry of Ecological Transition No. 361 of 2 September 2021 on the organisation of the Technical Committee of the National Recovery and Resilience Plan (*“Decreto del Ministro della transizione del 2 settembre 2021 circa l'Organizzazione della Commissione tecnica PNRR-PNIEC”*)
 - iii. Decree of the Ministry of Ecological Transition No. 362 of 3 September 2021 on the remuneration of the members of the Technical Committee of the National Recovery and Resilience Plan (*“Decreto del Ministro della transizione del 3 settembre 2021 circa la Definizione dei compensi della Commissione tecnica PNRR-PNIEC”*)

The authorities also provided:

- iv. Directorial Decree 18 August 2021, No. 137 - Definition of the application form to be filled in for the start of the approval procedure of the Operational Reclamation Project (*“Decreto direttoriale 18 agosto 2021, No. 137 – Definizione del modello dell’istanza da compilare per l’avvio del procedimento di approvazione del Progetto Operativo di Bonifica”*)
- v. Directorial Decree No. 114 of 20 July 2021 – Definition of the format of the forms to be filled in for the start of the approval procedure for the Plan for the characterization of areas falling within the perimeters of sites of national interest (*“Decreto direttoriale 20 luglio 2021, No.114 – Definizione del formato della modulistica da compilare per l’avvio del procedimento di approvazione del Piano di caratterizzazione di aree ricadenti all’interno dei perimetri di siti di interesse nazionale”*)
- vi. Decree of the Presidency of the Council of Minister of 30 March 2022 - Regulation of the functioning methods of the Delegation Management System (*“Decreto della Presidenza del Consiglio di Ministri 30 marzo 2022 - Disciplina delle modalita' di funzionamento del Sistema di Gestione Deleghe”*)
- vii. Decree of the Ministry of the Interior of 17 October 2022, No. 223 on the methods of integration into the ANPR of the electoral lists and data relating to registration in the section lists referred to in the decree of the President of the Republic of 20 March 1967 (*“Decreto del Ministero dell’Interno del 17 ottobre 2022 sulle modalita' di integrazione nell’ANPR delle liste elettorali e dei dati relativi all’iscrizione nelle liste di sezione di cui al decreto del Presidente della Repubblica 20 marzo 1967, No. 223.”*)
- viii. Decree of the Ministry of the Interior of 18 October 2022 on the updating of the operating platform of the National Registry of the resident population for the provision of services made available to municipalities for the use of the national computerized archive of civil status registers. (*“Decreto del Ministero dell’Interno del 18 ottobre 2022 sull’aggiornamento della piattaforma di funzionamento dell’Anagrafe nazionale della popolazione residente per l'erogazione dei servizi resi disponibili ai comuni per l'utilizzo dell’Archivio nazionale informatizzato dei registri dello stato civile.”*)
- ix. Decree of the Ministry of Infrastructure and Transport of 2 August 2018, No. 312 - Amendments to the decree of the Ministry of Infrastructure and Transport of 1 December 2017, No. 560 which establishes the methods and times for the progressive introduction of electronic modeling methods and tools for construction and infrastructure (*“Decreto del Ministero dell’infrastrutture e dei Trasporti del 2 agosto 2018, No.312 - Modifiche al decreto del Ministero delle infrastrutture e dei trasporti 1° dicembre 2017, n. 560 che stabilisce le modalità e i tempi di progressiva introduzione dei metodi e degli strumenti elettronici di modellazione per l’edilizia e le infrastrutture.”*)
- x. Guidelines for the preparation of the technical and economic feasibility projects to be used as the basis for the award of public works contracts of the PNRR and the PNC,

published on 6 September 2021 by the Superior Council of Public Works (*"Linee Guida per la redazione del progetto di fattibilità tecnica ed economica da porre a base dell'affidamento di contratti pubblici di lavori del PNRR e del PNC, pubblicate il 6/9/2021 dal Consiglio Superiore dei Lavori Pubblici"*)

xi. Ministerial Decree of the Ministry of University and Research No.1214 of 28 October 2021 - Procedures and requirements for the establishment of study courses in decentralized locations by state AFAM institutions (*"Decreto Ministeriale Ministero dell'Università e della Ricerca No.1214 del 28 ottobre 2021 - Procedure e requisiti per l'istituzione di corsi di studio in sedi decentrate da parte delle Istituzioni AFAM statali"*)

xii. Agreement between the competent PCM structure for technological innovation and the digital transition, MISE, Unioncamere and Infocamere as service manager, concerning the telematic connection with the PDND, in order to allow its disbursement and ensure its development (*"Convenzione tra struttura della PCM competente per l'innovazione tecnologica e la transizione digitale, il MISE, Unioncamere e Infocamere in qualità di gestore del servizio, avente ad oggetto il collegamento telematico con la PDND, al fine di consentirne l'erogazione e garantirne lo sviluppo"*)

Analysis:

The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the milestone.

- **Entry into force of all related delegated acts, ministerial decrees, secondary legislation, and all other regulations necessary for the effective implementation of the simplification including agreements with Regions in case of exclusive and concurrent regional competence.**
 - As indicated in the assessment of milestone M1C1-52, Decree-Law No. 77 of 31 May 2021 on the Governance of the National Recovery and Resilience Plan (hereinafter referred to as D.L. 77.2021 as amended by Law No. 108 of 29 July 2021 entered into force on 31 of July 2021 (Article 1 of Law 108/2021) and removed the critical bottlenecks for:
 - State and regional Environmental Impact Evaluation (Articles 17, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28);
 - Authorisations of new waste recycling plants (Articles 34 and 35);
 - Authorisation procedures for renewable energy (Articles 30, 31, 31 bis, 31 ter, 31 quater, 31 quinquies, 32, 32 bis, 32 ter, 32 quarter);
 - Authorisation procedures to achieve energy efficiency of buildings, in the Superbonus (Articles 33, 33 bis);
 - Urban regeneration (Articles 33, 33 bis, 37)
- The D.L. 77/2021 also provides for specific actions devoted to simplify procedures within the "Conferenza dei Servizi", a formal agreement amongst two or more public administrations (18bis, 22, 23, 24, 36 ter, 37, 40, 44, 48, 57).
- With regard to the simplification of state and regional Environmental Impact Evaluation:
 - Article 17 has been implemented by Decree of the Ministry of Ecological Transition No. 361 of 2 September 2021 on the organisation of the Technical Committee of the National Recovery and Resilience Plan (*"Decreto del Ministro della transizione del 2 settembre 2021 circa l'Organizzazione della Commissione tecnica PNRR-PNIEC"*) and Decree of the Ministry of Ecological Transition No. 362 of 3 September 2021 on the remuneration of the members of the Technical Committee of the National Recovery and

Resilience Plan (*“Decreto del Ministro della transizione del 3 settembre 2021 circa la Definizione dei compensi della Commissione tecnica PNRR-PNIEC”*).

- Articles 19, 20, 21, 22, 23, 24, 25, 26, 27 and 28 of D.L. 77/2021 do not require any implementing measures.
- With regard to the authorisations of new waste recycling plants:
 - Article 34 does not require any implementing measures.
 - Article 35(1) point e-bis) has been implemented by Resolution No. 14 of 21st December 2021 of the National Register of Environmental Management Authorities (*“Delibera Albo nazionale gestori ambientali No.14 del 21 dicembre 2021”*)
 - Article 35(1) point h) has been implemented by the Decree of the Ministry of Environment and Energy Security of 28 April 2023 on the Determination of the simplified conditions for the carry-out of preparations for re-use (*“Decreto recante “Determinazione delle condizioni per l’esercizio delle operazioni di preparazione per il riutilizzo in forma semplificata”*).
 - The remaining sub-parts of Article 35 do not require any implementing measures.
- With regard to authorisation procedures for renewable energy:
 - Articles 31 (and in particular, paragraph 3) has been implemented by Decree of the Presidency of the Council of Ministers of 29 March 2022 on the Identification of the works and infrastructures necessary for the phase out of the use of coal in Sardinia and for the decarbonisation of the industrial sectors of the island (*“Individuazione delle opera e delle infrastrutture necessarie al phase out dell’utilizzo del carbone in Sardegna e alla carbonizzazione dei settori industriali dell’isola”*)
 - Article 31-quinques has been implemented by the Decree of the Ministry of Ecological Transition of 11 January 2022 on the simplification of the oil safety stock holding system (*“Decreto del Ministero della Transizione Ecologica del 11 gennaio 2022 sulla semplificazione del sistema di tenuta delle scorte di sicurezza petrolifere”*).
 - Articles 30, 31-bis, 31-ter, 31 quater, 32, 32-bis, 32-ter and 32-quater do not require any implementing measures.
- With regard to authorisation procedures to achieve energy efficiency of buildings, in the Superbonus, articles 33 and 33 bis do not require any implementing measures.
- With regard to urban regeneration, Articles 33 and 33 bis do not require any implementing measures. The Commission considers that there is a clerical error in the Commission Implementing Decision of the first payment request to Italy with regard to the satisfactory fulfilment of milestone M1C1-52 which refers to article 37 of Decree-Law No. 77 of 31 May 2021 as one of the measures removing critical bottlenecks for to urban regeneration. However, article 37 removes critical bottlenecks for industrial reconversion.
- With regard to the simplification of procedures within the “Conferenza dei Servizi”:
 - Article 37(1) point h) 10) has been implemented by *Directorial Decree 20 July 2021, No. 114*, published on the website of the Ministry of Environment on 20 July 2021 for aspects related to site characterisation;
 - Articles 18bis, 22, 23, 24, 36-ter, 40, 44, 48 (5), 48 (5-bis), 48 (5-quarter), 48 (5-quinquies) and 57 do not require any implementing measures.

Furthermore, in line with the description of the measure, the following simplification of administrative procedures to the benefit of businesses and citizens, while also ensuring the smooth implementation of the Recovery and Resilience Plan, have been adopted:

- Directorial decree 18 August 2021, No. 137 - Definition of the application form to be filled in for the start of the approval procedure of the Operational Reclamation Project (*“Definizione del modello dell’istanza da compilare per l’avvio del procedimento di approvazione del Progetto Operativo di Bonifica”*)
- Directorial Decree 20 July 2021, No. 114: Definition of the format of the forms to be filled in for the start of the approval procedure for the Plan for the characterization of areas falling within the perimeters of sites of national interest (*“Definizione del formato della modulistica da compilare per l’avvio del procedimento di approvazione del Piano di caratterizzazione di aree ricadenti all’interno dei perimetri di siti di interesse nazionale”*)
- Decree of the Presidency of the Council of Minister of 30 March 2022 - Regulation of the functioning methods of the Delegation Management System (*“Disciplina delle modalita' di funzionamento del Sistema di Gestione Deleghe”*)
- Decree of the Ministry of the Interior of 17 October 2022, No. 223 on the methods of integration into the ANPR of the electoral lists and data relating to registration in the section lists referred to in the decree of the President of the Republic of 20 March 1967 (*“Modalita' di integrazione nell'ANPR delle liste elettorali e dei dati relativi all'iscrizione nelle liste di sezione di cui al decreto del Presidente della Repubblica 20 marzo 1967, n. 223”*)
- Decree of the Ministry of the Interior of 18 October 2022 on the updating of the operating platform of the National Registry of the resident population for the provision of services made available to municipalities for the use of the national computerized archive of civil status registers. (*“Aggiornamento della piattaforma di funzionamento dell'Anagrafe nazionale della popolazione residente per l'erogazione dei servizi resi disponibili ai comuni per l'utilizzo dell'Archivio nazionale informatizzato dei registri dello stato civile.”*)
- Ministerial Decree of the Ministry of University and Research No.1214 of 28 October 2021 - Procedures and requirements for the establishment of study courses in decentralized locations by state AFAM institutions (*“Procedure e requisiti per l’istituzione di corsi di studio in sedi decentrate da parte delle Istituzioni AFAM statali”*)
- Agreement between the competent PCM structure for technological innovation and the digital transition, MISE, Unioncamere and Infocamere as service manager, concerning the telematic connection with the PDND, in order to allow its disbursement and ensure its development (*“Convenzione tra struttura della PCM competente per l’innovazione tecnologica e la transizione digitale, il MISE, Unioncamere e Infocamere in qualità di gestore del servizio, avente ad oggetto il collegamento telematico con la PDND, al fine di consentirne l'erogazione e garantirne lo sviluppo”*)

- **The simplification reform shall eliminate authorizations not justified by imperative reasons of general interest, together with the elimination of unnecessary obligations or those that do not use new technologies. In addition, it shall implement the adoption of silent consent mechanism, the introduction of simple communication, and the adoption of uniform regimes shared with Regions and municipalities.**
- **The simplification reform includes the following elements: the interoperability of Business and Construction procedures (SUAP & SUE); the implementation of a common set of outcome-oriented performance indicators; and the definition of a set of Key Performance Indicators (KPIs) to steer organizational change in administrations.**
 - With regard to the elimination of authorizations not justified by imperative reasons of general interest, together with the elimination of unnecessary obligations or those

	<p>that do not use new technologies none of the articles covered under milestone M1C1-52 requires any implementing measures.</p> <ul style="list-style-type: none"> ○ With regard to the implementation of the adoption of silent consent mechanism, the introduction of simple communication, the adoption of uniform regimes shared with Regions and municipalities only Article 44 of Decree-Law No. 77 of 31 May 2021 does not require any implementing measures. ○ The interoperability of Business and Construction procedures (SUAP & SUE) is part of the part of reform 1.9 related to the simplification and digitalisation of 200 critical procedures affecting citizens and businesses and in particular milestones M1C1-60, 61 and 63. These aspects are not linked to the part of reform 1.9 dedicated to simplification aimed at the implementation of the RRF. ○ Additionally, the implementation of a common set of outcome-oriented performance indicators, and the definition of a set of Key Performance Indicators (KPIs) to steer organizational change in administrations are part of the part of reform 1.9 dedicated to the public employment reform and in particular milestone M1C1-59. These aspects are not linked to the part of reform 1.9 dedicated to simplification aimed at the implementation of the RRF.
Commission Preliminary Assessment: Satisfactorily fulfilled	

Number: M1C1-102	M1C1-102, Related Measure: Reform 1.13: Reform of the spending review framework	
Name of the Milestone: Adoption of a report on the effectiveness of practices used by selected public administrations for formulating and implementing saving plans		
Qualitative Indicator: Publication of the report		Time: Q4 2022
Context:		
<p>The milestone M1C1-102 is part of Reform 1.13 whose objective is to reform the spending review framework in order to improve its effectiveness. The milestone M1C1-102 concerns the publication of a report prepared by the Accounting Department of the Finance Ministry in cooperation with selected administrations assessing their practices in the formulation and implementation of saving plans and defining guidelines for all public administrations.</p> <p>Milestone M1C1-102 is the third milestone or target of the reform, and it follows the completion of milestone M1C1-100, which required the reform of the existing national framework for yearly spending reviews, in particular by strengthening the role of the Finance Ministry, and milestone M1C1-104, which required the adoption of savings targets for spending reviews for the aggregate central state administrations for the years 2023-2025. It will be followed by milestone M1C1-110, related to the reclassification of the general State budget, with reference to the environmental expenditure and to the expenditure that promotes gender equality, and milestones M1C1-111, M1C1-115 and M1C1-122, which are related to the completion of spending reviews and the achievement of the corresponding savings for the years 2023, 2024 and 2025. The reform has a final expected date for implementation in June 2026.</p>		
Evidence provided:		
In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:		

- i) Summary document duly justifying how the milestone was satisfactorily fulfilled in line with the requirements set out in the Council Implementing Decision;
- ii) Report prepared by the Accounting Department of the Ministry of economy and finance assessing the effectiveness of practices used by selected public administrations in the formulation and implementation of saving plans and, on that basis, defining guidelines and practical indications for all central administrations for the implementation of their saving plans.

The authorities also provided:

- iii) Additional report of the Accounting Department of the Ministry of economy and finance, dated 15 March 2023, revising and expanding the above-mentioned report, namely concerning the effectiveness of practices used by selected public administrations in the formulation and implementation of saving plans (*“La revisione della spesa dello Stato: valutazione dell’efficacia delle prassi del Ministero della Salute e del Ministero della Giustizia”*).
- iv) Additional report of the Accounting Department of the Ministry of economy and finance, dated 15 March 2023, revising and expanding the above-mentioned report, namely concerning the definition of guidelines and practical indications for all central administrations for the implementation of their saving plans (*“Linee guida per la formulazione e l’implementazione degli interventi per il conseguimento degli obiettivi di revisione della spesa dello Stato”*).
- v) Copy of the Deliberation by the Accounting Department of the Ministry of economy and finance of 29 December 2022 containing the adoption of the Report prepared by the Accounting Department of the Ministry of economy and finance.

Analysis:

The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the milestone.

In particular:

- **Preparation of a report by the Accounting Department of the Ministry of economy and finance in cooperation with selected administrations assessing their practices for formulating and implementing saving plans and defining guidelines for all public administrations.**
 - The evidence provided by the Italian authorities certifies that the Accounting Department of the Ministry of economy and finance has prepared and adopted the above-mentioned report (also published at the following link: [Ragioneria Generale dello Stato - Ministero dell’Economia e delle Finanze - La revisione della spesa del bilancio dello Stato: valutazione dell’efficacia delle prassi di alcuni ministeri e linee guida per la formulazione e l’implementazione degli interventi per il conseguimento degli obiettivi di revisione della spesa \(mef.gov.it\)](https://www.mef.gov.it/Portals/0/Documenti/2023/03/20230315_La_revisione_della_spesa_del_bilancio_dello_Stato_valutazione_dell%27efficacia_delle_prassi_di_alcuni_ministeri_e_linee_guida_per_la_formulazione_e_l%27implementazione_degli_interventi_per_il_conseguimento_degli_obiettivi_di_revisione_della_spesa.pdf)). The report includes a detailed analysis, prepared in cooperation with selected public administrations (the Ministry of Health and the Ministry of Justice), of the effectiveness of practices used by those administrations (the Ministry of Health and the Ministry of Justice) for formulating and implementing saving plans, namely with respect to the 2018-2020 spending review cycle. In particular, the first chapter describes the reference regulatory framework and illustrates briefly the main critical issues identified during the 2018

spending review. The second chapter analyses in detail the expenditure reductions achieved in the three-year period 2018-2020 for both Ministries, the criteria adopted by those Ministries in formulating the savings proposals and the monitoring practices used to verify the effective achievement of the spending reduction objectives. It also includes for both Ministries an analytical summary on the achievement of the expected savings, also in relation to the methods used to achieve them. Finally, the chapter examines the experience of the two administrations as regards the spending review process after the three-year period 2018-2020. The third chapter presents a summary of the main aspects and final considerations that can be drawn from the spending review experience analysed. In particular, the analysis concludes that time, guidelines and cooperation are fundamental elements of the process. The final part of the report provides guidelines that the Accounting Department of the Ministry of economy and finance intends to provide to public administrations for the formulation and monitoring of budget proposals related to the implementation of the expenditure review, according to the current regulatory framework defined by art. 22-bis of Law n. 196 of 2009. The guidelines concern the definition of the scope of expenditure items subject to the review, the identification of criteria (such as effectiveness, efficiency and market failures) and the methodology for the review. The guidelines also define the documentation required on the analytical work performed and require administrations to follow-up their analysis with proposals for concrete measures to be included in the budget law.

- **Furthermore, in line with the description of the measure, the objective of the reform is to improve the effectiveness of the spending review framework, including by strengthening the ex-post evaluation of spending reviews.** The objective has been achieved as the report prepared by the Italian authorities contributes to **strengthen the ex-post evaluation of spending reviews.**

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M1C1-105	M1C1-105, Related Measure: Reform 1.12: Reform of the tax administration (1)		
Name of the Target: Higher number of "compliance letters"			
Quantitative Indicator: Number	Baseline: 2150908	Target: 2581090	Time: Q4 2022
Context: Target M1C1-105 is part of Reform 1.12, which aims at reforming the tax administration through several measures in order to encourage tax compliance and improve the effectiveness of the targeting of audits and controls. Target M1C1-105 requires to increase the number of "compliance letters", providing early communication to taxpayers for which anomalies are detected, by at least 20% compared to 2019. The target is related to two targets of the same payment request, target M1C1-106 and target M1C1-107, which require the decline in the number of "false positive" compliance letters and the increase in the tax revenue generated by "compliance letters", respectively. Target M1C1-105 is an intermediate step in the implementation of the reform, and it follows the completion of milestones M1C1-101 and M1C1-103, related to the implementation of			

several provisions for encouraging tax compliance and improving tax audits and controls. It is accompanied by targets M1C1-106 and M1C1-107, and it will be followed by target M1C1-109, related to the transmission of pre-populated VAT tax returns to at least 2.3 million taxpayers for the tax year 2022; target M1C1-112, related to the increase of the staff of the Revenue Agency by 4113 units in order to improve its operational capacity; target M1C1-113, related to a further increase in the number of “compliance letters” sent compared to 2019; target M1C1-114, related to the increase of tax revenue generated by “compliance letters” by 30% compared to 2019; and targets M1C1-116 and M1C1-121, related to the reduction of tax evasion, as defined by the indicator “propensity to evade”, in all taxes excluding property taxes and excises, by 5% and 15% compared to 2019, respectively. The reform has a final expected date for implementation in June 2026.

Evidence Provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) Report from the Ministry of economy and finance and the Revenue Agency certifying the number of “compliance letters” sent to taxpayers during the relevant period.
- ii) Anonymised list of “compliance letters” sent during the relevant period, with indications concerning the relevant date, the type of irregularity and the classification as “false positive” if relevant.

The authorities also provided:

- iii) Explanatory report from the Revenue Agency providing detailed explanations and comprehensive data related to compliance with targets M1C1-105, M1C1-106 and M1C1-107.
- iv) Report from the Ministry of economy and finance explaining compliance with target M1C1-105 aligned with the format of standard explanatory reports transmitted by Italy for compliance with milestones and targets.

In the context of the sampling analysis, additional evidence provided for a sample of 60 units including:

- v) Certification from the partner SOGEI confirming the transmission.
- vi) For each of the 60 sample units:
 - a) the compliance letter sent to the taxpayer;
 - b) copy of the internal interface from the IT platform SERPICO displaying the occurred transmission to the taxpayer;

Analysis:

The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the target.

In particular:

- **Increasing the number of “compliance letters”, providing early communication to taxpayers for which anomalies are detected, by at least 20% compared to 2019.**
 - The Council Implementing Decision reports as indicative timeline for completion of the target Q4-2022. In order to assess the achievement of the target, the

Commission took into account letters sent over the twelve-month period November 2021-October 2022, which is in line with the indicative timeline reported in the Council Implementing Decision. Targets M1C1-105, M1C1-106 and M1C1-107 (which all concern “compliance letters”) are assessed over the same period. The report from the Ministry of economy and finance and the Revenue Agency certifies that the number of “compliance letters” sent to taxpayers between November 2021 and October 2022 amounts to 2 637 383, which exceeds the target (2 581 090) by 56 293 letters (13.1% of the required increase), representing an increase of 22.6% compared to the baseline, which is the number of “compliance letters” sent in 2019 (2 150 908).

- **Furthermore, in line with the description of the measure, the objective of the reform is to encourage tax compliance and improve the effectiveness of the targeting of audits and controls, also with a view of gradually increasing the number of communications sent out to taxpayers.** As the number of “compliance letters” has been increased from 2150908 to 2581090 the objective of the measures has been achieved.

The evidence provided for a sample of 60 units confirmed that the “compliance letters” providing early communication, have been transmitted to the taxpayers by the Revenue Agency during the relevant period. The letters concerned anomalies detected by the Revenue Agency on the tax declarations of recipients.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M1C1-106	M1C1-106, Related Measure: Reform 1.12: Reform of the tax administration (2)		
Name of the Target: Reducing the number of false positive “compliance letters”			
Quantitative Indicator: Number	Baseline: 126500	Target: 132825	Time: Q4 2022
Context:			
<p>Target M1C1-106 is part of Reform 1.12, which aims at reforming the tax administration through several measures in order to encourage tax compliance and improve the effectiveness of the targeting of audits and controls.</p> <p>Target M1C1-106 requires to reduce the number of false positive “compliance letters” (providing an early communication to taxpayers for which anomalies are detected, but for which no frauds are detected ex post) by at least 5% with respect to 2019.</p> <p>The target is related to two targets of the same payment request, target M1C1-105 and target M1C1-107, which require the increase in the number of compliance letters and in the corresponding government revenues, respectively. Target M1C1-106 is an intermediate step in the implementation of the reform, and it follows the completion of milestones M1C1-101 and M1C1-103, related to the implementation of several provisions for encouraging tax compliance and improving tax audits and controls. It is accompanied by targets M1C1-105 and M1C1-107, and it will be followed by target M1C1-109, related to the transmission of pre-populated VAT tax returns</p>			

to at least 2.3 million taxpayers for the tax year 2022; target M1C1-112, related to the increase of the staff of the Revenue Agency by 4113 units in order to improve its operational capacity; target M1C1-113, related to a further increase in the number of “compliance letters” sent compared to 2019; target M1C1-114, related to the increase of tax revenue generated by “compliance letters” by 30% compared to 2019; and targets M1C1-116 and M1C1-121, related to the reduction of tax evasion, as defined by the indicator “propensity to evade”, in all taxes excluding property taxes and excises, by 5% and 15% compared to 2019, respectively. The reform has a final expected date for implementation in June 2026.

Evidence Provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) Report from the Ministry of economy and finance and the Revenue Agency certifying the number of “compliance letters” sent to taxpayers during the relevant period which resulted as “false positive”.
- ii) Anonymised list of “compliance letters” sent during the relevant period, with indications concerning the relevant date, the type of irregularity and the classification as “false positive” if relevant.

The authorities also provided:

- iii) Explanatory report from the Revenue Agency providing detailed explanations and comprehensive data related to compliance with targets M1C1-105, M1C1-106 and M1C1-107.
- iv) Addendum to the Explanatory report from the Revenue Agency (“*Ulteriori precisazioni in merito ai c.d. “falsi positivi”*”);
- v) Report from the Ministry of economy and finance explaining compliance with target M1C1-106.
- vi) In the context of the sampling analysis, documents for each of the sampled unit (“compliance letters” which resulted as “false positive”):
 - a) the “compliance letter” sent to the taxpayer;
 - b) the communication and related documents transmitted by the taxpayer in reply to the compliance letter.

Analysis:

The Commission considers that there is a clerical error in the text of the Council Implementing Decision as regards target M1C1-106 and has undertaken the assessment on a revised basis. In line with the description of the target, the goal of the target should amount to 120 175, which is a 5% reduction compared to the baseline of 126 500 (as opposed to 132 825 in the text of the Council Implementing Decision, which represents a 5% increase). This clerical error was confirmed by Italy.

Against this background, the justification and substantiating evidence provided by the Italian authorities cover all constitutive elements of the target.

In particular:

- **Reducing the number of false-positive “compliance letters” (providing an early communication to taxpayers for which anomalies are detected, but for which no frauds are detected ex post) by at least 5% with respect to 2019.**

- The Council Implementing Decision states that the number of false-positive “compliance letters” (providing an early communication to taxpayers for which anomalies are detected, but for which no frauds are detected ex post) shall be reduced by at least 5% with respect to 2019. The “Further specifications” of the Operational Arrangements states that “false positive compliance letters” are intended as compliance letters sent to taxpayers which proved to wrongfully signal compliant transactions according to the relevant criteria. The relevant criteria are the established practices and methodologies used by the Revenue Agency, which were used to compute the baseline of the target and are explained in the evidence provided by Italy (“Addendum to the Explanatory report from the Revenue Agency”). According to these criteria, most “false positive compliance letters” correspond to cases in which, having received the letter, the taxpayer provided explanations to the Revenue Agency and the latter concluded on compliance based on the explanations provided; for a small group of “compliance letters” (such as those related to the ex-ante estimates of economic parameters, the so-called “ISA coefficients”), the Revenue Agency considers as “false positive” all cases in which taxpayers provided explanations only, as cross-checking compliance requires a fully-fledged audit which is performed only on a case by case basis. The Council Implementing Decision reports as indicative timeline for completion of the target Q4-2022. In order to assess the achievement of the target, the Commission took into account letters sent over the twelve-month period November 2021-October 2022, which is in line with the indicative timeline reported in the Council Implementing Decision. Targets M1C1-105, M1C1-106 and M1C1-107 (which all concern “compliance letters”) are assessed over the same period. 34 498 compliance letters sent during that period proved to be false positive according to the relevant criteria by 14 February 2023 (the average taxpayers’ response time amounted to 49 days for “compliance letters” transmitted in 2021, as indicated in the “Explanatory report from the Revenue Agency”, page 11). This amount is below the target (120 175) by 85 677 letters, representing a reduction of 72.7% compared to the baseline, that is the number of “compliance letters” sent in 2019 which resulted as “false positive” (126 500). This represents a significant “overachievement” of the target (representing a reduction of 72.7% with respect to a 5% reduction required by the target)

- **Furthermore, in line with the description of the measure, the objective of the reform is to encourage tax compliance and improve the effectiveness of the targeting of audits and controls**, also with a view at **reducing the incidence of false-positive**. As the number of “false positive compliance letters” has been reduced from 126 500 to 34 498 the objective of the measures has been achieved.

The evidence provided for a sample of 60 units confirmed that, for “compliance letters” reported as “false positive” by the Italian authorities, the taxpayers have provided explanations pointing to their compliance to the Revenue Agency.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M1C1-107	M1C1-107, Related Measure: Reform 1.12: Reform of the tax administration (3)		
Name of the Target: Increase in the tax revenue generated by "compliance letters"			
Quantitative Indicator: Euro	Baseline: 2130000000	Target: 2449500000	Time: Q4 2022
<p>Context: Target M1C1-107 is part of Reform 1.12, which aims at reforming the tax administration through several measures in order to encourage tax compliance and improve the effectiveness of the targeting of audits and controls.</p> <p>Target M1C1-107 requires to increase the tax revenue generated by “compliance letters” by 15% with respect to 2019.</p> <p>The target is related to two targets of the same payment request, target M1C1-105 and target M1C1-106, which require the increase in the number of compliance letters and the decline in the number of “false positive” compliance letters, respectively. Target M1C1-107 is an intermediate step in the implementation of the reform, and it follows the completion of milestones M1C1-101 and M1C1-103, related to the implementation of several provisions for encouraging tax compliance and improving tax audits and controls. It is accompanied by targets M1C1-105 and M1C1-106 and it will be followed by target M1C1-109, related to the transmission of pre-populated VAT tax returns to at least 2.3 million taxpayers for the tax year 2022; target M1C1-112, related to the increase of the staff of the Revenue Agency by 4113 units in order to improve its operational capacity; target M1C1-113, related to a further increase in the number of “compliance letters” sent compared to 2019; target M1C1-114, related to the increase of tax revenue generated by “compliance letters” by 30% compared to 2019; and targets M1C1-116 and M1C1-121, related to the reduction of tax evasion, as defined by the indicator "propensity to evade", in all taxes excluding property taxes and excises, by 5% and 15% compared to 2019, respectively. The reform has a final expected date for implementation in June 2026.</p>			
Evidence Provided:			
<p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> i) Report from the Ministry of economy and finance and the Revenue Agency certifying the increase in tax revenues generated by “compliance letters” over the relevant period and indicating the corresponding increase in aggregated tax revenues reported in the monthly bulletin published by the Financial Department of the Ministry of economy and finance. <p>The authorities also provided:</p> <ul style="list-style-type: none"> ii) Explanatory report from the Revenue Agency providing detailed explanations and comprehensive data related to compliance with targets M1C1-105, M1C1-106 and M1C1-107. iii) Report from the Ministry of economy and finance explaining compliance with target M1C1-107 aligned with the format of standard explanatory reports transmitted by Italy for compliance with milestones and targets. 			
Analysis:			

The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the target.

In particular:

- **Increasing the tax revenue generated by “compliance letters” by 15% compared to 2019.**
 - The Council Implementing Decision reports as indicative timeline for completion of the target Q4-2022. In order to assess the achievement of the target, the Commission took into account tax revenue generated by “compliance letters” over the twelve-month period November 2021-October 2022, which is in line with the indicative timeline reported in the Council Implementing Decision. Targets M1C1-105, M1C1-106 and M1C1-107 (which all concern “compliance letters”) are assessed over the same period. The report from the Ministry of economy and finance and the Revenue Agency certifies that tax revenue generated by “compliance letters” between November 2021 and October 2022 amounts to EUR 2 945 556 829, which exceeds the target (EUR 2 449 500 000) by EUR 496 056 829 (155.3% of the increase required by the target), representing an increase of 38.3% compared to the baseline, which is tax revenue generated by “compliance letters” in 2019 (EUR 2 130 000 000). The target is further specified in the Operational Arrangements, which requires indicating the corresponding increase in aggregated tax revenues reported in the monthly bulletin published by the Financial Department of the Ministry of economy and finance. The report from the Ministry of economy and finance and the Revenue Agency indicates that the higher revenues generated by “compliance letters” during the relevant period compared to 2019 contributed by 1.3% of the increase in overall tax revenues recorded over the same period.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M1C1-123	M1C1-123, Related Measure: Investment 1.6.3 - Digitization of National Social Security Institute (INPS) and National Institute for Insurance against Accidents at work (INAIL) (1)		
Name of the Target: INPS - "One click by design" services/contents T1			
Quantitative Indicator: Number	Baseline: 0	Target: 35	Time: Q4 2022
Context:			
<p>This investment aims to implement a major review of Italy’s main Central Administrations to re-engineer and digitize a set of priority processes, activities and service. This part of the measure focuses on the National Social Security Institute’s (hereinafter referred to as “INPS”) and of the National Institute for Insurance against Accidents at work’s (hereinafter referred to as “INAIL”) internal systems and procedures as well as the evolution of their digital touchpoints with residents, firms and other public administrations, in order to provide users with a seamless digital experience.</p> <p>The objective of milestone M1C1-123 is to deploy 35 additional services on INPS’s institutional website. The functionalities of the services shall include the digital submission of requests for services, the check of the requirements for accessing benefits, the status monitoring of the practice</p>			

by users, the proactive proposal of services based on user's needs, the automatic renewal of benefits without the need for new applications.

Milestone M1C1-123 is the first target for Investment 1.6.3, the second being target M1C1-124 on the improvement of digital skills for 4250 INPS's employees also expected to be completed by Q4-2022. The third target, M1C1-132, due in Q4-2023, aims to increase the number of additional services on INPS's website from 35 to 70. The fourth target, M1C1-133, also expected to be completed by Q4-2023, aims to improve the digital skills of 4250 additional INPS's employees. The fifth target, M1C1-134, is to achieve 53 re-engineered institutional processes and services at INAIL to make them fully digitized, indicatively by Q4-2023. The last target, M1C1-155 aims to increase the number of re-engineered processes and services at INAIL to 82 indicatively by Q2-2026.

Evidence Provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) A summary document duly justifying how the target, including all the constitutive elements, was satisfactorily fulfilled. This document includes a list of weblinks to the various services deployed;
- ii) No. 42 documents by INPS Director General from 13 January 2020 to 20 September 2022 detailing the characteristics of the newly activated services.

The authorities also provided:

- iii) A document detailing the ICT strategy for INPS for the period 2020-2022;
- iv) A document outlining the monitoring process of digital services implemented by INPS;
- v) List of 37 online services deployed by INPS in the period 2021-2022;
- vi) Powerpoint presentation with screenshots of the webpages of the various services.

Analysis:

The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the target.

- **INPS - "One click by design" services/contents T1**
 - Both the web version of the website and the smart phone app allow the user to access the service with one click, once after choosing the area of interest, as it has been tested by navigating the website and using the app.
- **35 additional services deployed on INPS' institutional web site (www.inps.it).**
 - The list of online services, the documents by INPS Director General, as well as the screenshots show how 37 services have been activated on INPS institutional website since 1 February 2020.
- **The services shall be accessible on the institutional site through appropriate profiling logics (the system will suggest services of possible interest based on age, work characteristics, perceived benefits, and user history).**
 - As shown by the INPS ICT strategy document, the user, when accessing the INPS website with his/her profile, has an initial presentation of services based on personal and work characteristics, and navigation history. This has also been tested by navigating the website and using the mobile app.

- **The 35 services are related to the following INPS institutional areas: Pensions benefits; Social Shock Absorbers; Unemployment benefits; Disability benefits; Redemptions; Company collection of contribution; Agriculture workers services; Anti-fraud, corruption and transparency services.**
 - The Council Implementing Decision requires the services to cover eight institutional areas. However, the services deployed for the implementation of M1C1-123 cover six institutional areas. In particular, as shown in the documents detailing their characteristics as well as by accessing the INPS website, services related to the following institutional areas can be accessed online:
 - Pension benefits (15 services, for example pension simulator and pension digital consultant)
 - Social Shock Absorbers (Eight services, for example pre-filled indicator for social shock absorbers demand)
 - Unemployment benefits (Five services, for example unemployment benefit's online claim)
 - Disability benefits (Two services, for example European disability card's online claim)
 - Redemptions (Four services, for example child allowance, marriage leave allowance)
 - Company collection of contribution (Three services, for example mobile app for the payment of social contribution for domestic workers)
 - According to the summary document provided by Italian authorities, services among the remaining two sectors, namely "Agriculture workers services" and "Anti-fraud, corruption and transparency services" are expected to be deployed under target M1C1-132. That target will be assessed under the 5th payment request. The description of target M1C1-132 in the Council Implementing Decision mirrors the one of target M1C1-123 and it states the same institutional areas for 35 additional services. Therefore, the institutional areas should be interpreted as cumulative for the two targets. On this basis, it is considered that this constitutive element of the target is satisfactorily fulfilled.
- **In the listed institutional areas, the services that shall be implemented will concern (...) the digital submission of requests for services,**
 - As shown in the corresponding documents by INPS director describing their characteristics, the following services allow the digital submission of requests for services: delegation of digital identity (social shock absorbers institutional area), digitalization of supporting documents for invalidity claims (disability benefits institutional area), child allowance claim (redemptions institutional area), unemployment benefit request for workers in the show business (unemployment institutional area), payment of voluntary pension contributions through a mobile app (pension benefits institutional area).
- **In the listed institutional areas, the services that shall be implemented will concern (...) the check of the requirements for the benefit,**
 - As shown in the corresponding documents by INPS director describing their characteristics, the following services allow to check the requirements for the benefit: pension simulator (pension benefits institutional area), Green pass check (company collection of contribution institutional area), child benefit claim on mobile app and income and wealth indicator (ISEE) calculator for access to social security benefits (both in the social shock absorbers institutional area).
- **In the listed institutional areas, the services that shall be implemented will concern (...) the status monitoring of the practice by users,**
 - As shown in the corresponding documents by INPS director describing their characteristics, the following services allow for the status monitoring of the practice by the user: wage

supplementation benefits (social shock absorbers institutional area), family benefits (social shock absorbers institutional area), eGovernment mobile app (App IO) notifications for INPS services (pension benefits institutional area), INPS portal for tax consultants (social shock absorbers institutional area).

- **In the listed institutional areas, the services that shall be implemented will concern (...) the proactive proposal of services based on user's needs,**
 - As shown in the corresponding documents by INPS director describing their characteristics, the following services are proposed pro-actively to the users based on their needs: the survivorship pension (pre-filled) claim (pension benefits institutional area), interactive and personalised tutorial and virtual assistant for recipients of unemployment benefit (unemployment institutional area), interactive and personalised tutorial and virtual assistant for pensioners (pension benefits institutional area).

- **In the listed institutional areas, the services that shall be implemented will concern (...) the automatic renewal of benefits without the need for new applications.**
 - The Council Implementing Decision required that in the listed institutional areas, the services that shall be implemented will concern (...) the automatic renewal of benefits without the need for new applications. As explained in the summary document, the INPS' implemented services providing benefits have an automatic renewal without the need for a new application, unless beneficiaries need to provide subsequent evidence on the fact that their eligibility for those services continues to apply. Specifically, for the survivorship pension (where the automatic renewal can be inferred from here: [Portale Inps - INPS-Pensione ai superstiti indiretta e di reversibilità](#)), the child allowance (where the renewal for the minimum amount is automatic as shown here: [Portale Inps - INPS-Assegno unico e universale 2023: stop alle domande di rinnovo, INPS liquiderà d'ufficio la prestazione a chi ha già beneficiato dell'assegno](#)), and the disability benefits (where the renewal is automatic after the first two renewals applications as shown here: [Portale Inps - INPS-Assegno ordinario di invalidità per persone con capacità lavorativa ridotta](#)[Portale Inps - INPS-Assegno ordinario di invalidità per persone con capacità lavorativa ridotta](#)).

- **Finally, there shall be monitoring dashboards that allow both the monitoring by INPS of the benefits provided and data driven support to policy makers' decisions.**
 - The document provided by INPS on monitoring process shows that INPS has available a dashboard with detailed information about users' utilisation of its digital services and that it uses feedback from its AI virtual assistants to improve their performance therefore providing data driven support for decisions related to the development of the services.

- **Furthermore, in line with the description of the measure: as regards INPS (...), the project encompasses the evolution of their digital touchpoints with residents, firms and other public administrations, in order to provide users with a seamless digital experience.**
 - The development of these additional digital services with the addition of the features described in the previous points like pro-active services, check of requirements of the benefits or status monitoring of the practice by the users provide the users with a seamless digital experience, constituting an evolution of INPS' digital touchpoints with its users. Some example of those evolved digital services, incorporating the above mentioned features are the child benefit claim on mobile app (for residents), Green pass check (firms) and INPS portal for tax consultants (other public administrations).

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M1C1-124	M1C1-124, Related Measure: Investment 1.6.3 - Digitization of National Social Security Institute (INPS) and National Institute for Insurance against Accidents at work (INAIL) (2)		
Name of the Target: INPS - Employees with improved Information and Communication Technologies (ICT) skills T1			
Quantitative Indicator: Number	Baseline: 0	Target: 4250	Time: Q4 2024
<p>Context:</p> <p>This investment aims to implement a major review of the National Social Security Institute’s (INPS) and of the National Institute for Insurance against Accidents at work’s (INAIL) internal systems and procedures as well as the evolution of their digital touchpoints with residents, firms and other public administrations, in order to provide users with a seamless digital experience.</p> <p>The objective of target M1C1-124 is improve digital skills of 4250 INPS employees in one of the areas of the European e-Competence Framework.</p> <p>Target M1C1-124 is the second target of Investment 1.6.3, the first one being M1C1-123, also due for Q4-2022. The objective of M1C1-123 is to deploy 35 additional services on INPS’s institutional website. The third target, M1C1-132, due in Q4-2023, aims to increase the number of additional services on INPS’s website from 35 to 70. The fourth target, M1C1-133, also due in Q4-2023, aims to improve the digital skills of 4250 additional INPS’s employees. The fifth target, M1C1-134, is to achieve 53 re-engineered institutional processes and services at INAIL to make them fully digitized by Q4-2023. The last target, M1C1-155 aims to increase the number of re-engineered processes and services at INAIL to 82 by Q2-2026.</p>			
<p>Evidence Provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> i) A summary document duly justifying how the target, including all the constitutive elements, was satisfactorily fulfilled; ii) 33 summary fiches on training courses on digital skills held at INPS describing their content, their target group and the mapping with respect to the European e-Competence Framework; iii) The list of INPS employees having followed a training course on digital competences, in excel format, with the indication of the course(s) each employee followed. <p>In the context of the sampling analysis, additional evidence was provided for a sample of 60 units including:</p> <ul style="list-style-type: none"> iv) A certificate confirming that the 60 sampled persons were indeed INPS employees at the time of the training(s) attendance; v) For each sample unit: vi) The certificate of training course(s) attendance. 			
<p>Analysis:</p> <p>The Commission considers that there is a clerical error in the text of the Council Implementing Decision as regards the description of the target M1C1-124 and has undertaken the assessment on a revised basis. In such description, it is stated that “At least 4250 INPS employees assessed with regards to their Information” while it should read “At least 4250 INPS employees assessed with regards to their “Information and Communication Technologies (ICT) skills”. The wording included in</p>			

the adopted Council Implementing Decision was incomplete and not meaningful. The correct wording appears instead in previous working versions of the Commission proposal for Council Implementing Decision with respect to target M1C1-124. The end of the sentence has been erased by mistake in the final version of the text. Against this background, the justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the target.

- **At least 4250 INPS employees assessed with regards to their Information and with certified improved skills in the following areas of the European e-Competence Framework: (i) Plan; (ii) Build; (iii) Run (iv) Enable; (v) Manage. The areas for improvement of competences will be identified according to the target group of learners.**
 - According to the summary document submitted by Italian authorities, INPS has implemented a total of 33 digital skills' training courses in the period going from November 2020 to November 2022, with a total of 7247 INPS employees attending one or more courses. For each course, the Italian authorities provided a summary document describing the content of the training, the target group in terms of job types and the mapping of the course coverage in terms of the areas of the European e-Competence Framework.
 - An assessment of the 33 summary fiches on training courses provided by Italian authorities led to the exclusion of four of them, since the description of their content didn't match the proposed e-Competence area(s) vis-à-vis the corresponding description in the European e-Competence Framework (3rd Edition) and neither seem to possess additional ICT content. Therefore, those four courses do not fulfil the above Council Implementing Decision requirements. The assessment took into consideration also the target group of learners for each one of the training courses, since the matching of skills required for some of the dimensions vary according to the job profiles. The exclusion of the four training courses led to the reduction of the population to be sampled from 7247 to 7199 INPS employees.
 - To confirm that all the employees followed the digital skills training courses, Italy provided a list of employees that followed the courses, from which a sample of 60 units was requested. The evidence provided for the sample of 60 units confirmed that all INPS employees were certified with skills in one or more areas of the European e-Competence Framework.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M1C2-6	M1C2-6 - Reform 2: Annual Competition Laws	
Name of the Milestone: Entry into force of the Annual Competition Law 2021		
Qualitative Indicator: Provision indicating the entry into force of the Annual Competition Law 2021.		Time: Q4 2022
Context:		
<p>Milestone M1C2-6 is part of the Annual Competition Laws Reform package, which aims at liberalizing several sectors or strengthening the principle of competition therein, including in local public services, electricity, gas, waste, ports, railways, highways. The Reform package also aims at harmonizing Italian merger control rules with EU rules, strengthening the market surveillance system in Italy, simplifying and speeding up the rules for starting a business.</p> <p>Milestone M1C2-6 is part of the Annual Competition Laws reform and requires the entry into force of the Annual Competition Law 2021. The milestone concerns the following sectors: merger control, local public services, energy (including hydro-concessions and gas distribution), ports, railways, waste, starting a business and market surveillance.</p>		

Milestone M1C2-6 is the first milestone of the reform and is followed by milestone M1C2-7, related to the entry into force of all energy-related implementing measures and secondary legislation with the special focus on energy, and milestone M1C2-8, related to entry into force of all implementing measures, if necessary, for the effective implementation and application of the measures stemming from the Annual Competition Law 2021. Milestones M1C2-6, M1C2-7 and M1C2-8 are linked to each other, are due by 4Q 2022 and related to this payment request. With specific regard to the ports sector, Milestone M1C2-6 is also followed up by milestone M3C2-2 in this payment request.

As part of the Annual Competition Laws Reform milestone M1C2-6 will also be followed by milestones M1C2-9, M1C2-10, M1C2-11, M1C2-12, M1C2-13 and target M1C2-14. The Reform has a final expected date for implementation Q4 2025.

Evidence provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) Summary document duly justifying how the milestone, including all the constitutive elements, was satisfactorily fulfilled;
- ii) Decree Law 144 of 23 September 2022, containing further urgent measures on national energy policy, companies productivity, social policies and for the implementation of the National Recovery and Resilience Plan, Article 22;
- iii) Decree Law 144 of 23 September 2022, containing further urgent measures on national energy policy, companies productivity, social policies and for the implementation of the National Recovery and Resilience Plan, Article 23;
- iv) Ministerial Decree of the Ministry for Ecological Transition n. 257 of 23 June 2022 approving the national program for waste management;
- v) Legislative Decree n. 201 of 23 December 2022, reform of the framework of local public services;
- vi) Legislative Decree n. 199 of 8 November 2021, application of Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources;
- vii) Legislative Decree n. 157 of 12 October 2022 on adaptation of national legislation to provisions of Regulation (EU) 2019/1020 of the European Parliament and of the Council of 20 June 2019 on market surveillance;
- viii) Law n. 156 of 9 November 2022 converting into law, with amendments, Law-Decree n. 121 of 10 September 2021, containing urgent measures on investments and safety of infrastructures, transport and road traffic, and on the competences of the Ministry for Infrastructures and Sustainable Mobility, of the Superior Council of Public Works and of the National Agency for the safety of road and motorway infrastructures;
- ix) Decree of the Minister for Infrastructures and Transport n. 202 of 28 December 2022 on port concessions;
- x) Law n. 34 of 27 April 2022, converting, with amendments, law-decree n. 17 of 1 March 2022, containing urgent measures for the containment the costs of electricity and natural gas, for the development of renewable energies and for the relaunch of industrial policies;
- xi) Law n. 233 of 29 December 2021, converting with amendments law-decree n. 152 of 6 November 2021, providing urgent measures on the National Recover and Resilience Plan;
- xii) Decision of 2 February 2023 of the Presidency of the Council of Ministers to challenge before the Constitutional Court the provincial law of Trento n. 16 of 7 December 2022 on hydro-electric concessions;

- xiii) Law n. 175 of 17 November 2022, converting into law, with amendments, of Law Decree n. 144 of 23 September 2022, containing further urgent measures on national energy policy, enterprise productivity, social policies and for the implementation of the National Recovery and Resilience Plan;
- xiv) Law n. 118 of 5 August 2022, Annual Competition Law 2021;
- xv) Law n. 108 of 29 July 2021, converting, with amendments, Law-Decree n. 77 of 31 May 2021, containing provisions on the governance of the National Recovery and Resilience Plan and first measures to strengthen administrations and speed up and simplify procedures;
- xvi) Inter-ministerial Decree by the Minister for Infrastructures and Transport and the Minister for Economy and Finance N. 419 of 28 December 2022 on port concessions.

Analysis:

The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the milestone.

- **Antitrust enforcement:**
 - **(i) Remove additional hurdles to merger-control by further aligning the Italian merger-control rules with EU law.**
 - The alignment of Italian merger-control with EU rules refer in particular to the “dominance test” to determine whether a concentration between two or more undertakings is likely to be anticompetitive. The dominance test in Italy was essentially based on Article 2 of Council Regulation (EEC) No 4064/89 of 21 December 1989 and prohibited mergers if they created or strengthened a dominant position as a result of which competition would be significantly impeded. Article 32.1 of Law n. 118 of 5 August 2022 (hereinafter referred to as the “ACL” or “Annual Competition Law 2021”) amends the national competition law to align Italian merger control to the currently applicable rules and substantive tests under EU law, namely stemming from Council Regulation (EC) No 139/2004 of 20 January 2004 on the control of concentrations between undertakings (hereinafter referred to as the “EUMR”). Article 32.1 of the ACL aligns the national substantive test to the European one by introducing the Significant Impediment to Effective Competition test (hereinafter referred to as “the SIEC test”). The SIEC test expands the range of market structures that can potentially be scrutinized by the Italian Competition Authority (*Autorità Garante della Concorrenza e del Mercato*, hereinafter referred to as “AGCM”), focusing on the creation of market power (and not only on the creation or strengthening of a dominant position). The SIEC test authorizes the AGCM to challenge mergers creating negative effects on competition even if the mergers would not result in the creation of a single or collective dominant position (thus covering also cases that would otherwise escape the prohibition of anti-competitive mergers under the previous substantive test, even if they resulted in negative effects on prices and quality of the goods/services in questions).
 - Furthermore, Article 32.1 of the ACL aligns Italian merger-control rules with the EUMR on what concerns the method for the calculation of the turnover of banks and other financial institutions (above certain thresholds triggering the obligation to notify the transaction), the assessment of joint-ventures and the possible referral to the European Commission (pursuant to Article 22 of the EUMR).
 - Lastly, in order to strengthen the control of mergers, particularly in tech markets, according to Article 32.1 of the ACL the AGCM is enabled to request

companies to notify mergers below thresholds, namely the mergers in which only one of the two turnover thresholds envisaged by national legislation is triggered (thus that would normally not trigger merger filing obligations and would escape the review of competition authorities) or in which the undertakings concerned exceed a worldwide turnover of 5 billion euros, if there are substantial risks that competition is lessened in the national market or in a significant part of it, with regard to the elimination of or prejudice to small innovative businesses.

- **Local public services:**

- **(ii) Strengthen and make more widespread use of the principle of competition for local public services contracts, in particular in waste and local public transport; (iii) Limit direct awards by requiring local public authorities to justify any deviation from the tendering of public service contracts (as per Article 192 of the Public Procurement Code); (iv) Provide for the proper regulation of public service contracts by implementing article 19 of Law 124/2015 as a single text on local public services, in particular in waste management; (v) Rules and aggregation mechanisms incentivize municipalities' unions in order to reduce the number of entities and contracting authorities by linking them to the optimal territorial aggregations ("ambiti territoriali ottimali") and the areas and adequate levels of local and regional public transport services ("bacini e livelli adeguati di servizi di trasporto pubblico locale e regionale") of at least 350.000 inhabitants.**

- Points (ii) to (v) of Milestone M1C2-6 contain several constitutive elements, which are all centred around the overall objective of increasing competition and contestability of local public services, including waste and local public transport. The Milestone sets several elements to reach such objective.
- Article 8 of the ACL delegates to the government the adoption within 6 months of one or more legislative decrees to re-organize and reform the local public services sector. The mandate to the government is framed along the principles set in the milestone.
- Points (ii) and (iii) of milestone M1C2-6 are addressed jointly by Article 8 (2) a), b) and g). More specifically, Article 8 (2) a) of the ACL delegates the government to determine, via primary legislation, the principles and criteria, based on EU law, to define, regulate and manage local public services, with the aim of guaranteeing non-discrimination, quality of service, social and territorial cohesion, all this in compliance with the overarching principle of protecting competition. Article 8 (2) b) of the ACL states that the rules on the management and organisation of the service and the choice of whether to allow an in-house/direct award must ensure the quality and efficiency of the service. Furthermore Article 8 (2) g) of the ACL gives mandate to the government to introduce new rules imposing increased justifications obligations by local authorities *"for choosing or confirming the in-house model for the efficient management of the service, explaining the reasons why, from an economic and social point of view and with regard to the level of investments, quality of service, costs of the services for users, [...] and accessibility of services, justify such a decision, also in relation to the results achieved in previous in-house operations."* Additionally, Article 8 (2) u) and v)

of the ACL mandate the increase in transparency obligation for the award and management of all local public services, in order to increase accountability and control.

- Point (iv) of milestone M1C2-6 requires to provide for the proper regulation of public service contracts as a single text to:
 - define public services based on EU law criteria and provide for general principles of provision, regulation and management of local public services. Article 8 (2) a) of the ACL delegates to the government the task to define the principles and criteria for provision, regulation and management of local public services, based on EU law. While implicitly already covered, in order to avoid potential conflict with sector specific regulation, Article 8 (2) m) explicitly provides for *“the extension also to local public transport of the rules applicable to local public services, as regards the choice of methods for managing the service and awarding contracts, in compliance with EU law”*, while Article 8 (2) n) provides for the *“review of sectoral regulations on local public services, with particular reference to waste management and of water service management, with a view to ensuring their harmonisation and coordination”*.
 - establish a general principle of proportionality in the length of public service contracts. Article 8 (2) f) of the ACL delegates the government to rationalize the criteria for the award and management of local public services and establish a general principle of proportionality and reasonableness in the length of public services contracts, in compliance with EU law;
 - clearly separate the functions of regulation and control and the management of public service contracts. Article 8 (2) c) of the ACL delegates the government to clearly separate the functions of regulation and control and the management of public service contracts. Article 8 (2) r) also mandates the *“rationalisation of the rules and criteria for the definition of tariff schemes, also with a view to ensuring a more rational distribution of powers between independent and local authorities”*. Article 8 (2) u) and v) also increase transparency obligations in order to increase accountability of local public authorities and control;
 - ensure that local public authorities justify their increase in shares of participated companies for in-house awards. Article 11 of the ACL requires that local authorities notify to the Italian Court of Auditors their increase in shares of companies with public participation, and specifies and strengthens the control powers of the Court of Auditors regarding the assessment of the financial sustainability and compatibility of the local authority's decision to increase the shareholding in a public company, in light of the principles of efficiency, effectiveness and economy of administrative action. It requires that the Italian Court of Auditors issues an opinion on the efficiency and effectiveness of increasing the share in participated

companies. Additionally, Article 8 (2) p) of the ACL mandates the coordination of the rules on local services with the rules on public contracts and on participated companies for in-house awards;

- provide for proper compensation of public service contracts, based on costing overseen by an independent regulator (such as ARERA for energy or ART for transport). Article 8 (2) c) clarifies that the separation of powers of regulation is *“without prejudice to the competences of independent authorities on economic regulation and tariffs”*, which ensures that the sectorial costing guidelines and tariff setting (where applicable) must be complied with by both the local authorities and by the operators and in turn that the sector regulators will be carrying out proper monitoring and enforcement of the sector-specific rules. Additionally, Article 8 (2) h) of the ACL provides for the introduction of *“cost monitoring systems in order to protect public finances, as well as ensure the quality, efficiency and effectiveness of the management of local public services”*;
 - limit the average duration of in-house contracts and reduce and harmonize across tendering entities the standard length of tendered contracts, provided that the duration ensures the economic and financial equilibrium of the contracts, also based on the criteria set forth by the transport regulator. The general principles of competition and proportionality established by Article 8 (2) a) and b) of the ACL and the need to guarantee cohesion across territories require that the criteria for determining the tendering and duration criteria are harmonized. The principle of proportionality and reasonableness in the length of public services contracts established by Article 8 (2) f) of the ACL combined with the need to achieve the efficient management of the service (and prove it), pursuant to Article 8 (2) g), lead to the elimination of undue prolongation of contracts or of the protection of incumbent operators, thus with a general reduction of the length of contracts and more contestability in the sector. The competent sector regulators (therefore also the Transport Authority) remain competent for economic regulations and tariffs (Art. 8 (2) c)), therefore the determination of the proper compensation will ensure economic and financial equilibrium (and proper compensation for the investments made).
 - Point (v) of milestone M1C2-6 is addressed by Article 8 (2) e) of the ACL, which delegates the government to define criteria/rules for the optimal territorial organisation of public services and incentives to facilitate the aggregation of activities, already taking into account the minimum requirement set by law (which is 350.000 inhabitants for local public transport pursuant to Article 48 of Law Decree n. 50 of 24 April 2017).
- **Energy:**
 - **(vi) Make the tendering of concessions contracts mandatory for hydropower and define the regulatory framework for hydropower concessions.**
 - The ACL amended the legislation in force (Legislative Decree n. 79 of 16 March 1999, hereinafter referred to as "Legs.Decree 79/1999") by

introducing the principles that the award of hydroelectric concessions will be carried out exclusively through competitive tendering procedures in a uniform and harmonized manner throughout the Regions. In this context, Article 7(1) (b) of the ACL requires that concessions for large hydroelectric facilities (> 3 MW) are awarded through competitive, non-discriminatory and transparent procedures. The award procedure must be launched by each Italian Region no later than 31 December 2023. In order to verify that this obligation has been complied with, the Regions shall inform the Ministry of Infrastructure and Transport without delay of the launch and outcome of the procedures for the award of concessions for large hydroelectric installations. In the event that the procedures are not initiated within the prescribed time limits, the Minister for Infrastructure and Transport must initiate those procedures through the exercise of substitute powers to launch the procedure for award of the concessions at central level (Article 12 (1-quater) of Legs.Decree 79/1999, as amended by the ACL). This is an instrument designed to avoid possible opportunistic behaviour/delays on the part of the Regions (*moral hazard*) and to ensure uniform application of the reform. Additionally, in case the award procedures are launched, but are carried out too slowly, the outgoing operator will only be allowed to continue for the time necessary to conclude them and no later than August 2025 (Article 7(1) (c) of the ACL).

- Article 12 of Legs.Decree 79/1999 as modified by Article 7 of the ACL provides that the Regions award hydro-concessions for large hydroelectric facilities, either by (a) identifying economic operators through public tendering procedures; (b) using a mixed private-public company in which the private partner is selected by means of public tendering procedures (dual call for tenders); (c) through forms of public-private partnerships. Each of the three envisaged award modalities (a), (b) or (c) provide for competitive tendering, which is a competitive procedure open to several competitors.
- In addition to the obligation to award important hydro-concession via a competitive procedure, Article 7 (1) of the ACL requires that such procedures take into account the valuation of concession tariffs, the works to upgrade the infrastructures, a congruous indemnity of the outgoing concessionaire by the new entrant based on the depreciation of investments undertaken. To this extent the contract duration is based on proposed investments on the infrastructure, including territorial and environmental compensation measures and the economic and financial equilibrium of concession projects. It also allows the possibility to use project financing as defined in the Public Procurement Code.
- The concession duration must also be compatible with the environmental objectives of Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy (Water Framework Directive). With regard to the phase out of the possibility to extend contracts, Article 7 of the ACL amends Legs.Decree 79/1999 in order to limit the possibility to extend concession contracts. Only contracts whose concessions finish before the end 2024 can be extended and only for the time to assign the concessionaire and in any event for no more than 3 years (namely not going after 2025).

- **Energy:**
 - **(vii) Make the tendering of concessions contracts mandatory for gas distribution.**
 - Article 6 of the ACL amends the applicable rules of the gas distribution framework (specifically Articles 14(7) and (8) and 15(5) of Law Decree n. 164 of 23 May 2000) as to give effect to the obligation to tender out concessions, speeding up the procedures, specifying the rules for the evaluation of the investments and providing for increased obligations for the outgoing concessionaire to provide the information necessary for the definition of the tenders (including the information on the infrastructures), which has historically been a barrier to entry for newcomers and a reason for delay of the tenders.
 - In particular, Article 6 the ACL requires the outgoing operator to provide all the necessary information to prepare the tender within a time limit set by the local authority (the contracting authority tendering out the concession) and not exceeding sixty days. In the event of non-compliance, the local authority may impose an administrative fine and assess the conduct of the outgoing operator with a view to excluding subsequent participation in tendering procedures.
 - Following the publication of the call for tenders and the additional tender documents, effective access to the infrastructure to inspect the actual state of the plants is guaranteed. In addition, the amendments introduced by Article 6 of the ACL allow to identify the proper economic value (and rent price) for their gas distribution facilities and this incentivizes municipalities to tender out the concessions.
 - The specification of the rules for determining the residual industrial value of the plants were delegated to the Italian Regulatory Authority for Energy, Networks and Environment (the *Autorità di Regolazione per Energia Reti e Ambiente*, the Energy Regulator, hereinafter referred to as “ARERA”), which adopted decision n. 714/2022/R/GAS of 22 December 2022 (see milestone M1C2-8).

- **Energy:**
 - **(viii) Establish transparent and non-discriminatory requirements for the assignment of public spaces for electric charging or for the selection charging point/station operators.**
 - Article 57 of Law Decree n. 76 of 16 July 2020 providing “urgent measures for the simplification and digital innovation” (hereinafter referred to as “LD 76/2020”), as amended by Article 23 of Law Decree n. 144 of 23 September 2022 (providing “Further urgent measures on national energy policy, business productivity, social policies and policies for the implementation of the National Recovery and Resilience Plan (PNRR)”), requires municipalities to publish on their website and on the National Platform for Electric Mobility any request for an authorisation for the installation of a charging point in a specific public space to draw the interest of other potential operators. If other operators express an interest to also obtain the aforementioned authorisation, and granting of the authorisation to more operators at the same time is not possible (or not compatible with the urban planning), Article

57 of LD 76/2020 requires municipalities to select the operator and assign the authorisations through an evaluation procedure ensuring the principles of impartiality, equal treatment and non-discrimination among the various operators.

- Lastly, Article 12 (1) of the ACL amends Article 1 (697) of the Budget Law for 2021 (Law n. 178 of 30 December 2020) in order to provide that motorway concessionaires, in the selection of operators for the installation of electric vehicle charging infrastructures on their routes of competence, must follow competitive, transparent and non-discriminatory procedures.

- **Energy:**

- **(ix) Remove regulated tariffs for electricity supply for electric vehicle charging.**

- The power of the ARERA to define regulated prices for the supply of electricity for charging electric vehicles has been eliminated by amending Article 57 (12) of LD 76/2020, as modified by Article 45 of Legislative Decree n. 199 of 8 November 2021 (in application of Directive UE 2018/2001), which requires that network tariffs are paid in a non-discriminatory manner by the charging point operators (hereinafter referred to as “CPOs”), and possibly with the general charges if a solution is found that is compatible with the rules on State aid. The new provisions therefore relate to the bill paid by the CPOs, not to the cost of the charging service paid by the end user (owner or driver of the electric vehicle). The charging service therefore remains fully competitive. Lastly, Article 23 of Law Decree n. 144 of 23 September 2022 containing ‘Measures on the supply of electricity for charging electric vehicles’ introduced further amendments to Article 57 of LD 76/2020, specifying that the tariff that ARERA may adopt are ‘exclusively related to components to cover network costs and general system charges’, not the costs of electricity.

- **Transport:**

- **(x) Establish clear, non-discriminatory and transparent criteria for the award for port concessions; (xi) Remove barriers for port concessionaires to merge port concession activities in several big and medium-sized ports; (xii) Remove barriers that prevent concessionaires from providing some of the port services themselves and using their own equipment, without prejudice to the safety of workers, provided that the relevant conditions required to protect safety of workers are necessary and proportionate to the objective of ensuring safety in the port areas; (xiii) Simplify the revision of the procedures for the revision of the ports authorization plans.**

- Article 5 (1) of the ACL requires that port concessions are awarded on the basis of tendering procedures with the publication of a call for tender indicating clearly and transparently the selection and award criteria, as well as the maximum duration of concessions. The duration of the concession is strictly dependent on the Economic and Financial Plan of the planned investments and is therefore determined to ensure their economic and financial sustainability. Article 5 of the ACL further establishes that the calls for tender also indicate the possible reimbursements for the exiting concessionaire and that the requests to participate have to be submitted at

least 30 days after the publication of the call for tender. Article 5 (11) governs also the power to withdraw the concession, in the event of failure by the concessionaire to comply with the obligations entered into, or failure to achieve the objectives set out in the works plan, without justified reason.

- Article 5 (1) of the ACL amends Article 18(9) of Law n. 84 of 28 January 1994 on Ports (hereinafter referred to as “Ports Law”) and establishes that the prohibition of merger of port activities does not apply to ports of national and international relevance as defined in Article 4 of the Ports Law.
- Ministerial Decree 202 of 29 December 2022 (approved by the Ministry for Infrastructures and Transport, in agreement with the Ministry for Economy and Finance, pursuant to Article 18 of Law N. 84 of 28 January 1994, as amended by Article 5 of the ACL) (hereinafter referred to as “Ministerial Decree 202/2022”) removed the obligation on concessionaires to dispose of additional staff dedicated exclusively to port services and confirm the possibility for concessionaires to provide some of the services directly using their own equipment, ensuring the necessary measures for the protection of the safety of workers in a proportionate manner. Article 2(13) of Ministerial Decree 202/2022 requires the port authority to verify the technical, organisational and financial capacity of the concessionaire that successfully bid for the concession contract and expressed the intention to perform some of the services itself. This article also requires the port authority to include the list of contracts. Ministerial Decree 202/2022 has also been followed up by specific guidelines (see milestone M3C2-2).
- Decree Law 121 of 10 September 2021 (providing “Urgent provisions on investments and safety of infrastructures, transport and road traffic, for the functioning of the Ministry of sustainable infrastructures and mobility, the Superior Council of Public Works and the National Agency for Safety of the railways and of road and motorways”), as amended by Law 156 of 9 November 2021, has simplified the procedures for the revision of the ports authorization plans, including the port authorities’ strategic planning documents and development plans (without eliminating the dialogue with local authorities and Regions).

- **Transport:**

- **(xiv) Implement article 27 comma 2 d) of Decree-Law 50/2017, which provides incentives for regions to tender out their regional railway contracts.**
 - Article 9 (1) of the ACL requires Regions to notify the calls for tender conducted further to Article 7(2) of Regulation 1370/2007 on public service obligations in rail to implement article 27 comma 2 d) of Decree Law 50/2017.

- **Waste:**

- **(xv) Simplify authorization procedures for waste treatment facilities.**
 - Article 22(2) of Decree Law 144 of 23 September 2022 on urgent measures for the National Recovery and Resilience Plan (hereinafter referred to as “Decree Law 144”) allows for substitutive powers for the President of the Council of Ministers or the Minister in charge of waste policy to request for a Region to authorise a waste treatment facility. Article 22(2) of Decree Law

144 further specifies that if the Region does not authorise the project within 15 days, the Council of Ministers can nominate a Commissioner to take the necessary administrative measures to conclude the delayed authorisation procedures. Article 1 of Law 175 of 17 November 2022 has converted Decree Law 144 into Law.

- **Starting a business:**
 - **(xvi) Reduce the time of accreditation for providing information about employees, from seven to four days to reduce the number of days to set up a business.**
 - Article 29 (1) of the ACL has reduced to four days the time for the public administration to digitally provide information to the company registry and the company founders.

- **Market surveillance:**
 - **(xvii) Consolidation of national market surveillance authorities in not more than ten agencies located in the main regions of Italy, each of them covering all product groups and reporting to the single liaison officer set up according to Regulation 2019/1020 (“Goods Package”); (xviii) Require national market surveillance authorities to conduct digitalized product inspections and data collection, to apply artificial intelligence to trace dangerous and illicit products and to identify trends and risks in the single market; (xix) Require national market surveillance authorities to include training and the use of the Information and Communication System for the pan-European market surveillance; (xx) Establish new accredited laboratories for product testing for all product groups. These laboratories shall conduct testing of e-commerce, physical laboratory testing, joint actions (customs/market surveillance authorities; two or more national market surveillance authorities, national and EU market authorities).**
 - Article 30 (a) of the ACL empowers the government to adopt a legislative decree to bring national legislation on market surveillance in line with the provisions of Regulation (EU) 2019/1020 and to simplify and reorganise the market surveillance system, on the basis of a set of delegation criteria which reflect the commitments of the milestone. The delegation criterion is the identification of supervisory authorities, promoting consolidation of authorities in the allocation of powers, including by merging them into homogeneous groups (based on products categories) and dividing competences amongst authorities based the principles of competence, appropriateness, subsidiarity, and consistency of decision-making processes in different categories of products.
 - Article 30 (1) a) of the ACL delegates to the government the adoption within 6 months of a legislative decree to consolidate national market surveillance authorities.
 - Article 30 (1) e) of the ACL delegates to the government the adoption within 6 months of a legislative decree to reinforce digitalized product inspections and data collection, to apply artificial intelligence to trace dangerous and illicit products and to identify trends and risks.
 - Article 30 (1) d) of the ACL delegates to the government the adoption within 6 months of a legislative decree to establish appropriate means of communication, coordination and cooperation between market surveillance

	<p>authorities, using notably the Information and Communication System for the pan-European market surveillance. As further explained in milestone M1C2-8, the single liaison office will be responsible for verifying that the training obligations of the surveillance and control authorities for products entering the market have been properly met, including in relation to the use of the information and communication system.</p> <ul style="list-style-type: none"> ▪ Article 30 (1) g) of the Annual Competition Law 2021 delegates to the government the adoption within 6 months of a legislative decree identifying the accredited laboratories and their competences for product testing for all product groups. As further explained in milestone M1C2-8 (containing legal provisions also due by 31 December 2022), the exercise of the delegation includes both existing and new accredited laboratories and covers testing of e-commerce, physical laboratory testing and joint actions (custom/market surveillance authorities; two or more national market surveillance authorities, national and EU market authorities).
Commission Preliminary Assessment: Satisfactorily fulfilled	

Number: M1C2-7	M1C2-7 - Reform 2: Annual Competition Laws	
Name of the Milestone: Entry into force of all energy-related implementing measures and secondary legislation (if necessary)		
Qualitative Indicator: Entry into force of all energy-related implementing measures and secondary legislation (if necessary)		Time: Q4 2022
Context:		
<p>Milestone M1C2-7 is part of the Annual Competition Laws Reform package, which aims at liberalizing several sectors or strengthening the principle of competition therein, including in local public services, electricity, gas, waste, ports, railways and highways. The Reform package also aims at harmonizing Italian with EU merger control rules, strengthening the market surveillance system in Italy, simplifying and speeding up the rules for starting a business.</p> <p>Milestone M1C2-7 is part of the Annual Competition Law 2021 package and requires the entry into force of the energy-related implementing measures and secondary legislation with a special focus on energy. Milestone M1C2-7 concerns both primary and secondary legislation, if necessary, and is aimed at liberalizing the gas and electricity sectors by gradually phasing out the regulated tariffs regimes. Milestone M1C2-7 also foresees <i>ad-hoc</i> flanking measures for the electricity retail market, to increase transparency for consumers and competition amongst energy suppliers/retailers.</p> <p>Milestone M1C2-7 is the second milestone of the Annual Competition Laws Reform and it follows the completion of milestone M1C2-6, both due by Q4 2022. It will be followed by M1C2-8, also due by the same implementation date, and milestones M1C2-9, M1C2-10, M1C2-11, M1C2-12, M1C2-13 and target M1C2-14. The Reform has a final expected date for implementation Q4 2025.</p>		
Evidence provided:		

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) Summary document duly justifying how the milestone, including all the constitutive elements, was satisfactorily fulfilled;
- ii) Decision of the Energy Regulator (*Autorità di Regolazione per Energia Reti e Ambiente*) n. 208/2022/R/EEL of 10 May 2022 on the shift of micro-enterprises to the free electricity market;
- iii) Decision of the Energy Regulator n. 586/2022/R/eel of 15 November 2022 on the timing of the shift of micro-enterprises to the free electricity market;
- iv) Decision of the Energy Regulator n. 53/2021/R/eel of 16 February 2021 on the shift of small enterprises to the free electricity market;
- v) Ministerial Decree of the Ministry for Economic Development (now Ministry of Enterprise and Made in Italy) of 31 December 2020 on the shift of consumers from the regulated to the free market;
- vi) Law n. 233 of 29 December 2021 (converting Decree-Law n. 152 of 6 November 2021 and containing “urgent measures for the implementation of the Recovery and Resilience Plan”);
- vii) Decree-Law n. 152 of 6 November 2021 and containing “urgent measures for the implementation of the Recovery and Resilience Plan” (as published in the Official Journal on 31 December 2021);
- viii) Law n. 124 of 4 August 2017, Annual Competition Law 2017, containing measures on the liberalization of the retail electricity market;
- ix) Decree of the Ministry for Energy n. 315 of 31 August 2022 regulating the arrangements for the informed entry of final customers into the free electricity market;
- x) Decree-Law n. 176 of 18 November 2022 on urgent measures to sustain the energy sector;
- xi) Letter of the Ministry of Environment and Energy Security to the Presidency of the Council of Ministers of 15 December 2022;
- xii) Decision of the Energy Regulator n. 242/2021/R/com of 8 June 2021 containing provisions on the content and information on the energy bills;
- xiii) Decision of the Energy Regulator n. 209/2022/R/com of 10 May 2022 containing provisions on the content and information on the energy bills;
- xiv) Decision of the Energy Regulator n. 637/2022/R/com of 29 November 2022 on transparency of the information contained in the energy bills;
- xv) Legislative Decree n. 210 of 8 November 2021, implementing EU Directive 2019/944 on common rules for the internal market for electricity and amending Directive 2012/27/EU;
- xvi) Ministerial Decree of the Ministry for Ecological Transition (now Ministry of Environment and Energy Security) n. 176 of 5 May 2022 on the eligibility to operate as electricity supplier/retailer;
- xvii) Decision of the Energy Regulator n. 32/2021/R/eel of 2 February 2021 on the non-paid non-electricity related charges (“oneri di sistema”);
- xviii) Decision of the Energy Regulator n. 119/2022/R/eel of 22 March 2022 on the reimbursement mechanism for the non-paid non-electricity related charges (“oneri di sistema”);
- xix) Decision of the Energy Regulator n. 364/2022/R/eel of 27 July 2022, integrating Decision of the Energy Regulator n. 119/2022/R/eel of 22 March 2022 on the reimbursement mechanism for the non-paid non-electricity related charges;
- xx) Decision of the Energy Regulator n. 491/2021/R/eel of 24 November 2020 on the shift of small enterprises to the free electricity market;
- xxi) Legislative Decree n. 102 of 4 July 2014 implementing Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency;
- xxii) Law n. 197 of 29 December 2022 (Budget Law 2023).

Analysis:

The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the milestone.

- **Entry into force of all energy-related implementing measures and secondary legislation (if necessary) to: (i) phase-out of regulated prices for micro-enterprises and households as from 1 January 2023.**
 - The process of gradually starting the phasing out of regulated prices in the electricity and gas sectors for micro-enterprises and households was legislated in Italy in 2017 but never implemented. In view of milestone M1C2-7, further legislation has entered into force to plan and implement the uptake of the free retail market also for such categories of customers.
 - For electricity, microenterprises are required to be out of the regulated prices regime as of 1 April 2023 (pursuant to Article 1, paragraph 60 of Law n. 124 of 4 August 2017 and point 1 of ARERA's Decision 586/2022/R/eel of 15 November 2022), while households must be out of the regulated prices regime as of 10 January 2024 (Article 16-ter of Law n. 233 of 29 December 2021, converting Decree-Law n. 152 of 6 November 2021 and containing "urgent measures for the implementation of the Recovery and Resilience Plan").
 - For gas, microenterprises are already out of the regulated prices regime (pursuant to Article 4 of Law-Decree n. 69 of 21 June 2013, as converted and amended by Law n. 98 of 9 August 2013, and to ARERA's decision 280/2013/R/gas of 28 June 2013), while households are to be in the free market by 10 January 2024 (pursuant to Article 5 of Decree-Law n. 176 of 18 November 2022).
 - With respect to the electricity market, the end of the regulated prices regime is also accompanied by flanking measures (see below), with the aim of allocating quotas of customers who have not yet chosen a supplier in the free market to a number of operators selected on the basis of competitive procedures.
 - With regard to gas, the timing of the phase-out takes into account the possible negative effects on households in the current period of price volatility. To further protect consumers in the shift from the old to the new regime, Article 2 of Decree-Law N. 115/2022 (converted with amendments by Law No of 21 September 2022, no 142 Annex (23)) provides that each supplier is required to make available special offers to "vulnerable" categories of customers. The offers will reflect the wholesale cost of supply, the efficient marketing costs and the economic and contractual conditions defined by ARERA.

- **Entry into force of all energy-related implementing measures and secondary legislation (if necessary) to: (ii) Adopt flanking measures to support the uptake of competition in electricity retail markets. The flanking measures to ensure the uptake of competition in electricity retail markets shall enter into force at the latest on 31st December 2022 and provide at least the following:**
 - **"Auction the customer base to level the playing field for new entrants".**
 - Consistently with the above mentioned constitutive element of milestone M1C2-7, this measure applies only to microenterprises and households as the other categories have already moved to the free market (pursuant to Article 1, paragraph 60 of Law n. 124 of 4 August 2017 and to ARERA's

decision 491/2021/R/eel of 24 November 2020). The end of the regulated prices regime for microenterprises and households is accompanied by the allocation of quotas of customers who have not yet chosen a supplier in the free market to a number of operators selected on the basis of competitive procedures (the so-called “*servizio a tutele graduali*”, that is a shift through “gradual safeguards” to move all customers progressively into the non-regulated environment). Such operators (and client allocation) for the “gradual safeguards” are selected through tenders (auctions) for an allocation period defined by the Energy Regulator (ARERA) and customers can subsequently remain served by the same suppliers only by entering into a new contract under free market conditions. Pursuant to point 1 of ARERA’s Decision 586/2022/R/eel of 15 November 2022 auctions for microenterprises needed to be carried out by 1 April 2023, while for households Article 16-ter of Law n. 233 of 29 December 2021 (converting Decree-Law n. 152 of 6 November 2021 and containing “urgent measures for the implementation of the Recovery and Resilience Plan”), as seen above, requires that auctions are completed by 10 January 2024.

- Consistently with the deadlines set forth above, for microenterprises, the tenders have already been successfully carried out by the *Acquirente Unico* (a public company acting as centralized buyer of gas and electricity of protected regimes, in this case for the service “with gradual safeguards”) on 28 November 2022, the outcome of which was published on *Acquirente Unico’s* website on 16 December 2022 (<https://www.acquirenteunico.it/stampa/notizie/esito-procedura-servizio-tutele-graduali-microimprese>). The auctions were carried out in accordance with ARERA’s decisions establishing the tendering criteria (Decision 53/2021/R/eel of 16 February 2021; Decision 208/2022/R/EEL of 10 May 2022, Decision 586/2022/R/eel of 15 November 2022).
 - Additionally, the Ministry for Energy has adopted Decree n. 315 on 31 August 2022 regulating the arrangements for the informed entry of final customers into the free market in electricity, promoting a communication campaign and initiatives aimed at enhancing transparency of information and laying down certain criteria for the transition of micro-enterprises to the electricity market.
- **“Fix a ceiling as a maximum market share available to each supplier”.**
 - Consistently with the above-mentioned constitutive element of milestone M1C2-7, this measure applies only to microenterprises and households as the other categories have already moved to the free market. For micro-enterprises, Ministerial Decree of the Ministry for Energy n. 315 of 31 August 2022 foresees a maximum market share threshold of 35% per supplier (the same threshold previously applied to small enterprises, which moved to the free market in January 2022). With regard to households, pursuant to the decision of the Ministry for Energy of 15 December 2022 setting its own timing for the adoption of the next implementing acts for carrying out the

auctions for the allocation of customers, the Ministry for Energy, following the opinions of the AGCM and of the ARERA, has adopted Ministerial Decree n. 169 of 18 May 2023 fixing the market share ceiling (set at 30%), which will allow ARERA to set the tender criteria for the auctions of the lots of households for the “gradual safeguards” take place, that is before July 2023.

- The Council Implementing Decision required that flanking measures to ensure the uptake of competition in electricity retail markets fixing a ceiling as a maximum market share available to each supplier shall enter into force at the latest on 31 December 2022. While, as seen above, through the Decree of the Ministry for Energy n. 315 of 31 August 2022 (which entered into force on the same day in accordance with the publication on the Ministry’s website, in relation to which further publication has been given through the Official Journal, General Series n. 224 of 24 September 2022), Italy adopted a provision fixing the maximum market share (35%) for microenterprises well before 31 December 2022, the ceiling for households was defined on 18 May 2023 (through Ministerial Decree n. 169 of 18 May 2023 fixing the market share ceiling at 30%, which entered into force on the same day in accordance with the publication on the Ministry’s website, in relation to which further publication has been given through the Official Journal, General Series n. 116 of 19 May 2023). Whilst this constitutes a minimal temporal deviation from the requirement of the Council Implementing Decision, the delay in the entry into force of the provisions establishing a ceiling for households in 2023 is considered both limited and proportional, notably as it is consistent with and functional to the timing of the (gradual) phase-out of the regulated prices for households and the agenda for the completion of that phase-out process. The timing and agenda (pursuant to Article 16-ter of Law n. 233 of 29 December 2021, converting Decree-Law n. 152 of 6 November 2021) establish 10 January 2024 as the date for completing the phase-out of regulated prices for micro-enterprises and households, including the auctions, in view of which the maximum market shares needed to be established. As of this, this minimal deviation does not change the nature of the overall measure and does not affect the progress towards achieving the reform that the milestone represents (the phase-out of regulated price). On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled.

- **“Allow Italian consumers to ask their energy supplier to disclose their billing data to a third-party providers”**
 - Under Italian law, customers can ask their electricity supplier to have access to billing data and historical consumption and give them to other electricity suppliers. Article 9 of Legislative Decree n. 210 of 8 November 2021 (implementing EU Directive 2019/944), provides that, upon request by the customer, data on electricity fed into the grid and data on consumption must be made available, either through a standardized communication interface or through remote access, or are communicated directly to a third party

acting on behalf of the customer. According to Article 9 (1) (f) of the aforementioned Decree, the customer has full rights of portability of personal data.

- **“Increase transparency on the electricity bill by giving consumers access to the sub-components of the “spesi per oneri di sistema”.**
 - ARERA Decision n. 242 of 8 June 2021 and ARERA Decision n. 209 of 10 May 2022 contain the informative and transparency elements that electricity bills must guarantee in order to ensure customers’ greater awareness, knowledge and possibility to make comparisons. These two decisions include the obligation to show ‘system charges’ (as for instance the contributions to cover for the State’s incentives to renewable sources and the cogeneration; the costs for research and development for technological innovation of the electricity system; the costs deriving from measures and interventions for the promotion of energy efficiency, and others) separately in the bills. Finally, ARERA Decision No. 637 of 29 November 2022 contains measures to further increase the transparency of the bill, requiring to indicate separately each sub-components of the system charges and provide details on them. Therefore, electricity consumers have full access and visibility on each component of the “oneri di sistema”.

- **“Remove the requirement for suppliers to collect charges unrelated to the energy sector”.**
 - Under Italian law, electricity bills contain some charges unrelated to the services actually provided by electricity suppliers/retailers to their customers. Some of them are unrelated to the energy sector and some of them are related to the energy sector but still unrelated to the services offered by the suppliers/retailers. For some of the charges unrelated to the energy sector (the fee for RAI, the national TV broadcaster), the suppliers/retailers’ were already relieved from the obligation to collect them before 2020 (pursuant to Law n. 208 of 28 December 2015). The removal of the “collection” obligation for the retailers/suppliers means that such charges are formally still in the electricity bills but the suppliers/retailers have no financial exposure in case the final clients do not pay (namely the suppliers do not have to advance money for their clients). The objective of this milestone was to remove the obligation for suppliers/retailers to collect the remaining charges – specifically the “oneri di sistema” – which, even if broadly related to the energy sector (such as for instance the contributions to cover for the State’s incentives to renewable sources and the cogeneration; the costs for research and development for technological innovation of the electricity system; the costs for special electricity tariffs for customers a state of hardship; the costs deriving from measures and interventions for the promotion of energy efficiency) are unrelated to the electricity services or products actually sold by the electricity suppliers/retailers to their customers. In particular, the milestone specifically

addresses the competition concern expressed by the AGCM (AS1730 of 23 March 2021), namely the lack of sufficient financial protection for smaller electricity retailers or new entrants, and, as the AGCM notes, their need to protect themselves with expensive guarantees to cover their obligations to pay 100% of the “oneri di sistema” to their distributors, in case of non-payment by their final customers. In fact, regardless of whether final customers paid for these charges, the suppliers/retailers had to pay for them to their distributors, thus remaining financially exposed for charges that normally would have not pertained to their typical business risk, and in turn giving an undue advantage to bigger or vertically-integrated operators that can either sustain more easily the cost of such unrelated risks or even internalize them (in case of vertical integration). The competition distortion created but this financial burden has now been removed: first of all, the charges for the decommissioning of the nuclear power plants have been eliminated from the bill and put directly on the State’s budget through Article 1 (20) of Law n. 197 of 29 December 2022 (Budget Law 2023, which entered into force on 1 January 2023). Secondly, for the remaining charges (energy or non-energy related) with its decisions 119/2022/R/EEL and 364/2022/R/EEL, the energy regulator ARERA has introduced a new protection regime for electricity suppliers/retailers, according to which if their final customers do not pay for the (remaining) “oneri di sistema”, , the suppliers/retailers get reimbursed by a special guarantee fund created and managed by ARERA. By 30 April of each year the suppliers/retailers make a request for coverage and reimbursement of the “oneri di sistema” that have not been paid by their customers. By 30 September each year the guarantee fund reimburses the credits, plus legal interests (to compensate for the time-gap, if any, between the payment or the charges by the retailers and the actual reimbursement). This protection is consistent with the AGCM’s competition concern, namely the need to increase competition in the retail electricity market, by levelling the playing field, and specifically by relieving the financial burden on smaller electricity suppliers/retailers.

- The Council Implementing Decision required that the adopted flanking measures “remove the requirement for suppliers to collect charges unrelated to the energy sector”. Although only the charge on nuclear decommissioning has been formally removed from the electricity bills (by means of Article 1 (20) of Law n. 197 of 29 December 2022, which has entered into force on 1 January 2023 in accordance with its Article 21), Italy has established a special guarantee fund to reimburse suppliers/retailers for the remaining charges, thus de facto reaching the same pro-competitive result to ensure the uptake of competition in electricity retail markets and eliminating the financial risk for suppliers/retailers for not collecting the aforementioned charges. Whilst this constitutes a minimal substantive deviation from the requirement of the Council Implementing Decision, the measure adopted by Italy is in line with the objective of the milestone as suppliers no longer face financial exposure for having to cover up for costs

that are not generated by their activity and are unrelated to their business. This in turn creates a more level-playing field between big (or vertically-integrated market operators) and smaller operators and remove the barriers to entry to the market for potential new players, as also recommended by the AGCM. As of this, this minimal deviation does not change the nature for the measure and does not affect the progress towards achieving the reform that the milestone represents. On this basis, it is considered that also this constitutive element of the milestone is satisfactorily fulfilled.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M1C2-8	M1C2-8 - Reform 2: Annual Competition Laws	
Name of the Milestone: Entry into force of all implementing measures (included secondary legislation, if necessary) for the effective implementation and application of the measures stemming from the 2021 Annual Competition Law		
Qualitative Indicator: Entry into force of all secondary legislation, including all necessary regulations for measures stemming from the 2021 Annual Competition Law		Time: Q4 2022
<p>Context:</p> <p>Milestone M1C2-8 is part of the Annual Competition Laws Reform package, which aims at liberalizing several sectors or strengthening the principle of competition therein, including in local public services, electricity, gas, waste, ports, railways, highways. The Reform package also aims at harmonizing Italian merger control rules with EU rules, strengthening the market surveillance system in Italy, simplifying and speeding up the rules for starting a business.</p> <p>Milestone M1C2-8 is part of the implementation of the Annual Competition Law 2021 package and requires the entry into force of all implementing measures (included secondary legislation, if necessary) for the effective implementation and application of the measures stemming from the 2021 Annual Competition Law (M1C2-6). The scope of the Annual Competition Law is to liberalize and increase competition in a variety of sectors where there have been historically barriers to entry, lack of a level playing field or bottlenecks, sometimes also of regulatory nature.</p> <p>Milestone M1C2-8 follows M1C2-6, which identifies a set of specific measures to be implemented in various sectors by 2022 by means of the Annual Competition Law 2021. Milestone M1C2-8 is the third milestone of Reform 2 – Annual Competition Law, and it follows the completion of M1C2-6, related to adoption of the primary source of legislation. This package will also be followed by milestones M1C2-9, M1C2-10, M1C2-11, M1C2-12, M1C2-13 and target M1C2-14. The Reform has a final expected date for implementation Q4 2025.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> i) Summary document duly justifying how the milestone, including all the constitutive elements, was satisfactorily fulfilled; ii) Law n. 118 of 5 August 2022, Annual Competition Law 2021; iii) Legislative Decree n. 201 of 23 December 2022 on local public services; 		

- iv) Inter-ministerial Decree of the Ministry for Economy and Finance, jointly with the Ministry for Interior and the Ministry for Regional Affairs, of 27 April 2023 on aggregation incentives for contracting authorities in the local public services sector;
- v) Ministerial Decree of the Ministry for Infrastructures and Transports n. 293 of 12 October 2022 on data and information gathering by Regions in the local public services sector;
- vi) Decision by the Transport Authority n. 243 of 14 December 2022 on data and information gathering by Regions in the local public services sector;
- vii) Law Decree n. 144 of 23 September 2022, containing further urgent measures on national energy policy, enterprise productivity, social policies and for the implementation of the National Recovery and Resilience Plan;
- viii) Law n. 175 of 17 November 2022, converting into law, with amendments, of Law Decree n. 144 of 23 September 2022, containing further urgent measures on national energy policy, enterprise productivity, social policies and for the implementation of the National Recovery and Resilience Plan;
- ix) Communication of the Italian Competition Authority of 13 December 2022 on the substantive test and procedural aspects of merger control;
- x) Legislative Decree n. 185 of 8 November 2021 implementing Directive (EU) 2019/1 of the European Parliament and of the Council of 11 December 2018 to empower the competition authorities of the Member States to be more effective enforcers and to ensure the proper functioning of the internal market;
- xi) Decision of the Energy Regulator n. 714/2022/R/GAS of 22 December 2022 defining the criteria for calculating the residual industrial value of the infrastructures for gas distribution, in application of the Annual Competition Law 2021;
- xii) Letter of 9 February 2023 of the President of the Transport Authority to the Secretary General of the Presidency of the Council of Ministers on the scheme of the economic and financial plan for local public transport to be adopted by local authorities;
- xiii) Communication from the Energy Regulator to the Presidency of the Council of Ministers with clarifications on cost calculation in the water and waste management sectors;
- xiv) Decision of the Energy Regulator n. 732/2022/R/rif of 27 December 2022 on the definition of technical and qualitative standards in the waste management sector;
- xv) Law n. 41 of 21 April 2023, converting into Law the Law Decree n. 23 of 24 February 2023 with urgent measures for the implementation of the National Recovery and Resilience Plan, of the complementary fund and cohesion policy;
- xvi) Legislative Decree n. 157 of 12 October 2022 on adaptation of national legislation to provisions of Regulation (EU) 2019/1020 of the European Parliament and of the Council of 20 June 2019 on market surveillance;
- xvii) Communication of the Ministry of Enterprise and Made in Italy of 25 December 2022 calling the market surveillance authorities to the first joint meeting pursuant to articles 7 and 8 of Legislative decree n. 157 of 12 October 2022 on market surveillance;
- xviii) List of market surveillance laboratories;
- xix) List of accredited market surveillance laboratories;
- xx) List of testing laboratories;
- xxi) List of accredited testing laboratories;
- xxii) List of testing laboratories for liquids;
- xxiii) List of testing laboratories for telecommunication products;
- xxiv) List of products not covered by market surveillance in the telecommunication sector;
- xxv) List of testing laboratories for lifts/elevators parts and pressure equipment;
- xxvi) List of testing laboratories marine transportation and safety equipment;
- xxvii) List of chemical products in the agriculture sector subject to market surveillance;
- xxviii) Classification of chemical products for market surveillance in the healthcare sector;

- xxix) Communication of the Ministry of Enterprise and Made with schedule of meetings with the market surveillance authorities pursuant to Legislative Decree n. 157 of 12 October 2022;
- xxx) Inter-ministerial Decree by the Minister for Infrastructures and Transport and the Minister for Economy and Finance n. 202 of 28 December 2022, containing the regulation of ports concessions.

Analysis:

The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the milestone.

Milestone M1C2-8 should be considered in conjunction with milestone M1C2-6 where all the specific constitutive elements to be reached in each sectors by 2022 are specified. Furthermore, the analysis of this milestone should take into account the assessment of the Annual Competition Law 2021 carried out above for milestone M1C2-6 in the context of this payment request. In particular the Annual Competition Law 2021 (hereinafter ACL), foreseen under milestone M1C2-6, delegates to the government the adoption of implementing measures for:

- local public services: points (ii), (iii), (iv) and (v) of milestone M1C2-6;
- market surveillance: points (xvii), (xix), and (xx) of milestone M1C2-6; and
- energy and in particular gas distribution: point (vii) of milestone M1C2-6.

For all the remaining sectors covered by the ACL, the law includes provisions that cover all the constitutive elements of milestone M1C2-6 and are directly applicable, not requiring further implementing acts for the purpose of their effective implementation and application.

- **Local public services. Implementing acts related to M1C2-6 point (ii): “strengthen and make more widespread use of the principle of competition for local public services contracts, in particular in waste and local public transport”.**
 - Article 8 of the ACL provides for a delegation for the adoption of one or more legislative decrees to reform the field of local public services. Based on this delegation, Italy adopted Legislative Decree No. 201 of 23 December 2022 (hereinafter referred to as the “LPS Decree”, which entered into force on 31 December 2022 pursuant to article 39). The LPS Decree applies to all services of general economic interest provided at local level (hereinafter referred to as “local public services”, see below on the constitutive element of this milestone to “define public services based on EU law criteria”), including waste management and local public transport, and sets out the rules for their organization, management and related controls, so as to introduce more competition, greater clarity and stability in the legislation. The requirement to strengthen and make more widespread use of the principle of competition is pursued through both general principles, setting the framework of the Decree, and the precise rules governing the management of local public services. These include in particular:
 - the objective of ensuring, in accordance with EU law, the protection and promotion of competition, the freedom of establishment and the freedom to provide local public services and the contracts governing them (Article 1 (3));
 - the requirement that, consistently with constitutive element of the milestone to define local public services in accordance with EU law, the identification, regulation and management of local public services must

comply with the principles of competition, efficiency in management, effectiveness in meeting citizens' needs, sustainable development, the production of services of an adequate quantity and quality, the application of efficient cost-oriented tariffs, the promotion of investment in technological innovation, proportionality and adequacy of duration, transparency on the choices made by administrations and the (good) results of management (Article 3 (2));

- where the establishment of the local public service is necessary, the requirement that it is provided without introducing restrictions on the number of entities authorized to operate on the market (Article 12);
- the provision that special or exclusive rights may be granted, in accordance with EU law, only if they are essential to the performance of the task entrusted to the local public service's manager, in the absence of less restrictive measures and on the basis of an appropriate economic analysis (Article 13);
- the provision that, where the local public service is to be provided by entrusting the service to an individual operator or to a limited number of operators, the administration is to organize the service, either by means of a public tendering procedure, by awarding the service to a joint enterprise (selecting the private partner by tender) or by in-house award, in compliance with EU law (Article 14).
- the provision that direct and in-house awards must be accompanied by a detailed justification and reasoning for not using the market, based on efficiency reasons (Article 14(2) and Article 17 (2)). The provision that the decisions establishing the public service, the reports justifying the choice of method of awarding the service, the decisions on in-house or direct awards, as well as the results of the periodic review of the management situation, are published online and made accessible to the authorities, businesses and citizens through a single access on the portal of the Public Contracts and Anticorruption Authority (ANAC) (Article 31);
- the provision that the duration of the contract may not exceed the period necessary to recoup the investments provided for in the award decision and indicated in the service contract (Article 19).

- **Implementing acts related to M1C2-6 point (iii): “limit direct awards by requiring local public authorities to justify any deviation from the tendering of public service contracts (as per Article 192 of the Public Procurement Code)”.**

- Following up on the principles set forth in delegation of Article 8 of the ACL, the complex set of rules contained in the LPS Decree have the effect of limiting direct and also in-house awards and allowing them only in those cases where they are the best choice for guaranteeing ultimately the quality of the local public service, to the benefit of the community to which they are addressed. Article 14 (2) and (3) of the LPS Decree provides that the choice of award procedure must be justified in a specific report to be adopted by the local public entity before the award procedure is launched, explaining the reasons for the choice, taking into account the technical and economic characteristics of the service to be provided, including the quality of service and infrastructure investments, the costs for local authorities and users, the expected results of the various alternatives (also based on comparable awards) and the results of the previous management of the same service in terms of the quality of the service

offered and of the investments made. In their assessment, the competent authorities must take into account the data and information resulting from the periodic checks on the management situation of local public services (which in turn must show efficiency and quality of service, pursuant to Article 30). In addition, they must take into account the indicators and benchmarks prepared by the regulatory authorities for each sector. The arguments justifying the choice of method of entrustment (thus also for direct and in-house awards) are published in the report referred to in Article 14 of the LPS Decree. They must subsequently be included in the statement of reasons for the award decision. These provisions essentially requires showing that the choice of a direct (or in-house) award is justified only as the best means to ensure efficiency and quality in the provision of the service, the realization of investments and economic sustainability (public finance, costs for local authorities and users). With specific regard to in-house awards, Article 17 (2) of the LPS Decree foresees that the local authorities must provide a further qualified justification expressly setting out the reasons for not following an open and competitive procedure to ensure the efficient management of the service, explaining the benefits for the public and users of the in-house provision, in light of the planned investments, the quality and costs of services for users, also taking into account the objectives of universality, environmental protection and accessibility of services. For network-based local public services, the award decision must include also a certified economic and financial plan on the development of the infrastructure (Article 14 (4); Article 17 (4)).

- In order to further strengthen transparency and accountability of the local public entities, the LPS Decree also requires contracting entities to carry out an annual review of the management situation (economic performance, efficiency, quality of service) for all local public services in their territory, in a report that is then made public (Article 30). Article 31 of the LPS Decree also requires that such report (together with the decisions establishing the public service, the reports justifying the choice of method of awarding the service, the decisions on direct and in-house awards) is published online and made accessible to the authorities, businesses and citizens through a single access point on ANAC's portal. The publicity obligations are fully in line with what mandated by Article 192 of the Public Procurement Code (Legislative Decree 50/2016, which required the publication of the list on ANAC's portal of the contracting authorities that proceeded with in-house awards and the obligation to justify, in the award decision, the reasons for not running a competitive tender) and set even more ambitious principles to increase the competition principle and the quality of the services.
- Finally, in order to enable competent authorities (in particular the Italian Competition Authority and ANAC, which have specific powers to challenge administrative acts) as well as private undertakings to take action against in-house and direct awards that do not appear to meet the legal and economic conditions laid down the LPS Decree (including the possibility to challenge the decisions before the administrative court and block the awards), there is a "standstill obligation" of 60 days from the publication of the decision to choose an in-house/direct award on ANAC's portal (where the report under Article 14 is also published). Until the end of the standstill period, the service contract cannot be lawfully concluded and therefore the award cannot be made operational (Article 17 (3)).

- **Implementing acts related to M1C2-6 point (iv): “provide for the proper regulation of public service contracts by implementing article 19 of Law 124/2015 as a single text on local public services, in particular in waste management”.**
 - Article 8 of the ACL, in framing the delegation for legislating on the proper regulation of public service contracts, sets the same criteria laid down in Article 19 of Law n. 124 of 7 August 2015 (titled “Reorganization of the regulation of local public services of general economic interest” and requiring the end of the exclusivity regimes and the introduction of the principle of competition for the award of the services, compliance with the principles of transparency, quality and efficiency of the services, compliance with EU law, among other things). The LPS Decree – approved in implementation of the delegation – contains a number of provisions aimed at ensuring the proper regulation of public service contracts, including those related to the operation of networks and infrastructures and other assets for the provision of the service (Articles 21, 22 and 23), as well as detailed rules on the content of the service contract (Article 24), the services card (Article 25), the tariffs (Article 26) and the relationship between different sets of rules (Articles 31 to 37). All these provisions are also applicable to waste management, as required by the milestone.
 - **Implementing acts still related to M1C2-6 point (iv): “ The legal act on local public services that implements Article 19 of Law 124/2015 shall at least:”** (Milestone M1C2-6 also indicated further sub-elements of point (iv), which are analysed as follows).
 - **“define public services based on EU law criteria”:** Article 8 (a) of the ACL called for the identification of the activities of general interest which are necessary to ensure that the needs of local communities are met in accordance with the principles and criteria laid down in EU legislation. As seen above, Article 2 (1) (c) of the LPS Decree, adopted pursuant to Article 8 of the ACL, clarifies that the concept of local public services of economic importance is equivalent, for the purposes of the framework, to that of local “services of general economic interest” (hereafter referred to as “SGEI”) therefore derived from EU law (starting from Article 14 of Treaty on the Functioning of the European Union and going through the European Commission’s communications, such as, for instance, the Communication from the Commission to the European Parliament, the Council, the Social Committee and the Committee of the Regions, *A Quality Framework for Services of General Interest in Europe* of 20 December 2011 (COM/2011/0900 final) or the various communications, regulations and decisions from the Commission on the application of the European Union State aid rules to compensation granted for the provision of services of general economic interest (such as Communication 2012/C 8/02 of 11 January 2012, Commission Regulation (EU) No 360/2012 of 25 April 2012 or Commission Decision 2012/21/EU of 20 December 2011, as well as the jurisprudence of the Court of Justice of the European Union). More specifically, for the purposes of the LPS Decree, local SGEIs are defined as economic activities or services provided (or that can be provided) for remuneration on a market, which would not be provided without public intervention or would be carried out under different [pejorative] conditions in terms of physical and economic accessibility, continuity, non-discrimination, quality and safety, which are foreseen by law or which local authorities, within the scope of their

competences, consider necessary to ensure the satisfaction of the needs of local communities, so as to ensure the homogeneity of development and social cohesion (Article 2 (1) (c)).

- **“provides for general principles of provision, regulation and management of local public services”**: Article 8 of the ACL sets specific principles and criteria for providing, regulating and managing local public services (letters. (b) to (f), (h), (m), (n), (q) to (v)). The LPS Decree – in application of the delegation of Article 8 of the ACL – lays down the criteria providing, regulating and managing local public services by means of both general principles and very specific provisions. It provides uniform principles, including on economic and financial conditions, for achieving and maintaining a high level of quality, safety and accessibility, equal treatment in the management of the local public services and ensuring protection to the rights of citizens and users. In addition, the LPS Decree identifies the key principles for guiding, controlling and regulating local authorities in order to ensure the homogeneity of development and social and territorial cohesion (Article 1 (2) and (4)). Furthermore, Article 3 provides that local public services need to address the needs of the communities to which they are destined, of citizens and users, while respecting the principles of subsidiarity and proportionality. As seen above, the LPS Decree spells out that the establishment, provision, regulation and management of services comply with the principles of competition, efficiency in management, effectiveness in meeting citizens’ needs, sustainable development, the production of adequate quantity and quality services, the promotion of investment in technological innovation, proportionality and adequacy of duration, and transparency/publicity on the results of management (Articles 10 to 17 and Article 30 and 31 of the LPS Decree). These principles play a central role in guiding the interpretation and implementation, by administrations and all parties involved, of the specific provision contained in the LPS Decree. The provisions of the LPS Decree apply to all local public services, and integrate sectoral regulations (where present) and, should a conflict with them arise, take precedence over them (Article 4). The sectoral legislation remains valid to cover aspects that are not directly covered by the LPS Decree, for example specific sectoral rules on the minimum content of service contracts in local public transport; sectorial rules for identifying optimal territorial areas and basins (Article 5 (5)); special rules conferring powers on the regulatory authorities (Article 6, Article 7, Article 28); specific technical rules on the operation of networks and infrastructures (Article 21) and tariffs (Article 26).
- **“establish a general principle of proportionality in the length of public service contracts”**: Article 8 (f) of the ACL provided for the rationalisation of the rules on the duration of contractual relationships in local public services, in accordance with the principles of EU law and the principles of proportionality and reasonableness. The LPS Decree already sets very clear principles to ensure competition, contestability of the services and that the duration of the award in line with the required performance. Article 19 of LPS Decree, in implementing the delegation contained in the ACL, establishes that that the duration of the award is determined by the local authority and the other competent bodies on the basis of the service requested

proportionately to the investments to be made and in any case not exceeding the period necessary to amortise the investments indicated in the service contract, in accordance with European and national rules on public contracts.

- **“clearly separate the functions of regulation and control and the management of public service contracts”**: Article 8 (c) of the ACL provides that, without prejudice to the powers of the independent authorities to regulate tariffs, economic and quality conditions, the repartition of regulatory and control functions between authorities and different levels of local governments needed to be rationalized. Furthermore, the LPS Decree contains a series of provisions aimed at separating the functions of management at local level from those of regulation and control and regulate incompatibility and ineligibility at local level (Article 6, paragraphs 2, 3 and 4). Furthermore, the LPS Decree clarifies that the functions of regulation, guidance and control at local level are distinct and must be carried out separately from those of managing the local public network services (Article 6, paragraph 1).
- **“ensure that local public authorities justify their increase in shares of participated companies for in-house awards”**: Article 11 of the ACL strengthens the audit role of the Court of Auditors with regard to the assessment of the financial sustainability and the compatibility of the decision of the local authority to increase its share of a public company with the principles of efficiency, efficacy and cost-effectiveness of the administrative action. The new supervisory powers of the Court of Auditors increase the justification obligations of local entities willing to increase their public participation in in-house companies. Article 11 of the ACL is directly applicable and does not require any further implementing acts. In accordance with Article 11 of the ACL, the public administration must publish the opinion of the Court of Auditors on its website and, in case of a negative opinion, it must provide a detailed explanation of why it intends to depart from it and make this explanation public. For in-house companies, these measures are further reinforced by the already mentioned provisions of the LPS Decree on the obligation to state reasons and standstill obligation for in-house awards (Article 17, 30 and 31 of the LPS Decree).
- **“provide for proper compensation of public service contracts, based on costing overseen by an independent regulators (such as ARERA for energy or ART for transport)”**: Article 8 (r) of the ACL ensures greater proportionality (and transparency) for the economic compensation of public service contracts, providing for the rationalisation of the framework and criteria for the definition of tariff schemes. Article 8 (h) of the ACL also requires the introduction of cost monitoring systems, with the aim of controlling public expenditure as well as the quality, efficiency and effectiveness in the management of local public services. In the framework of the ACL’s delegation, Article 24 of LPS Decree foresees that service contracts must identify the public service obligations as well as the economic conditions of the relationship, including the arrangements for determining any financial compensation to cover the public service obligations and for verifying the absence of overcompensation. The reference costs of the services (the benchmark costs) are to be identified by the independent

regulatory authorities and are published on ANAC portal in the Transparency Section (Article 31). Furthermore, for network-based local public services, Article 7 of the LPS Decree requires ARERA and ART, in the respective areas of competence, to identify (i) the reference costs of the services (defined as cost indicators estimating the resources/assets needed to operate the service in accordance with efficiency criteria, or benchmark costs, as also provided by Article 2 (1) (g) of the LPS Decree); (ii) the template model business plan; (iii) minimum quality levels and their indicators; (iv) template calls for tender and model contracts. Local authorities must take these benchmarks into account when deciding on how to award local public services (Articles 10, 14 and 17 of the LPS Decree). Such indicators must also be taken into account for the purposes of periodic checks on the management situation of local public services referred to in Article 30. This encourages, *inter alia*, the comparability of solutions adopted by administrations and their accountability. For non-network based local public services, similar indicators and measures to promote comparability and highlight best practices are foreseen (Article 8 of the LPS Decree).

- **“limit the average duration of in house contracts and reduce and harmonize across tendering entities the standard length of tendered contracts, provided that the duration ensures the economic and financial equilibrium of the contracts, also based on the criteria set forth by the Transports Authority”**: as seen above under the analysis of milestone M1C2-6, Article 8 (f) of the ACL provides for the rationalisation of the rules on the duration of contractual relationships relating to public services, in accordance with the principles of EU law and the principles of proportionality and reasonableness. Within the framework of the ACL’s delegation, the LPS Decree identifies the principles to define the duration of the awards and put them in line with the required performance and investments. Article 19 of the LPS Decree in fact requires the duration of the award of the local public service to be linked to the investments and in any case not exceed the period necessary to amortize the investments envisaged in the award. The correlation between investments and contract duration, jointly with the above-mentioned efficiency criteria and motivation obligation, ensures that the duration of the contract does not exceed what is strictly necessary to recoup the investments, thus reducing – with investments constant – the average length of the contracts. Furthermore, with specific regard to in-house awards for non-network based local public services, Article 19 of LPS Decree provides for a maximum duration of 5 years, without prejudice to the possibility for the contracting entity to justify, in the award decision, a longer duration on the basis of the need to amortise the investments, consistently with the economic financial plan referred to in Article 17 (4). Given the variety of services potentially falling within the scope of the notion of “non-network based local public services”, it was chosen not to introduce a uniform rigid limit and to refer more generally to the principle of proportionality. The above-described reinforced justification obligations local authorities will be subject to under the new regime will also ensure that there is close monitoring to ensure that no duration that is not strictly functional to the investment and the quality and efficiency of the services is allowed. Finally,

Article 7, referring to the powers of the regulatory authorities for local public network services, also emphasises the role of the authorities (not only the Transport Authority but also the Energy, Waste and Water Authority (ARERA)), in providing the correct benchmarks, indicators and reference schemes, including business and financial plans, in order to identify the correct correlation between duration and investments.

- **Implementing acts of M1C2-6 point (v): rules and aggregation mechanisms incentivize municipalities' unions in order to reduce the number of entities and contracting authorities by linking them to the optimal territorial aggregations ("ambiti territoriali ottimali") and the areas and adequate levels of local and regional public transport services ("bacini e livelli adeguati di servizi di trasporto pubblico locale e regionale") of at least 350.000 inhabitants.**

- Article 8 (e) of the ACL provides for the definition of criteria for the optimal territorial organization of local public services, including through the harmonization of sectoral legislation, and the introduction of incentives and reward mechanisms that facilitate the aggregation of activities and service management at local level. Within the framework of such delegation the LPS Decree identifies two lines of action, at the level of metropolitan cities and at regional level respectively, beyond what is already prescribed by the law as minimum dimension (which is 350.000 inhabitants for local public transport pursuant to Article 48 of Law Decree n. 50 of 24 April 2017). For metropolitan cities, the LPS Decree provides for the development and enhancement of integrated management of the local public services, including the constructions of networks and infrastructures (Article 5 (1)). On the other hand, the Regions must incentivize the reorganisation of the service areas or basins of network services for which they are responsible, including through voluntary aggregation, preferably on a regional scale or in such a way as to allow economies of scale and scope in order to maximise the efficiency of the service (Article 5 (2)). Article 5 (3) of the LPS Decree also provides that a ministerial decree had to define the specific incentives for local authorities to aggregate authorities. Such Decree was approved on 27 April 2023 by the Minister for Economy and Finance, in agreement with the Minister for the Interior and the Minister for Regional Affairs (published in the Official Journal, General Series n.100 of 29 April 2023). The Ministerial Decree lays down the incentives for aggregation, both in the form of (i) an economic nature, in so far as allocation of state resources in the various sectors falling in the local public services category is done proportionately based the aggregation level (thus incentivizing local contracting authorities to receive proportionately more funding, in the eligible sectors), and of (ii) technical nature, in the form of additional administrative capacity and specialists' support provided by the central government to the local authorities that chooses to go beyond the minimum aggregation level already foreseen by Italian law. The Council Implementing Decision required the entry into force of all implementing acts, including those on aggregation mechanisms by the end of 2022. However, as described above, the Ministerial Decree entered into force on 27 April 2023. Whilst this constitutes a minimal temporal deviation from the requirement of the Council Implementing Decision, the delay in the adoption of the aggregation Decree is considered both limited and proportional, as, firstly, the entry into force of the Ministerial Decree follows up on a provision that already entered into force at the end of 2022 that set the rules for aggregation and incentivized aggregation. Secondly, the Ministerial Decree does not penalize the local authorities who started

aggregating territories already in the first four months of 2023. Article 2 of the Ministerial Decree provides that within 30 days from the end of each semester, the local authorities may communicate the aggregations that took place in the preceding six months and retroactively benefit from the associated incentives on that basis. This means that in July 2023 the local authorities will be eligible to receive incentives for the aggregations undertaken in the first half of 2023 (as if they were operational already on 1 January 2023). As of this, this minimal deviation does not change the nature of the measure and does not affect the progress towards achieving the reform that the milestone represents. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled.

- In addition, in order to speed up the full application of the rules in force on the organization of optimal territorial areas, Article 5 (6) of the LPS Decree specifies a specific monitoring activity to be carried out by ARERA, which is required to submit a report to the Parliament on a six-monthly basis on compliance with the requirements laid down in the sectoral legislation for defining the perimeter of optimal territorial areas and for setting up the governing bodies in the area. As a result of these monitoring activities, ARERA will report any non-compliance to the President of the Council of Ministers, in order to exercise the relevant substitute powers and carry out the aggregations.
- **Market surveillance: Implementing acts related to M1C2-6 point (xvii) consolidation of national market surveillance authorities in not more than ten agencies located in the main regions of Italy, each of them covering all product groups and reporting to the single liaison officer set up according to Regulation 2019/1020.**
 - In the implementation of the legislative delegation contained in Article 30 of the ACL, Italy approved Legislative Decree n. 157 of 12 October 2022 (from now on the “MS Decree”). The purpose of the Decree is to simplify and restructure the market surveillance system and to bring national legislation in line with Regulation (EU) 2019/1020 of the European Parliament and of the Council of 20 June 2019. Article 3(1) of the MS Decree, implementing Article 30 (1) a) of the ACL, appoints 8 national market authorities (thus less than 10) in charge cumulatively for market surveillance in all product categories. Annex I to the MS Decree lists for each of the 8 national market surveillance authorities the products for which they are competent, covering all the product categories covered by Regulation (EU) 2019/1020. The authorities carry out controls, within the scope of their respective competences, including through their local offices, the Customs Agency and the Tax Police (the *Guardia di Finanza*, designated as the authority responsible for checking products entering the European Union market) as well as through the information provided by several other authorities with offices on the ground (such as for instance 65 Chambers of Commerce and around 100 local health authorities, as indicated by Italian authorities). Article 5 of the MS Decree also identifies the Ministry of Economic Development (now Ministry of Enterprise and Made in Italy) as the single “liaison officer” and coordination body for Italy, which is responsible for representing the coordinated position of the national supervisory authorities and those responsible for monitoring products entering the EU market and communicating national surveillance strategies. The MS Decrees also establishes that the liaison officer also ensures harmonisation of single market authorities and carries out their operational coordination.

- The Council Implementing Decision required that the market surveillance authorities had to be no more than ten, located in the main Regions (with no indication of a minimum requirement), each of them covering all product groups. The Council Implementing Decision also required that such authorities were set up based on Regulation (EU) 2019/1020. As laid down in Article 3 of the MS Decree, Italy appointed eight authorities and has located them all in Rome, within the main Ministries. The Ministries in turn have territorial offices with geographical competences throughout Italy at the level of Regions, Provinces and municipalities as well as cooperation protocols with authorities on the ground such as the Customs Agency and the Tax Police. Through their territorial offices, the eight authorities exercise the market surveillance tasks (covering all product groups) in the main Regions of Italy. Additionally, each Ministry in Rome is not competent for all the products groups at the same time, but is responsible for a homogenous group of products within its specialised competence. Product groups can be covered by several authorities within the remit of the specialised competences of each authority. Whilst this constitutes a minimal substantive deviation from the requirement of the Council Implementing Decision, Italy has followed up to Regulation 2019/1020 by relying on and making use of the already existing knowledge in each Ministry and their geographical presence in the territory, creating special and dedicated ministerial offices, covering all products cumulatively. Attributing market surveillance to the most competent authorities also contributes to avoiding redundancies and inefficient duplications. The coverage of all different Regions is ensured through territorial offices and cooperation protocols with several authorities on the ground. As a result, Italy has consolidated market surveillance covering all products, through the newly appointed market surveillance authorities, under the coordination of the single liaison officer, as the milestone requires. As of this, this minimal deviation does not change the nature of the measure and does not affect the progress towards achieving the reform that the milestone represents. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled.
- **Implementing acts related to M1C2-6 point (xviii) require national market surveillance authorities to conduct digitalized product inspections and data collection, to apply artificial intelligence to trace dangerous and illicit products and to identify trends and risks in the single market.**
 - Article 30 (1) (e) of the ACL Law provides for a ‘strengthening of the digitalisation of control, surveillance and data collection procedures, also in order to facilitate the application of artificial intelligence systems for the tracing of illicit products and for risk analysis’. Based on this legislative delegation, the MS Decree (Article 7) requires the national market surveillance authorities, together with the Presidency of the Council of Ministers, to implement within 60 days digitalized product inspections and data collection, including through systems of artificial intelligence to trace dangerous and illicit products and to identify trends and risks posed by products, in order to improve operational techniques and simplify procedures and to share knowledge (the identified trends and risks in the single market) with EU Product Compliance Network pursuant to Article 29 of Regulation 2019/1020. Article 7 of the MS Decree does not require any implementation measure.
- **Implementing acts related to M1C2-6 point (xix) require national market surveillance authorities to include training and the use of the Information and Communication System for the pan-European market surveillance.**

- Article 30 (1) (d) of the ACL delegated the government to adopt a legislative decree to establish appropriate means of communication, coordination and cooperation between market surveillance authorities, using notably the Information and Communication System for the pan-European market surveillance. Based on such legislative delegation, Article 6 of the MS Decree requires market surveillance authorities to use the information and communication system for the pan-European market surveillance referred to in Article 34 of Regulation 2019/1020 with regard to the surveillance of products for which they are responsible (and to transmit all the information via the single liaison office). The single liaison office is responsible for verifying that the training obligations of the surveillance and control authorities for products entering the market have been properly met, including in relation to the use of the information and communication system (Article 5 (6) of the MS Decree). It should be noted that that provisions expressly refers to Article 6, thus are functional to the transmission of information to the Information and Communication System for pan-European market surveillance.
- **Implementing acts related to M1C2-6 point (xx) establish new accredited laboratories for product testing for all product groups. These laboratories shall conduct testing of e-commerce, physical laboratory testing, joint actions (customs/market surveillance authorities; two or more national market surveillance authorities, national and EU market authorities).**
 - Article 30 (1) (g) of the ACL has the objective of enabling market surveillance laboratories to carry out tests on all product groups through the reorganization of existing testing facilities and laboratories pursuant to Article 21 of Regulation 2019/1020. On the basis of the legislative delegation foresee in the ACL, the MS Decree (Article 8) provided for the market surveillance authorities to review, for their respective areas of competence, existing and accredited testing facilities and laboratories, also in order to verify testing capacities for specific categories of products and for specific risks and, where necessary, to identify additional laboratories. As a result of this exercise, 1812 new proof laboratories and 233 new calibrating laboratories were accredited. Article 8(3) of the MS Decree follows up on the delegation included in the ACL and requires that laboratories conduct testing of both e-commerce products, also through the use of digital tools, and physical products, through physical evidence and technical assessment, thus covering all product groups. Article 8(4) of the MS Decree foresees that, when the characteristics of the products allow for joint-checks, the laboratories carry out the technical activities for which they are responsible in a coordinated manner, based on the indications of the market surveillance authorities.
- **Energy and in particular gas distribution: implementing acts related to M1C2-6 point (vii) make the tendering of concessions contracts mandatory for gas distribution):**
 - Article 6 of the ACL also provided that the Energy Regulator (ARERA) had to adopt measures providing guidance on how to calculate the economic value of the gas distribution infrastructures/network, which constitutes an essential element for the tender of the concession and for the definition of the contractual relationship with the new operator winning the tender. To that end, ARERA adopted Decision 714/2022/R/GAS of 22 December 2022, which redefines and specifies in more detail the criteria and formulas for calculating the residual industrial value of the

infrastructures that will be used for the gas distribution services, reflecting the actual value of the network and in this way incentivizing the municipalities that own the infrastructure to tender out the contracts and avoiding that they remain locked in with the incumbent operators (until now being the only ones having the correct information on the value of the networks).

With regard to the other sectors covered by the Annual Competition Law 2021 (M1C2-6) the following should be noted:

- **Antitrust enforcement** (M1C2-6, constitutive element (i)):
 - As explained in the context of the assessment of milestone M1C2-6 above, the ACL is directly applicable, contains all the elements required by the Milestone and is sufficient to ensure proper enforcement as well as effective implementation of the relevant provision (Article 32).
- **Hydropower concessions** (M1C2-6, constitutive element (vi)):
 - As explained in the context of the assessment of milestone M1C2-6 above, Article 7 of the ACL contains sufficiently precise and binding provisions to make the reform directly applicable from August 2022 on and allow effective implementation. When each of the concessions will expire and will have to be tendered out, if the competent Region (or the tendering authority) does not comply with the provisions contained in the ACL, the central government will have the power to substitute itself to the Regions (based on the new powers foreseen by Article 7(1) b) of the ACL) or, where necessary, challenge the acts adopted at regional level with the standard enforcement tools.
- **Electric charging stations and tariff for vehicle charging** (M1C2-6, constitutive elements (viii) and (ix)):
 - As explained in the context of the assessment of milestone M1C2-6 above, Article 57 (12) of LD 76/2020 as modified by Article 45 of Legislative Decree n. 199 of 8 November 2021 (in application of Directive EU 2018/2001), which requires that network tariffs should be paid, in a non-discriminatory manner, by the charging point operators, and Article 23 of Law Decree n. 144 of 23 September 2022 containing 'Measures on the supply of electricity for charging electric vehicles' are directly applicable and do not require further implementing act for the satisfactory fulfilment of milestone M1C2-8.
- **Transport: ports** (M1C2-6, constitutive elements (x) and (xi), (xii) and (xiii)):
 - As explained in the context of the assessment of milestone M1C2-6 above, Article 5 of the ACL provides the general principles that port concessions have to comply with in terms transparency, impartiality and proportionality, and effective competition. While not related to the constitutive elements of milestone M1C2-6, the ACL also includes an explicit reference to the adoption of inter-ministerial decree on Ports. This decree is assessed under milestone M3C2-2, part of this payment request.
- **Transport: regional railway contracts** (M1C2-6, constitutive element (xiv)):
 - As explained in the context of the assessment of milestone M1C2-6 above, Article 9 (1) of the ACL requires Regions to notify the calls for tender conducted pursuant to Article 7(2) of Regulation 1370/2007 on public service obligations in rail to implement article 27 comma 2 d) of Decree Law 50/2017. No further implementing act is needed for the satisfactory fulfilment of milestones M1C2-8.
- **Waste** (M1C2-6, constitutive element (xv)):
 - As explained in the context of the assessment of milestone M1C2-6 above, Article 22(2) of Decree Law 144 of 23 September 2022 on urgency measures for the National

Recovery and Resilience Plan allows for substitutive powers for the President of the Council of Ministers or the Minister in charge of waste policy to request for a Region to authorise a waste treatment facility. No further implementing act is needed for the satisfactory fulfilment of milestone M1C2-8.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M1C3-6	M1C3-6, Related measure Reform – 3.1 Minimum Environmental Criteria for Cultural events
Name of the Milestone: Entry into force of a decree defining social and environmental criteria in public procurement tenders concerning cultural events publicly financed	
Qualitative Indicator: Provision in the decree mentioning the entry into force of decree for the adoption of minimum environmental criteria for cultural events	
<p>Context:</p> <p>The aim of this reform is to facilitate the reduction of the ecological footprint of cultural events (such as exhibitions, festivals, cultural events and musical events), promoted or organized by public authorities, through the inclusion of social and environmental criteria in public procurement.</p> <p>Milestone M1C3-6 requires the entry into force of a decree defining social and environmental criteria in public procurement tenders concerning cultural events funded, promoted or organized by public authorities. Milestone M1C3-6 is the only milestone for this reform.</p>	
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> i) Summary document duly justifying how the milestone was satisfactorily fulfilled in line with the requirements set out in the Council Implementing Decision; ii) Copy of the publication in the Official Journal No. 282 of 2 December 2022 of the Ministerial Decree No. 459 of 19 October 2022, adopting the minimum social and environmental criteria for cultural events, in compliance with Article 34 of Legislative Decree No. 50 of 18 April 2022; iii) Ministerial Decree No. 459 of 19 October 2022, including its annex setting out the minimum social and environmental criteria for cultural events. 	
<p>Analysis:</p> <p>The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the milestone.</p> <p>In particular:</p> <ul style="list-style-type: none"> • The reform shall cover cultural events such as exhibitions, festivals and performing arts events. In line with the description of the measure, the aim of the reform is to improve the ecological footprint of cultural events (such as exhibitions, festivals, cultural events and musical events) by including social and environmental criteria in public procurement for cultural events funded, promoted or organised by the public authority 	

- The Ministerial Decree No. 459 of 19 October 2022 implements Article 34 of the Legislative Decree No. 50 of 18 April 2016 (the Public Procurement code), by adopting the minimum social and environmental criteria for cultural events. The Ministerial Decree No. 45 of 19 October 2022, published in the Official Journal No. 282 of 2 December 2022, has **entered into force on 17 December 2022 in accordance with Article 3, as required by the milestone.**
- According to the annex to the Ministerial Decree No. 459 of 19 October 2022 (pp. 5-7) entitled “Minimum Environmental Criteria for Events” (Criteri Ambientali Minimi per Eventi), the minimum social and environmental criteria will be included in public procurement procedures subject to the public procurement code for all cultural events (including exhibitions, festivals, cultural and musical events) funded, organised and promoted by public authorities. For public procurement procedures not subject to the public procurement code, contracting authorities are however encouraged to condition the financing and/or the administrative concession to the application of the minimum environmental and social criteria for cultural events.
- **Criteria shall be adopted for the following aspects: reduction in the use of paper and prints, use of eco-friendly materials, stage set-up made with recycled and reused materials and sustainable furnishings, low environmental impact gadgets, selection of the location based on the protection of biodiversity, low environmental impact catering services, transport to reach the event and transport of materials, energy consumption for the organization of the event.** Concerning these aspects, the reform contains a coherent package of provisions that will contribute to fight against climate change by reducing energy consumption and CO₂ emissions in the organization of cultural events. Specifically, the following minimum environmental criteria were adopted:
 - To reduce the use of paper and prints and promote eco-friendly materials, contracting authorities are encouraged to issue tickets and promotional materials in an electronic format accessible to all and limit the use of paper at minimum. In this latter case, only recycled materials or paper from sustainable sources could be used (chapter 4.1.4 of the annex to the Ministerial Decree No. 459 of 19 October 2022, pp. 8-9). Tablecloths shall be reusable and only single-use napkins or personal hygiene products with EU Ecolabel (or equivalent labels) could be purchased (chapter 4.1.17 of the annex to the Ministerial Decree No. 459 of 19 October 2022, p. 20);
 - For the stage set-up, the setting of the events should be designed through innovative and circular solutions to promote energy efficiency, the optimal utilisation of space, encourage reuse as well as reduce waste according to the principles of “design for disassembly” (chapter 4.1.6 of the annex to the Ministerial Decree No. 459 of 19 October 2022, pp. 17-18). Furniture and fittings (for example, banners) shall not be personalized and shall be second-hand. In case of lease or new purchase, the minimum environmental criteria set out in the Ministerial Decree No. 254 of 23 June 2022 shall be respected. If reusable, furniture and fittings should be reused for other events or alternatively sold or given for free to third sector organizations. Conversely, they will be disassembled in single components and sent to waste collection centres (chapter 4.1.8 of the annex to the Ministerial Decree No. 459 of 19 October 2022, p. 12);

- To reduce waste, the distribution of gadgets that are not immaterial or with reduced packaging is discouraged. When necessary, low environmental impact gadget directly related to the event could be distributed, provided that they are reusable (no single-use), durable and made with recycled, recyclable or renewable materials (Chapter 4.19 of the annex to the Ministerial Decree No. 459 of 19 October 2022, p. 13);
- The event will take place outside sensible areas from a naturalistic point of view and shall respect the biodiversity. In natural and semi-natural areas, only areas outside protected natural areas (national and regional parks, Natura 2000 sites, etc.), vulnerable areas (beaches or forests) or areas subject to specific environmental, hydrogeological and landscape restrictions shall be used. If not possible to organize the event outside the above-mentioned protected areas, the contracting authority shall adopt all the necessary measures to prevent any damage to the natural ecosystem and to the biodiversity of the area (chapter 4.1.10 of the annex to the Ministerial Decree No. 459 of 19 October 2022, pp. 13-15);
- To reduce the number of transport vehicles used and therefore limit the impact on the environment, the transport of material and products for the events shall be preferably done through rail transport or in a collective form (chapter 4.1.11 of the annex to the Ministerial Decree No. 459 of 19 October 2022, p.15). Moreover, to promote sustainable mobility and wider accessibility of the event, contracting authorities will adopt several measures, including signing specific agreements with public transport and sharing-mobility companies to reduce transport costs for users; discounted ticket prices for people using public transport or sharing mobility services; use of electric vehicles and so on. For big events, a mobility plan for the event should be devised (chapter 4.1.12 of the annex to the Ministerial Decree No. 459 of 19 October 2022, pp. 16-17);
- For catering services, the water should preferably be public water or alternatively, water provided in reusable or recyclable bottles. For food and drinks, specific provisions to promote the use of biological products and products with a specific geographical origin, such as Protected Designations of Origins (PDO) and Protected Geographical Indications (PGI) products, were adopted. For example, for food, at least the main ingredient of each dish should be biological (chapter 4.1.16 of the annex to the Ministerial Decree No. 459 of 19 October 2022, pp. 23-25);
- Contracting authorities will adopt all the necessary measures to reduce the energy consumption during the organization of the indoor and outdoor events, in particular concerning aeration, air-conditioning and lighting. For outdoor events, the use of external thermal radiators is forbidden. In general, natural light will be used as much as possible and priority for energy efficient lighting systems (for example, LED) shall be given (Chapter 4.1.13 of the annex to the Ministerial Decree No. 459 of 19 October 2022, p. 14). The location of the event will be selected taking into account the availability of natural light and the possible use of renewable energies (chapter 4.1.10 of the annex to the Ministerial Decree No. 459 of 19 October 2022, pp. 13-15);
- **Social criteria promoting accessibility and inclusion shall include: the promotion of accessibility for persons with disabilities; the promotion of opportunities for youth employment, for the long-term unemployed, for people belonging to disadvantaged groups (such as migrant workers and ethnic minorities) and for people with disabilities;**

to ensure equal access to procurement for businesses whose owners or employees belong to ethnic or minority groups, such as cooperatives, social enterprises and non - profit organizations; the promotion of “decent work” understood as the right to productive and freely chosen work, to fundamental principles and rights at work, to decent wages, social protection and social dialogue. In this regard, the Ministerial Decree No. 45 of 19 October 2022 sets out the minimum social criteria for cultural events.

Specifically:

- To promote the accessibility of the cultural events for all and in particular for persons with disabilities, the setting of the events as well as furniture and fittings will be designed taking into account the principles of “Universal design” (holistic and innovative approach for the design of products, services and environments to support diversity, social inclusion and equality). For all face-to-face and/or online public cultural events, subtitles and sign language translation shall be ensured (chapter 4.1.5 of the annex to the Ministerial Decree No. 459 of 19 October 2022, p. 10). The location of the event shall be also selected taking into account the accessibility of the event through public transportation, in particular for person with disabilities (chapter 4.1.10, pp. 13-15 and chapter 4.1.6 p. 10 of the annex to the Ministerial Decree No. 459 of 19 October 2022);
- Contractors shall be bound to hire, in a minimum percentage previously agreed with the contracting authority, new trained personnel belonging to the categories of disadvantage workers (chapter 4.1.22 of the annex to the Ministerial Decree No. 459 of 19 October 2022, pp. 24-25) indicated in the Ministerial Decree of 17 October 2017 (which includes unemployed youth, workers from ethnic minority groups, long-term unemployed and others), also taking into account Article 47 of Law Decree No. 77 of 31 May 2021, converted into law by law No. 108 of 29 July 2021, requiring contracting authorities to include in the procurement documents provisions to promote opportunities for people with disabilities (chapter 4.1.22 of the annex to the Ministerial Decree No. 459 of 19 October 2022, pp. 24-25). These provisions contribute to promote accessibility and inclusion of persons with disabilities, young people, long-term unemployed, and people belonging to disadvantaged groups. Moreover, award points could be given to tenderers who select suppliers who are committed to improving their environmental and social performance by meeting specific environmental and social standards (for example, they supply products with EU Ecolabels, they have energy and management systems such as ISO 14001, ISO 50001 in place, adopt an Eco-Management and Audit System (EMAS) or favours the involvement of social cooperatives supporting disadvantaged people in entering the job market) (chapter 4.2.6 of the annex to the Ministerial Decree No. 459 of 19 October 2022). All these provisions promote equal access to procurement for businesses whose owners or employees belong to ethnic or minority groups and “decent work” understood as the right to productive and freely chosen work, to fundamental principles and rights at work, to decent wages, social protection and social dialogue. Finally, to further stress the obligation to promote “decent work” and ensure equal access to procurements of the small and medium-sized enterprises, including those belonging to ethnic minorities and groups, several references to the applicable legislation, principles and rights at work were also included (chapter 4.1.22 “social clauses and workers protection” of the annex to the Ministerial Decree No. 459 of 19 October 2022).

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M1C3-30	M1C3-30, Related Measure: Investment 4.2: Funds for the competitiveness of tourism enterprises (1)		
Name of the Target: European Investment Bank Thematic Funds: Disbursement to the Fund of total of EUR 350 000 000			
Quantitative Indicator: number	Baseline: 0	Target: 350 000 000	Time: Q4 2022
Context: <p>Target M1C3-30 is part of the investment 4.2 “Funds for the competitiveness of tourism enterprises.” As part of this measure, the Ministry of Tourism and the European Investment Bank launched the Thematic Fund for Tourism. The Thematic Fund is a compartment of the European Investment Bank Fund of Funds (hereinafter referred to as “the fund”), designed as a dedicated sectoral Fund aimed at providing financial support for projects and investments promoted by tourism enterprises in Italy and sustaining the overall efforts toward the climate transition of the tourism sector.</p> <p>The target M1C3-30 requires the disbursement to the fund of EUR 350 000 000 in line with the investment policy defined in the milestone M1C3-22. Target M1C3-30 is the second target or milestone of the investment 4.2 “Funds for the competitiveness of tourism enterprises.” and it follows the completion of milestone M1C3-22, related to the adoption of the investment policy. It will be followed by target M1C3-29 related to the support of at least 150 tourism projects. The investment has a final expected date for implementation in Q4 2025.</p>			
Evidence Provided: <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none">i) Summary document duly justifying how the target was satisfactorily fulfilled;ii) Note of the Ministry of Tourism No. 12553 of 30 September 2022, registered to the Court of Auditors on 7 October 2022, committing EUR 350.000.000 to the fund;iii) Copy of the invoice attesting that the disbursement of EUR 350.000.000 from the Ministry of Tourism to the Fund was finalized on 10 October 2022;iv) Three operational agreements signed between the European Investment Bank and the financial intermediaries, containing the Do No Significant Harm conditions set out in the Council Implementing Decision. <p>The authorities also provided:</p> <ul style="list-style-type: none">v) Written Request by the European Investment Bank to the Ministry of Economy and Finance for the disbursement of the first tranche of funds to the fund, submitted on 15 September 2022;vi) Note of the Treasury Department of the Ministry of finance No. 75855 of 16 September 2022, transmitting the written request for the disbursement of funds to the fund made by the European investment Bank;vii) Ministerial Decree No.12553 of 30 September 2022, authorizing the disbursement of EUR 350.000.000 to the fund.			

- viii) Call for Expression of Interest No. 1683 launched on 24 May 2022 to select the financial intermediaries that will receive the resources from the Fund;
- ix) Decree of the Minister of Economy and Finance setting up the investment committee ("Comitato degli Investimenti") for the implementation of the investment.
- x) Minutes of the meeting of the investment committee on 13 October 2022, approving the selection of the three financial intermediaries;
- xi) Call for projects No. 19700 of 29 December 2022 for the selection of the tourism projects that will be supported by the fund.
- xii) Funding agreement between the European Investment Bank and the Republic of Italy which entered into force on 22 December 2021. The document was assessed in the context of the first payment request and includes the investment policy of the financial instrument.
- xiii) Memorandum of understanding among the Ministry of Economy and Finance – Treasury Department, The Ministry of Tourism and the Ministry of the Interior to coordinate the implementation of the investment;
- xiv) Copy of the Decree law No. 152, converted into law by conversion law No. 233 of 29 December 2021, which enabled the Ministry of Finance to establish the fund and to negotiate the investment policy.

Analysis:

The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the target.

In particular:

- **Disbursement of 350 000 000 to the fund in line with the investment policy defined in the Milestone. The target is further specified in the Operational Arrangements, which requires the completion of the procedures for the allocation of resources to the fund, a budget commitment of 350 million euros and the activation of the investment cycle.** In compliance with the Council Implementing Decision and the further specification of the Operational Arrangements:
 - The Ministerial Decree No. 12553 of 30 September 2022, authorizing the disbursement of the funds to the fund and the official payment issued on 7 October 2022 and finalized on 10 October 2022, provide evidence that the transfer of 350.000 000 euro to the fund was successfully completed;
 - In compliance with Article 3(1) of the funding agreement – and following the template included in annex G – the disbursement was made after a written request by the European Investment Bank to the Ministry of Economy and Finance issued on 15 September 2022;
 - The launch of the call for expression of interest for the selection of the financial intermediaries issued on 24 May 2022 and the finalization of the operational agreements with the three financial intermediaries on 29 December 2022 and on 28 March 2023 provide evidence that the investment cycle has started and the investment has entered in the implementation phase.
- **The above interventions shall be conducted according to investment policies in line with the objectives of Regulation (EU) 2021/241, including in relation to the application of the principle of 'do no significant harm', as further specified in the Technical guidance on the application of 'do no significant harm' under the Recovery and Resilience Facility Regulation (2021/C58/01). In order to ensure that the measures complies with the 'Do no significant harm' Technical Guidance (2021/C58/01), the legal agreement and the subsequent investment policy of the financial instruments shall: require the application of the Commission's technical guidance on sustainability proofing for the InvestEU Fund;**

exclude the following list of activities and assets from eligibility: (i) activities and assets related to fossil fuels, including downstream use¹⁷; (ii) activities and assets under the EU Emission Trading System (ETS) achieving projected greenhouse gas emissions that are not lower than the relevant benchmarks¹⁸; (iii) activities and assets related to waste landfills, incinerators¹⁹ and mechanical biological treatment plants²⁰; and (iv) activities and assets where the long-term disposal of waste may cause harm to the environment; require the verification of legal compliance with the relevant EU and national environmental legislation of the projects by the entrusted entity or financial intermediary for all transactions, including those exempted from sustainability proofing.

- The Do No Significant Harm conditions set out in the Council Implementing Decision were assessed in the context of the 1st payment request for milestone M1C3-22 and are being respected during the implementation of the investment. In particular, the operational agreements signed between the European Investment Bank and the financial intermediaries bind the latter to apply the Commission’s technical guidance on sustainability proofing for the InvestEU Fund; exclude the activities and assets included in the DNSH exclusion list and verify the legal compliance with the relevant EU and national environmental legislation of the projects for all transactions, including those exempted from sustainability proofing (Article 2 schedule B.1). The verification of compliance of the projects with the above-mentioned DNSH conditions will be carry out by the selected financial intermediaries during the due diligence process for the call for project No. 19700 of 29 December 2022 (Article 3 of the call).

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M1C3-31	M1C3-31, Related Measure: Investment 4.2: Funds for the competitiveness of tourism enterprises (2)		
Name of the Target: National Tourism Fund: Disbursement to the Fund of total of EUR 150 000 000 for equity support			
Quantitative Indicator: number	Baseline: 0	Target: 150 000 000	Time: Q4 2022
Context:			
<p>Target M1C3-31 is part of the investment 4.2 “<i>Funds for the competitiveness of tourism enterprises</i>” which aims at supporting firms operating in the tourism sector. As part of this measure, the Council Implementing Decision refers to the activation of an equity fund (National Tourism Fund) for the redevelopment of properties with high tourist potential.</p> <p>Target M1C3-31 requires the disbursement to the National Tourism Fund of at least EUR 150 000 000, in line with the investment policy defined in milestone M1C3-23. Target M1C3-31 is the second target of the investment 4.2 “<i>Funds for the competitiveness of tourism enterprises – sub investment National Tourism Fund</i>” and it follows the completion of milestone M1C3-23, related to the adoption of the investment policy of the National Tourism Fund. In connection to this milestone Article 16.4.2 of the investment policy of the National Tourism Fund has been amended to ensure that the selection of the real estate assets is carried out through an open and competitive procedure (“open call”). It will be followed by target M1C3-34 related to the redevelopment of at least 12 real estate properties. The investment has a final expected date for implementation in Q4 2025.</p>			

Evidence Provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) A summary document duly justifying how the milestone, including all the constitutive elements, was satisfactorily fulfilled;
- ii) Decree of the Ministry of Tourism No. 12283 of 27 September 2022, authorizing the transfer of EUR 150 000 000 to the National Tourism Fund, Comparto B, in compliance with note of Cassa Depositi e Prestiti Immobiliare SGR No. 12128 of 23 September 2022 to the Ministry of Tourism;
- iii) Copy of the invoice attesting the disbursement of EUR 150 000 000 from the Ministry of Tourism to Cassa Depositi e Prestiti Immobiliare of 12 October 2022;
- iv) Call for Expression of Interest for the purchase of real estate properties launched on 26 May 2022;
- v) Investment policy of the Tourism Fund 3 (Fondo Turismo 3);
- vi) Terms of reference to be used for the selection of the experts that will support Cassa Depositi e Prestiti Immobiliare during the due diligence process, in particular concerning the verification of compliance of the investments with the Do No Significant Harm conditions set out in the Council Implementing Decision.

The authorities also provided:

- vii) Note of Cassa Depositi e Prestiti Immobiliare to the Ministry of Tourism No. 11404 of 8 September 2022, providing an update on the state of play of the investment;
- viii) Advisory Committee's opinion of 19 September 2022 to the National Tourism Fund Board of Directors, providing a positive opinion on the economic and financial plan of Section B (*Comparto B*) of the National Tourism Fund;
- ix) Note of Cassa Depositi e Prestiti Immobiliare No. 12128 of 23 September 2022 to the Ministry of Tourism, requesting the latter to disburse to the National Tourism Fund, section B, EUR 150 000 000 in compliance with Article 16.13.3 of the management regulation of the National Tourism Fund;
- x) Note of the Court of Auditors No. 13130 of 7 October 2022, attesting the registration of the decree of the Ministry of Tourism No. 12283 of 27 September 2022 to the Court of Auditors;
- xi) Template of the checklist used to verify compliance with the DNSH conditions set out in the Council Implementing Decision;
- xii) Document summarizing the number of preselected real estate assets for the Call for Expression of Interest launched on 26 May 2022;
- xiii) Report "Gli alberghi in Italia – investimenti e fondi immobiliari."

Analysis:

The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the target.

In particular, in compliance with the description of the target set out in the Council Implementing Decision:

- **Disbursement of EUR 150 000 000 in line with the investment policy defined in milestone M1C3-23. The target is further specified in the Operational Arrangements, which require the completion of the procedures for the allocation of resources to the National Tourism**

Fund, a budget commitment of EUR 150 000 000 and the activation of the investment cycle. In line with the Council Implementing Decision:

- The Decree adopted on 27 September 2022 authorizing the disbursement of EUR 150 000 000 by the Ministry of Tourism to the National Tourism Fund, Section B, and the invoice of the official payment issued on 10 October 2022, provide evidence that the transfer of EUR 150 000 000 to the fund was successfully completed. According to the invoice, the money was received by Cassa Depositi e Prestiti Immobiliare on 12 October 2022. Finally, as explained more in detail below, the transfer of resources was done in the form of equity support and in exchange of the subscription of the National Tourism Fund's quotas.
 - The disbursement was made in compliance with the management regulation of the National Tourism Fund that encompasses its investment policy. Specifically, according to Article 16.13.3 of that regulation, the disbursement of the money to the fund, by the perspective shareholders, had to be executed after a formal request by the managing company (Cassa Depositi e Prestiti Immobiliare) was made. The formal request by Cassa Depositi e Prestiti Immobiliare to the Ministry of Tourism, in quality of perspective shareholder of the National Tourism Fund, was made on 23 September 2022, as evidenced by the note No. 12128 of Cassa Depositi e Prestiti Immobiliare to the Ministry of Tourism. According to the same note, the Ministry of Tourism has accordingly underwritten shares of the National Tourism Fund on 3 December 2021;
 - The launch of the Call for Expression of Interest on 26 May 2022 and the finalization of pre-selection list of the real estate assets provided evidence that the investment cycle has been activated and started. More specifically, on 26 May 2022, Cassa Depositi e Prestiti Immobiliare launched a Call for Expression of Interest aimed at selecting the real estate properties that will be purchased and redeveloped for tourism purposes by Tourism Fund 3. According to the summary document, 65 real estate properties have been considered eligible after a preliminary screening. In line with the provision in the call, after the pre-selection phase, Cassa Depositi e Prestiti Immobiliare will draw a shortlist of 30 real estate properties (chapter 7, sub-chapter II) and make an initial non-binding offer. The process will then be followed by the due diligence process and by the finalization of the selection (chapter 7, sub-chapter III). As also explained in the summary document, the selection criteria set out in the call of expression of interest (chapter 7, sub-chapter II), are coherent with the investment policy of the National Tourism Fund (Article 16.5 of the fund regulation). The real estate properties will be located in the areas most affected by the crisis or in marginal areas.
- **The legal agreement and the subsequent investment policy of the financial instruments shall require the application of the Commission's technical guidance on sustainability proofing for the InvestEU Fund, the respect the DNSH exclusion list and the verification of legal compliance of the projects with the relevant EU and national environmental legislation.**
 - In compliance with the above-mentioned conditions, the investment policy of the target fund, Tourism Fund 3 (Fondo Turismo 3) include the Do No Significant Harm conditions set out in the Council Implementing Decision [Article 2.2 (5)]. Moreover, as evidenced by the documentation provided, the investment operations of the

target fund (Tourism Fund 3) have been implemented in line with the above-mentioned Do No Significant Harm conditions. In particular, the respect of the Do No Significant Harm exclusion list was included as an eligibility criterion of the investment operations in the call for expression of interests for the purchase of real estate assets launched on 26 May 2022 (chapter 2). The verification of compliance of the investment operations with the Do No Significant Harm exclusion list and with the relevant EU and National environmental legislation will be carried out during the due diligence process. This phase of the selection process of the real estate assets will be conducted with the support of experts selected through an open call, as specified in the summary document and evidenced by the terms of references of the call. As the definition of the projects for the redevelopment of the real estate asset will take place following the selection of the real estate assets to be purchased, the authorities have confirmed that the sustainability proofing will be carry out at a later stage.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M2C1-3	M2C1-3, Related Measure: Investment 2.1: Logistics plan for the agri-food, fishing and aquaculture, forestry, floriculture and plant nursery sectors	
Name of the Milestone: Publication of final ranking under the Logistic incentive scheme		
Qualitative Indicator: Publication on website of the Ministry or any other support channel		Time: Q4 2022
<p>Context:</p> <p>The measure consists in granting support to tangible and intangible investments (such as storage facilities for agricultural raw materials, transformation and conservation of raw materials, digitalization of logistics and infrastructural interventions on food markets), investments in food transport and logistics to reduce the environmental and economic costs and innovation of production processes, precision farming and traceability (such as blockchain). The objective of this investment is to encourage the reduction of emissions in the transportation and logistics phases in the agri-food sector, by means of electric vehicles and transport systems and boosting the digitalization of the sector and the utilisation of renewable energy.</p> <p>Milestone M2C1-3 requires the Publication of a decree defining the final ranking under the logistics incentive scheme on website of the Ministry or any other support channel Publication on website of the Ministry or any other support channel.</p> <p>Milestone M2C1-3 is the first step of the implementation of the investment, and it will be followed by target M2C1-10, related to the number of interventions (at least 48) to improve logistics for the agri-food, fishing and aquaculture, forestry, floriculture and plant nursery sectors. The investment has a final expected date for implementation in Q2 2026.</p>		
Evidence provided:		

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) Publication of the Decree on the implementing authority website:
 - a. [Directorial Decree approving the final ranking of the projects - enterprises](#) prot. No. 656013;
 - b. [Directorial Decree approving the final ranking of the projects - ports](#) prot. No. 658834, revised by Directorial Decree of 27 February 2023 prot. No. 0127073;
 - c. [Directorial Decree approving the final ranking of the projects - markets](#) prot. No. 657897, revised by Directorial Decree of 27 February 2023 prot. No. 0127062.

The authorities also provided:

- i) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;
- ii) Ministerial Decree MASAF – enterprises of 13 June 2022 (GU No. 192 18/08/2022);
- iii) Ministerial Decree MASAF – ports of 30 August 2022 (prot. No. 0378154);
- iv) Ministerial Decree MASAF – wholesale food markets of 05 August 2022 (prot. No. 0347877);
- v) Call for projects of MASAF – enterprises of 21 September 2022, including the following annexes (prot. No. 0452233):
 - a. Annex A – Criteria for determining the ranking of beneficiaries;
 - b. Annex B – Technical note for compliance with the Do No Significant Harm principle;
 - c. Annex C – Data protection.
- vi) Call for projects of MASAF – wholesale food markets 19 October 2022, including the following annexes (prot. No. 0531649):
 - d. Annex 1 – Criteria for determining the ranking of beneficiaries;
 - e. Annex 2 – Technical note for compliance with the Do No Significant Harm principle;
 - f. Annex 3 – Data protection.
- vii) Call for projects of MASAF – ports 21 October 2022, including the following annexes (prot. No. 0537930):
 - g. Annex 1 – Data protection;
 - h. Annex 2 – Technical note for compliance with the Do No Significant Harm principle;
 - i. Annex 3 – Checklist for the respect of the Do No Significant Harm principle.
- viii) State Aid decision for enterprises, wholesale food markets and ports (C(2022) 5594);
- ix) Note by the Ministry of Agriculture, Food Sovereignty and Forestry (MASAF – Ministero dell’Agricoltura, della Sovranità Alimentare e delle Foreste) prot. No. 0068795 of 10 February 2023 sent to Invitalia, concerning Do No Significant Harm eligibility requirements, with evidence of its notification.

Analysis:

The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the milestone.

- **The Decree of approval shall define the final ranking.**
 - As specified in the summary note, in the implementation of the measure, given the different types of potential beneficiaries, the Ministry of Agriculture, Food Sovereignty and Forestry (MASAF – Ministero dell’Agricoltura, della Sovranità Alimentare e delle Foreste) split the measure in three lines of intervention targeting enterprises (EUR 500 million), wholesale food markets (EUR 150 million), and ports (EUR 150 million). This has led to the publication of three decrees rather than one.

This complies with the requirement of the milestone that the final ranking be defined in the decree. The purpose of this requirement is to ensure that the final ranking is defined by a specific type of a legal act rather than by a specific number of legal acts, and this purpose has been achieved: all three published legal acts are decrees.

- The Ministry of Agriculture, Food Sovereignty and Forestry published on its website on 21 December 2022 the directorial decree with the final ranking of beneficiaries of the call targeting enterprises (prot. No. 656013). On the 22 December 2022 the two ministerial decrees with the final ranking of beneficiaries of the calls targeting wholesale food markets and ports (prot. No. 657897 and prot. No. 658834 respectively), amended by directorial decrees on the 28 February (prot n. 0127062 and prot. No. 0127073), were published on the implementing authority website on 28 February 2023.
- **The logistic incentive scheme...**
 - The three ministerial decrees granting support from the logistic incentive scheme to tangible and intangible investments, include criteria to ensure that the selected projects comply with the 'Do no significant harm' Technical Guidance.
 - The Ministerial Decree of 13 June 2022 (GU No. 192 18/08/2022) and the call for projects of 21 September 2022 (prot. No. 0452233) addressed to enterprises list the conditions to comply with the 'Do no significant harm' Technical Guidance (2021/C58/01). The respect of the Do No Significant Harm exclusion list and the requirement of compliance with the relevant EU and Italian environmental legislation were included as eligibility criteria of the projects (art. 2.5 of Ministerial Decree of 13 June 2022; art. 5.4 of the call for projects 21 September 2022).
 - The Ministerial Decree of 05 August 2022 (prot. No. 0347877) and the call for projects of 19 October 2022 (prot. No. 0531649) addressed to wholesale food markets lists the conditions to comply with the 'Do no significant harm' Technical Guidance (2021/C58/01). The respect of the Do No Significant Harm exclusion list and the requirement of compliance with the relevant EU and Italian environmental legislation were included as eligibility criteria of the projects (art. 6.3 and 6.4 of Ministerial Decree of 05 August 2022 prot. No. 0347877; art. 4 and Annex 2 of the call for projects of 19 October 2022 prot. No. 0531649).
 - The Ministerial Decree of 30 August 2022 (prot. No. 0378154) and the Call for projects of 21 October 2022 (prot. No. 0537930) addressed to ports lists the conditions to comply with the 'Do no significant harm' Technical Guidance (2021/C58/01). The respect of the Do No Significant Harm exclusion list and the requirement of compliance with the relevant EU and Italian environmental legislation were included as eligibility criteria of the projects (art. 6.4 of the Ministerial Decree of 30 August 2022 prot. No. 0378154; art. 4 and annex II of the call for projects of 21 October 2022 prot. No. 0537930).
 - To further clarify the eligibility criteria requiring compliance with the Do No Significant Harm requirements as by an exclusion list, Ministry of Food Sovereignty and Forestry issued on 10 February 2023 a note addressed to Invitalia, the national development agency supporting the Ministry in the implementation of the measure, clarifying the type of vehicles (zero emissions) that could be eligible under the investment.

- **... shall include the following: a) Eligibility criteria that ensure that the selected projects comply with the ‘Do no significant harm’ Technical Guidance (2021/C58/01) through the use of an exclusion list and the requirement of compliance with the relevant EU and national environmental legislation.**
 - The three ministerial decrees granting support from the logistic incentive scheme to tangible and intangible investments, include criteria to ensure that the selected projects comply with the ‘Do No Significant Harm’ Technical Guidance.
 - The Ministerial Decree of 13 June 2022 (GU n. 192 18/08/2022) and the call for projects of 21 September 2022 (prot. No. 0452233) addressed to enterprises list the conditions to comply with the ‘Do No Significant Harm’ Technical Guidance (2021/C58/01). The respect of the Do No Significant Harm exclusion list and the requirement of compliance with the relevant EU and Italian environmental legislation were included as eligibility criteria of the projects (art. 2.5 of Ministerial Decree of 13 June 2022; art. 5.4 of the call for projects 21 September 2022).
 - The Ministerial Decree of 05 August 2022 (prot. No. 0347877) and the call for projects of 19 October 2022 (prot. No. 0531649) addressed to wholesale food markets lists the conditions to comply with the ‘Do no significant harm’ Technical Guidance (2021/C58/01). The respect of the Do No Significant Harm exclusion list and the requirement of compliance with the relevant EU and Italian environmental legislation were included as eligibility criteria of the projects (art. 6.3 and 6.4 of Ministerial Decree of 05 August 2022 prot. No. 0347877; art. 4 and Annex 2 of the call for projects of 19 October 2022 prot. No. 0531649).
 - The Ministerial Decree of 30 August 2022 (prot. No. 0378154) and the Call for projects of 21 October 2022 (prot. No. 0537930) addressed to ports lists the conditions to comply with the ‘Do No Significant Harm’ Technical Guidance (2021/C58/01). The respect of the Do No Significant Harm exclusion list and the requirement of compliance with the relevant EU and Italian environmental legislation were included as eligibility criteria of the projects (art. 6.4 of the Ministerial Decree of 30 August 2022 prot. No. 0378154; art. 4 and annex II of the call for projects of 21 October 2022 prot. No. 0537930).
 - To further clarify the eligibility criteria requiring compliance with the Do No Significant Harm requirements as by an exclusion list, Ministry of Agriculture, Food Sovereignty and Forestry issued on 10 February 2023 a note addressed to Invitalia, the national development agency supporting the Ministry in the implementation of the measure, clarifying the type of vehicles (zero emissions) that could be eligible under the investment.

- **b) Commitment that the climate contribution of the investment as per the methodology in Annex VI of the Regulation (EU) 2021/241 shall account for at least 32% of the total cost of the investment supported by the RRF. c) Commitment that the digital contribution of the investment as per the methodology in Annex VII of the Regulation (EU) 2021/241 shall account for at least 27% of the total cost of the investment supported by the RRF.**
 - All the three Ministerial Decrees related to this scheme (Ministerial Decree MASAF – enterprises of 13 June 2022 (GU No. 192 18/08/2022), Ministerial Decree MASAF – ports of 30 August 2022 (prot. No. 0378154), and Ministerial Decree MASAF – wholesale food markets of 05 August 2022 (prot. No. 0347877) granting support from the logistic incentive scheme to tangible and intangible investments include

as an eligibility condition that each project needs to feature at least 32% of its estimated costs contributing to the climate objectives or at least 27% to digital objectives (Call for Project – enterprises prot. No. 0452233 art. 5.5, Call for Project – wholesale food markets prot. No. 0531649 art. 4.3 and Call for Project - ports prot. No. 0537930 art. 4.3). Moreover, additional awarding points were granted to projects ensuring higher levels of both digital and climate tagging (Call for Project – enterprises prot. No. 0452233 annex A, Call for Project – wholesale food markets prot. No. 0531649 Annex 1). As each project is required comply, in terms of total estimated costs, with the minimum shares enshrined in the Council Implementing Decision, and as the costs of the investment correspond to the aggregated costs of the projects, a commitment has been made to achieve the abovementioned 32% and 27% of the total cost of the investment for the climate and digital contributions.

- **d) Commitment to report on the implementation of the measure halfway through the life of the scheme and the end of the scheme.**
 - Art. 2 in each of the three Directorial Decrees with the final ranking published on 21 and 22 December 2022 contains the commitment to report to the European Commission on the implementation of the logistics scheme halfway through the life of the scheme and at the end of the scheme (see Directorial Decree approving the final ranking of the projects - enterprises prot. No. 656013, Directorial Decree approving the final ranking of the projects - ports prot. No. 658834, revised by Directorial Decree of 27 February 2023 prot. No. 0127073, and Directorial Decree approving the final ranking of the projects – wholesale food markets prot. No. 657897, revised by Directorial Decree of 27 February 2023 prot. No. 0127062)
- **Furthermore, in line with the description of the measure, this measure consists in the granting of support to tangible and intangible investments (such as storage facilities for agricultural raw materials, transformation and conservation of raw materials, digitalization of logistics and infrastructural interventions on food markets), investments in food transport and logistics to reduce the environmental and economic costs and innovation of production processes, precision farming and traceability (such as blockchain). The selection criteria shall be coherent with the needs assessment developed under the Common Agricultural Policy (CAP) Strategic Plan by the Ministry of Agricultural, Food and Forestry Policies.**
 - As specified in the summary note, in the implementation of the measure, given the different types of potential beneficiaries, the Ministry of Agriculture, Food Sovereignty and Forestry (MASAF – *Ministero dell’Agricoltura, della sovranità alimentare e delle foreste*) divided the support scheme into three lines of intervention targeting respectively enterprises (EUR 500 million), wholesale food markets (EUR 150 million), and ports (EUR 150 million).
 - The support scheme finances projects via grants on the basis of the Ministerial Decrees and related calls for projects listed below.
 - The Ministerial Decree of 13 June 2022 (GU No. 192 18/08/2022) was addressed to enterprises in the agri-food sector (art. 13) to support the financing of projects to a) reduce environmental impact and increase sustainability of the products; b) improve the storage and transformation capacity of raw material; c) preserve the differentiation of products by quality, sustainability, traceability and production

characteristics; d) indirectly enhance the export capacity of Italian agri-food SMEs; e) strengthen digitization in logistics also for the purposes of the traceability of the products; f) reduce food waste (art. 2). These projects can include warehouses, pure logistics, commercial hubs, as well as research, improvements in energy efficiency, electric means of transport, development and innovation projects, amongst several other criteria (art. 15). The Decree was implemented via the ministerial call for projects of 21 September 2022 (prot. No. 0452233).

- The Ministerial Decree of 5 August 2022 (prot. No. 0347877) was addressed to beneficiaries operating in wholesale food markets (art. 5) for interventions to improve logistics and efficiency of markets, to reduce the environmental impacts, also through restructuring and digitization of the activities and logistical processes of the market areas (see art. 6 and 7). The Decree was implemented by the ministerial call for projects of 19 October 2022 (prot. No. 0531649).
 - The Ministerial Decree of 30 August 2022 (prot. No. 0378154) was addressed to port system authorities (art. 5) for interventions to improve the logistics of port areas with projects for the reduction of environmental impacts, also through the restructuring and digitization of the activities and processes related to the transport of agrifood products (see art. 6). The Decree was implemented by the ministerial call for projects of 21 October 2022 (prot. No. 0537930).
 - The strategy outlined under the Common Agricultural Policy (*hereinafter referred to as "CAP"*) Strategic Plan 2023-2027 represents the reference framework for interventions in favour of the agri-food sector. According to the Commission Recommendations for Italy's Cap Strategic Plan (<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020SC0396>), the agri-food sector needs to make the logistic system more efficient to reduce production, transportation and distribution costs along the whole supply chain (see pp. 5-7). The three lines of interventions indicated in the paragraph above and their selection criteria are in line with the above-mentioned needs indicated in the CAP.
 - The Directorial Decree approving the final ranking of the projects - enterprises prot. No. 656013, the Directorial Decree approving the final ranking of the projects - ports prot. No. 658834, revised by Directorial Decree of 27 February 2023 prot. No. 0127073, and the Directorial Decree approving the final ranking of the projects - markets prot. No. 657897, revised by Directorial Decree of 27 February 2023 prot. No. 0127062, list the projects selected as beneficiaries of the grants.
- **Furthermore, in line with the description of the measure, it "aims to encourage the reduction of emissions in the transportation and logistics phases in the agri-food sector, by means of electric vehicles and transport systems and boosting the digitalization of the sector and the utilisation of renewable energy".**
 - The investment supports, amongst other interventions to improve energy efficiency of the logistics processes, the reduction of emissions in the logistics sector, notably through zero emission vehicles and transport systems. which include electric vehicles and transport system (see above Ministerial Decree of 13 June 2022 art. 15 (GU No. 192 18/08/2022), Ministerial Decree of 5 August 2022 prot. No. 0347877 articles 6 and 7 and Ministerial Decree of 30 August 2022 prot. No. 0378154 art. 6, and MASAF's note issued on 10 February 2023).

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M2C1-4	M2C1-4, Related Measure: Investment 2.2: Agri-solar Park
Name of the Target: Allocation of resources to the beneficiaries as % of the total financial resources assigned to the investment	
Quantitative Indicator: 30 per cent	Time: Q4 2022
Context: <p>This measure gives support to investments in the agro-industrial sector to undertake several types of interventions aimed at improving its energy efficiency such as the removal and disposal of the existing roof and construction of a new insulated roof, the creation of automated ventilation and/or cooling systems and the installation solar panels, intelligent management of flows and accumulators.</p> <p>The target requires to identify beneficiary projects and allocate them resources for a total value amounting at least 30% of the total financial resources assigned to the investment. Moreover, it requires that this is implemented through two different procedures that already exist and through the disbursement of loans to companies that meet the requirements and submit the application for financing.</p> <p>Target M2C1-4 is the first step of the implementation of the investment and it will be followed by targets M2C1-5 and M2C1-6, which are about identifying projects amounting to 50% and 100% of the total financial resources respectively, and by target M2C1-9, which requires at least 375.000 (kW) solar power generation capacity installed. This investment has a final expected date for implementation in Q2-2026.</p>	
Evidence provided: <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none">i) A summary document duly justifying how the milestone, including all the constitutive elements, was satisfactorily fulfilled;ii) Ministerial Decree No. 140119 of 25 March 2022 setting the scope, the financial resources allocated and the eligible expenditure for the interventions related to this measure;iii) Directorial Decree No. 0362593 of 23 August 2022 which identifies the financial resources earmarked to this investment and the rules applicable to the submission of proposals related to interventions under this measure;iv) Directorial Decree No. 0654947 of 21 December 2022 setting the list of beneficiaries selected;v) Directorial Decree of 30 March 2023 updating the list of beneficiaries selected.	
Analysis:	

The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the target.

In particular:

- **Identification of beneficiary projects whose total value amount at least 30% of the total financial resources assigned to the investment**
 - Article 1 of the Directorial Decree No. 0654947 of 21 December 2022 adopts the list of beneficiaries that have been selected to financing following the call launched by the Directorial Decree No. 0362593 of 23 August 2022. The aggregated sum of the projects selected amounts to EUR 451.3 million. This sum accounts for 30,1% of the total financial resources allocated to this investment (EUR 1 500 million), which are specified in Article 3 (1) of the Ministerial Decree No. 140119 of 25 March 2022. Then, the Directorial Decree of 30 March 2023 has provided an updated list of new beneficiaries correcting errors in the original Decree as specified in Article 1 (1) and, reaching an additional amount of EUR 55.7 million. The resulting share in the total financial resources assigned amounts to 33,8% of the total.

- **The investment shall be implemented through two different procedures that already exist and shall be refinanced. Moreover, as required by the description of the target and as further specified in the Operational Arrangements, these procedures provide for the disbursement of loans to companies that meet the requirements and submit the application**
 - The Council Implementing Decision required that the investment shall be implemented through two different procedures that already exist and shall be refinanced and that these procedures provide for the disbursement of loans to companies that meet the requirements and submit the application. However, the disbursement of loans was not considered the most efficient and effective way to implement this measure as the main beneficiaries, notably small and medium-sized companies of the agriculture sector, face difficult financing conditions and have actually benefitted from urgent support measures from the government. In such a context, MASAF decided to provide support to enterprises in the agri-food sector via grants, as the use of loans would not be a sufficient incentive for the uptake of this support, which is among the most relevant measures in the plan for the green transition and reducing reliance of the agricultural sector from fossil fuels. The implementation of the measure through non-repayable incentive provides higher assurance of a timely implementation and the successful achievement of the objective of reaching the installation of an additional solar energy capacity of at least 375 000 kW.
 - The Council Implementing Decision required also that the investment shall be implemented through two different procedures that already exist and shall be refinanced. As a consequence of the modification of financing instrument from loans to grants, MASAF adopted a single procedure as opposed to the use of the “two different procedures that already exist and shall be refinanced”. At the time of the submission of the plan, Italy explained in the RRP that two procedures were under evaluation and to be refinanced. As indicated in the RRP, one of them was the so-called “Bando ISI”, which is managed by the National Institute for Insurances against accidents at work, and supports interventions via grants exclusively in the field of health and safety at work through annual calls, including the removal of

asbestos. The other one is the so-called “Sabatini procedure”, which combines grant support from the State with loans provided by the banking sector, to finance the acquisition of capital goods. As explained in the Summary Document, after the evaluation, these two procedures were not considered as the most appropriate financing instruments to incentivise the uptake of the investment, given its complexity and broader scope of intervention. Instead, the Italian authorities identified a single procedure for the implementation of the measure by means of Ministerial Decree No. 140119 of 25 March 2022. According to this procedure, which covers the broader range of interventions foreseen in the description of the measure of the Council Implementing Decision, the selection of beneficiaries for non-repayable support to the interventions eligible under this measure must be carried out through a call for proposals open to the companies that meet the requirements and submit the application by the state-owned enterprise Gestore Servizi Energetici spa (GSE S.p.A), a state-owned company.

This company is the entity that takes care of most activities in Italy related to the promotion of renewable energies and of the granting of associated incentives (see Ministerial Decree No. 140119 of 25 March 2022, art. 1.y). GSE S.p.A. has been designed as the entity responsible for granting non-repayable grants, in compliance with the maximum percentages set by the applicable aid schemes (Decision C (2022) 4660 final).

Whilst the changes in the financing mechanisms (from loans to grants) and procedures constitute a minimal deviation from a substance requirement, it does not change the nature of the measure, that is supporting the beneficiaries, and does not affect the progress towards achieving the investment that the milestone represents, that is to support investments on structures of the agricultural, livestock and agro-industrial sector, to remove and dispose of the existing roof and construction of a new insulated roof, to create automated ventilation and/or cooling systems and to install solar panels, intelligent management of flows and accumulators. More than 30 per cent of the financial resources related to this investment were assigned as envisaged and have been earmarked to the eligible interventions specified in the CID Annex, demonstrating that the implementation of the procedure by means of Ministerial Decree No. 140119 of 25 March 2022 allows for preserving the objectives of the measure. As of this, this minimal deviation does not change the nature of the measure and does not affect the progress towards achieving the investment that the target represents. On this basis, it is considered that this constitutive element of the target is satisfactorily fulfilled.

- **Furthermore, in accordance with the description of the measure, the measure consists in the granting of support to investments on productive structures of the agricultural, livestock and agro-industrial sector, to remove and dispose of the existing roof and construction of a new insulated roof, to create automated ventilation and/or cooling systems and to install solar panels, intelligent management of flows and accumulators.**
 - Article 6 (1) of the Ministerial Decree No. 140119 of 25 March 2022 sets out the scope of eligible projects to this measure. It specifies that all interventions eligible (to be carried out on the roofs of buildings instrumental to agricultural, livestock and agro-industrial activities) must include the installation of photovoltaic systems. In addition, other interventions are eligible. Paragraph (a) refers to the removal and

disposal of asbestos (from roofs, in compliance with the national sector legislation in force; paragraph; (b) to the thermal insulation of roofs, which shall include a technical report on the degree of insulation envisaged based on the specific production uses of the building; and (c) refers to the set-up of an aeration system connected to the replacement of the roof, including a report on envisaged aeration system based on the production use of the building. Article 6(3) specifies the type of expenditure eligible for each category of intervention, including under paragraph a) accumulators and acquisition of software for the intelligent management of flows.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M2C1-18	M2C1-18, Related Measure: Investment 3.1: Green Islands
Name of the Milestone: Entry into force of the Directorial decree	
Qualitative Indicator: Provision in the Decree indicating the entry into force of the law	Time: Q3 2022
<p>Context:</p> <p>The investment consists in financing and implementing projects in energy (such as renewables, grid and energy efficiency), water (such as desalination), transport (such as cycling paths, zero-emission buses and boats) and waste (such as separation of waste) in 19 small and non-interconnected Small Islands.</p> <p>Milestone M2C1-18 requires the entry into force of the directorial decree approving the ranking of the projects. Milestone M2C1-18 is the first step of the implementation of the investment 3.1 “Green Islands” and it will be followed by target M2C1-19 related to the completion of integrated projects involving at least 3 types of interventions in at least 19 small islands. The investment has a final expected date for implementation in Q2 2026.</p>	
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> i) A summary document duly justifying how the milestone, including all the constitutive elements, was satisfactorily fulfilled; ii) Link to the publication in the Ministry’s website of the Directorial Decree No. 219 of 27 September 2022, awarding the projects (https://www.mite.gov.it/pagina/pnrr-isole-verdi); iii) Report on the respect of the Do Not Signification Harm principle (annex 7). <p>The authorities also provided:</p> <ul style="list-style-type: none"> iv) Public notice No. 390 of 25 November 2021, including the following annexes: <ul style="list-style-type: none"> a) List of the 19 small island beneficiary of the call and their respective financial envelop (annex 1A); b) List of the eligible interventions (annex 1B); c) The templates of the project proposal (annex 2 and 3). 	

- v) Directorial Decree No. 219 of 27 September 2022, awarding the projects (annex 5);
- vi) Report by the evaluation commission ("Tavolo di Monitoraggio") concerning the climate tagging (annex 6), including details concerning the calculations made for each investment (annex 8);
- vii) Directorial decree No. 138 of 14 February 2023, amending annex 1B of the public notice No.390 of 25 November 2021 (<https://www.mase.gov.it/pagina/pnrr-isole-verdi>).

Analysis:

On 13 December 2022, the Commission communicated to Italy the existence of a clerical error in the Council Implementing Decision, with respect to the description of milestone M2C1-18. This clerical error was confirmed by Italy on 15 December 2022.

In particular, for M2C1-18 a relevant part of the description of investment 3.2 "Green Communities" has been included in the text of milestone M2C1-18: *"The possible areas of interventions are: - the integrated and certified management of the agro - forestry heritage ("also through the exchange of credits deriving from the capture of carbon dioxide, the management of biodiversity and the certification of the wood supply chain"); - the integrated and certified management of water resources; - the production of energy from local renewable sources, such as micro hydroelectric plants, biomass, biogas, wind, cogeneration and bio - methane; - the development of sustainable tourism ("capable of enhancing local products"); - the construction and sustainable management of the building stock and infrastructure of a modern mountain; - energy efficiency and intelligent integration of plants and networks; - the sustainable development of production activities (zero waste production); - the integration of mobility services; - the development of a sustainable farm model ("which is also energy independent through the production and use of energy from renewable sources in the electrical, thermal and transport sectors")*.

The Commission considers that this is a clerical error and has undertaken the assessment on this basis.

The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the milestone.

1. **The Directorial decree shall approve the ranking of projects relating to the results of the public notice.**
 - Following the Public Notice No. 390 of 25 November 2021, the Italian authorities approved the ranking of the selected projects for 13 municipalities in 19 small non-interconnected islands, by means of Directorial Decree No. 219 of 27 September 2022. The Directorial Decree No. 219 of 27 September 2022 has been published on the Ministry's website on 3 November 2022 and therefore **it has entered into force as required by the milestone**, in line with the national legal framework.
2. **The selection procedure shall include the following: a) Eligibility criteria that ensure that the selected projects comply with the 'Do no significant harm' Technical Guidance (2021/C58/01) through the use of an exclusion list and the requirement of compliance with the relevant EU and national environmental legislation. In line with the description of the investment, in order to ensure that the measure complies with the 'Do no significant harm' Technical Guidance (2021/C58/01), the eligibility criteria contained in terms of reference for upcoming calls for projects shall exclude the following list of activities: (i) activities related to fossil fuels, including downstream use; (ii) activities**

under the EU Emission Trading System (ETS) achieving projected greenhouse gas emissions that are not lower than the relevant benchmarks; (iii) activities related to waste landfills, incinerators and mechanical biological treatment plants; and (iv) activities where the long-term disposal of waste may cause harm to the environment. The terms of reference shall additionally require that only activities that comply with relevant EU and national environmental legislation shall be selected.

- The Council Implementing Decision required that the selection procedure had to include eligibility criteria that ensure that the selected projects comply with the ‘Do no significant harm’ Technical Guidance (2021/C58/01) through the use of an exclusion list. The call for projects No. 390 of 25 November 2021 has included the respect of the Do No Significant Harm principle as eligibility criterion (Article 5(2); annex 1B). However, the Do No Significant Harm exclusion list referred to in the Council Implementing Decision was not included in the call. Furthermore, following the submission of the payment request, it has come to light that annex 1B of the public notice No. 390 of 25 November 2021 had also included the purchase of non-zero emission vehicles and vessels (in particular hybrids) among the eligible interventions, in contrast with the provision in the Council Implementing Decision excluding activities related to fossil fuels, including downstream use. Whilst this constitutes a minimal substantive deviation from the requirement of the Council Implementing Decision, as indicated in the point below, Italy has provided several pieces evidence to demonstrate compliance with the Do Not Significant Harm principle and ensure compliance with the requirements of the Council Implementing Decision. The Italian authorities provided a report detailing all the rules and control steps applied during the selection procedure and that will be applied during project implementation (annex 7). According to the report:
 - Under penalty of ineligibility of the project expenditure, for each payment request, implementing bodies will have to submit evidence to prove compliance with the Do Not Significant Harm principle of the project expenditures (Article 8 of the call);
 - Together with the project proposal, the municipalities were required by Article 4 of the call to submit a self-declaration stating that the projects activities did not fall into the categories of excluded activities of the Do Not Significant Harm exclusion list and were compliant with the national and European legislation (annex 2 and 3);
 - As specified in the cover note and explicitly mentioned in the Directorial Decree No. 219 of 27 September 2022, the evaluation committee verified that the project activities did not fall into the categories of excluded activities of the Do Not Significant Harm exclusion list set out in the Council Implementing Decision.
 - To align the call to the Do Not Significant Harm conditions set out in the Council Implementing Decision, Italy adopted corrective measures to ensure that only zero emission transport solutions could be purchased under the scheme. In this sense, the Directorial decree No. 138 of 14 February 2023 was adopted, to amend annex 1B of the public notice No. 390 of 25 November 2021, deleting all the references to hybrids vehicles and vessels. According to Article 1 of the Directorial decree No. 138 of 14

February 2023, the implementing bodies will be bound to exclude all non-zero-emission vehicles and vessels by amending the financed projects.

As of this, this minimal deviation does not change the nature of the measure and does not affect the progress towards achieving the investment that the milestone represents. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled.

3. **The selection procedure shall include the following: b) Commitment that the climate contribution of the investment as per the methodology in Annex VI of the Regulation (EU) 2021/241 shall account for at least 37% of the total cost of the investment supported by the RRF; c) Commitment to report on the implementation of the measure halfway through the life of the scheme and the end of the scheme.**
 - According to the report by the evaluation commission concerning the climate tagging (annex 6) 56.83% of the estimated costs of the selected projects contribute to the climate objective, above the minimum requirement of 37% (the commitment to respect the climate tagging contribution is also enshrined in the Directorial Decree No. 138 of 14 February 2023 as well as in the Directorial Decree No. 219 of 27 September 2022).
 - Each municipality that applied to the scheme filled in a project template (Annex 2 and 3) signed by its legal representative where it is stated that the beneficiary will be subject to the obligation to report to the implementing authority the state of play of the implementation of the interventions whenever requested, and at least halfway through the implementation of the scheme and at the end of the scheme.
4. **In line with the description of the measure, Bio-methane shall comply with the criteria set out in Directive 2018/2001 (RED II Directive). Biofuel and bio-methane gas and biofuel producers shall have to provide certificates (Proof of Sustainability) issued by independent evaluators, as provided for in Directive 2018/2001. The operator shall purchase guarantee of origin certificates commensurate to the expected fuel use. Moreover, in line with the requirements set out in the description of the milestone, the bio-methane shall comply with the savings criteria set out in Articles 29-31 and the rules on food and feed based biofuels set out in Article 26 of the Renewable Energy Directive 2018/2001/EU (RED II), and related implementing and delegated acts in order to allow the measure to comply with Do-No-Significant-Harm principle and with the relevant requirements of footnote 8 of Annex VI of the Regulation (EU) 2021/241.**
 - The Italian authorities explained in the Summary Document that none of the selected interventions include bio-methane or bio-fuels projects, therefore the above-mentioned requirements from the Council Implementing Decision are not relevant for the selected interventions.
5. **In line with the description of the measure, the investment consists in financing and implementing projects in energy (such as renewables, grid and energy efficiency), water (such as desalination), transport (such as cycling paths, zero-emission buses and boats) and waste (such as efficient separate collection with strengthening of collection systems, construction/modernisation of ecological islands with associated re-use centre) in the 19 non interconnected Small Islands.**
 - According to Article 4(1) of the public notice No. 390 of 25 November 2021, the projects had to include at least three or more typology of interventions among those set out in annex 1B of the public notice. The possible areas of interventions of the scheme and their typology included:

<ul style="list-style-type: none"> ▪ Intervention I - urban waste: ecological islands aimed at improving recycling (Typology IA); separation of waste (typology IB); waste collection system (typology IC); ▪ Intervention II – sustainable mobility: vehicles (typology IIA); sharing mobility and incentives to buy electric vehicles, such as scooters and bicycles (typology IIB); ▪ intervention III - effective management of water resources: new desalination systems (typology IIIA); upgrade and renovation of existing desalination systems (typology IIIB); construction and/or maintenance of water systems; ▪ intervention IV - energy efficiency of public buildings: energy efficiency interventions (typology IV.A); interventions on the energy system and related infrastructure (typology IV.B); ▪ Intervention V – renewable energy: new renewable energy networks (typology V.A). ▪ The areas of interventions set out in the public notice encompass those included in the description of the measure.
<p>Commission Preliminary Assessment: Satisfactorily fulfilled</p>

Number: M2C1-20	M2C1-20, Related Measure: Investment 3.2: Green Communities
Name of the Milestone: Award of (all) public contracts for the selection of Green Communities	
Qualitative Indicator: Notification of the award of (all) public contracts for the selection of Green Communities	Time: Q3 2022
<p>Context:</p> <p>The measure aims at promoting the sustainable and resilient development of rural and mountain areas through investments in following fields:</p> <ul style="list-style-type: none"> • the integrated and certified management of the agro-forestry heritage ("also through the exchange of credits deriving from the capture of carbon dioxide, the management of biodiversity and the certification of the wood supply chain"); • the integrated and certified management of water resources; • the production of energy from local renewable sources, such as micro hydroelectric plants, biomass, biogas, wind, cogeneration and biomethane; • the development of sustainable tourism ("capable of enhancing local products"); • the construction and sustainable management of the building stock and infrastructure of a modern mountain; • energy efficiency and intelligent integration of plants and networks; • the sustainable development of production activities (zero waste production); • the integration of mobility services; 	

- the development of a sustainable farm model ("which is also energy independent through the production and use of energy from renewable sources in the electrical, thermal and transport sectors").

Milestone M2C1-20 requires the notification of the award of all public contracts for the selection of Green Communities. Milestone M2C1-20 is the first step of the implementation of the investment 3.2 and it will be followed by target M2C1-21 that requires the completion of the implementation of at least 90% of the interventions envisaged in the plans presented by the Green Communities (as defined by Article 72 of Law 221/2015). The investment has a final expected date for implementation in Q2 2026.

Evidence provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;
- ii) Link to the publication of the rankings on the ministry's website (<https://www.affariregionali.it/attivita/aree-tematiche/pnrr/attuazione-misure-pnrr/avviso-pubblico-green-communities/>);
- iii) Abstract of the selected projects.

The authorities also provided

- iv) Ministerial decree No. 880 of 30 March 2022, selecting the three pilot projects;
- v) Call for projects No. 10648 of 30 June 2022 for the selection of at least 30 green communities, including its annexes;
- vi) Decree of Department for Regional Affairs and Autonomies (hereinafter referred to as "DARA") Nucleo PNRR Stato-Regioni Coordinator No. 13906 of 31 August 2022, setting up the evaluation commission for the call for projects No. 10648 of 30 June 2022;
- vii) Decree of DARA Nucleo PNRR Stato-Regioni Coordinator No. 15691 of 28 September 2022, approving the final ranking of the projects selected through the call No. 10648 of 30 June 2022;
- viii) Decree of DARA Nucleo PNRR Stato-Regioni Coordinator No. 17104 of 20 October 2022, approving the revised ranking for the regions Basilicata and Calabria;
- ix) Decree of DARA Nucleo PNRR Stato-Regioni Coordinator No. 21675 of 22 December 2022 for Region Abruzzo, declaring the exclusion of the project presented by the municipality of Salle and awarding the project presented by Consorzio CI.VE.TA Cupello;
- x) Note of DARA No. 21859 of 23 December 2022, providing the revised ranking of the Regions Lazio and Sardegna and asking for its publication on the authority's website;
- xi) Decree of DARA Nucleo PNRR Stato-Regioni Coordinator No. 21963 on 27 December 2022, approving the new rankings for the regions Calabria, Campania, Lazio, Lombardia, Marche and Sardegna, partially amending the ranking published with the note No. 15691 of 28 September 2022 and No. 17104 of 20 October 2022.
- xii) Template of the agreement between DARA and the municipality recipients of the funding, including as an annex the self-declaration to be signed by the beneficiaries.
- xiii) Minutes of the meetings of the evaluation commission that took place on 17 October 2022 and on 20, 22 and 23 December 2022;

- xiv) Several certified emails (PEC) containing as an annex the agreement to be signed by the municipalities;
- xv) The projects proposals of the three pilot projects;
- xvi) Guidelines for the implementing authorities (including on the DNSH), of 20 February 2023, published on DARA's website on 21 February 2023 (<https://www.affariregionali.it/attivita/aree-tematiche/pnrr/attuazione-misure-pnrr/toolkit-per-i-soggetti-attuatori/>).

Analysis:

The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the target.

In particular:

- **Notification of the award of (all) public contracts for the selection of the Green Communities.**
 - 36 green communities were funded through the call for projects No. 10648 of 30 June 2022, as evidenced by the decrees of the Coordinator of Nucleo PNRR Stato-Regioni of DARA (No. 15691 of 28 September 2022; No. 17104 of 20 October 2022; No. 21675 of 22 December 2022; No. 21963 on 27 December 2022) whereas 3 pilot projects were financed through Ministerial decree No. 880 of 30 March 2022). According to Article 8 (6) of the call for project No. 10648 of 30 June 2022, the publication of the rankings on DARA's website equates to the notification of the award of the public contracts for the selection of the Green Communities to the successful candidates.
- **Furthermore, in line with the description of the measure, repeated in the further specifications in the Operational Arrangements, the measure consists in the support of rural and mountain territories, which intend to exploit in a balanced way their main resources (so-called "green communities") through investments notably in the following fields: the integrated and certified management of the agro-forestry heritage ("also through the exchange of credits deriving from the capture of carbon dioxide, the management of biodiversity and the certification of the wood supply chain"); the integrated and certified management of water resources; the production of energy from local renewable sources, such as micro hydroelectric plants, biomass, biogas, wind, cogeneration and biomethane; the development of sustainable tourism ("capable of enhancing local products"); the construction and sustainable management of the building stock and infrastructure of a modern mountain; energy efficiency and intelligent integration of plants and networks; the sustainable development of production activities (zero waste production); the integration of mobility services; the development of a sustainable farm model ("which is also energy independent through the production and use of energy from renewable sources in the electrical, thermal and transport sectors").**
 - The call for projects No. 10648 of 30 June 2022 and the Ministerial decree No. 880 of 30 March 2022 financed sustainable development plans presented by local communities (rural and mountain territories), in conformity with art. 72 of law No. 221 of 28 December 2015, which set out the framework for the national strategy for the green communities. To be eligible for funding, the development plans had to include three or more of the interventions field listed in the description of the investment in the Council Implementing Decision and in the further specification of

the Operational Arrangements [Article 1 (2) of the call No. 10648 of 30 June 2022; Article 2 of Ministerial decree No. 880 of 30 March 2022].

- **The call for project shall include eligibility criteria that ensure that the selected projects comply with the “Do no significant harm” Technical Guidance (2021/C58/01) through the use of an exclusion list and the requirement of compliance with the relevant EU and national environmental legislation. In line with the description of the investment, in order to ensure that the measure complies with the ‘Do no significant harm’ Technical Guidance (2021/C58/01), the eligibility criteria contained in terms of reference for upcoming calls for projects shall exclude the following list of activities: (i) activities related to fossil fuels, including downstream use²⁵; (ii) activities under the EU Emission Trading System (ETS) achieving projected greenhouse gas emissions that are not lower than the relevant benchmarks²⁶; (iii) activities related to waste landfills, incinerators²⁷ and mechanical biological treatment plants²⁸; and (iv) activities where the long-term disposal of waste may cause harm to the environment. The terms of reference shall additionally require that only activities that comply with relevant EU and national environmental legislation shall be selected,**
 - The call for projects No. 10648 of 30 June 2022, at Article 1(4) includes the compliance of the Do Not Significant Harm exclusion list, corresponding to that included in the description of the measure, as an eligibility criterion of the project. To verify compliance with the Do No Significant Harm conditions set out in the Council Implementing Decision, the following documents were requested and control steps were carried out:
 - Together with the project proposal, the municipalities had to submit a self-declaration stating that implementing bodies will respect the Do No Significant Harm conditions (Do No Significant Harm exclusion list and compliance with the European and National Environmental Legislation) during project implementation [Article 4 (7) of the call for projects No. 10648 of 30 June 2022] and a checklist to verify compliance with the Do No Significant Harm conditions set out in the Italian Do No Significant Harm technical guidance;
 - As specified in the cover note and evidenced in the minutes of the evaluation commission’s meetings, the project proposals, the self-declaration and the checklists were then verified by the evaluation commission;
 - Finally, to ensure compliance of the selected projects with the DNSH conditions set out in the Council Implementing Decision during the implementation phase, DARA adopted guidelines on 20 February 2023, providing specific Do No Significant Harm rules to implementing bodies (chapter 7). In particular, the guidelines restate that projects must respect the DNSH exclusion list set out in the Council Implementing Decision and bind implementing bodies to provide specific details in that sense during the implementation phase. The guidelines also specify that only zero-emission vehicles could be purchased under this scheme (p. 24). The guidelines are mandatory for all the implementing bodies (including those implementing the pilot projects) and the non-compliance with the rules set out therein may cause the revocation of the funding (Article

11 of the agreement between Dara and the implementing bodies). The guidelines were published on Dara Website's on 21 February 2023.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M2C2-8	M2C2-8, Related Measure: Investment 2.1 Strengthening smart grids
Name of the Milestone: Award of (all) public contracts for to increase the network capacity	
Qualitative Indicator: Notification of the award of (all) public contracts for to increase the network capacity	Time: Q4-2022
<p>Context:</p> <p>This measure aims to transform the distribution networks and their management, with interventions on both the electricity grid and its software components, to enable new energy scenarios where consumers and prosumers can also play a role.</p> <p>The milestone requires the award of (all) public contracts to increase the network capacity for the distribution of renewable energy and for the electrification of energy consumption.</p> <p>Milestone M2C2-8 is the first step in the implementation of this measure and will be followed by the targets M2C2-9 and M2C2-10 on the Increase of the network capacity for the distribution of renewable energies. The investment has a final expected date for implementation in Q2 2026.</p>	
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> i) Summary document duly justifying how the milestone, including all the constitutive elements, was satisfactorily fulfilled; ii) Copy of the Directorial Decree No. 426 of 23 December 2022 approving the ranking of the projects admitted to the contribution (https://www.mase.gov.it/sites/default/files/styles/media_home_559/public/archivio/allegati/PNRR/DD%20Smart%20Grid%2026.23-12-2022.pdf); iii) Copy of the extract of the relevant parts of the technical specifications of the 22 projects selected proving alignment with the Council Implementing Decision 's description of the investment and milestone. <p>The authorities also provided:</p> <ul style="list-style-type: none"> iv) Copy of the Ministerial Decree No. 146 of 6 April 2022 setting out the financial resources and the general conditions applicable to this measure (https://www.mase.gov.it/sites/default/files/archivio/allegati/PNRR/Decreti/dm_0000146_06-04-2022.pdf); v) Copy of the Directorial Decree No. 119 of 20 June 2022 opening the call for projects and the conditions to be fulfilled (https://www.mase.gov.it/sites/default/files/archivio/bandi/dd_119_20-06-2022.pdf); 	

- vi) Copy of the Directorial Decree No. 274 of 14 November 2022 setting out the Committee for the evaluation of the applications submitted (https://www.mase.gov.it/sites/default/files/archivio/allegati/PNRR/Decreti/DD_n_274_d_el_14-11-2022.pdf).

Analysis:

The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the milestone.

Notification of the award of (all) public contracts to increase the network capacity for the distribution of renewable energy and for the electrification of energy consumption.

Italy provided a copy of the notification of the 27 awards resulting from the Directorial Decree Non. 426 of 23 December 2022 approving the ranking of the projects admitted to the contribution.

- Article 1(1) of the Ministerial Decree No. 146 of 6 April 2022 earmarks the financial resources for the measure. Indent (a) specifies that this is to increase the network capacity, understood as the capacity to host and integrate additional distributed generation from renewable sources, for 4,000 MW through "smart grid" interventions (infrastructural strengthening and digitalisation). Indent (b) adds that the objective is also to increase the power available to at least 1 500 000 inhabitants to promote the electrification of energy consumption.
- Article 1 of the Directorial Decree No. 426 of 23 December 2022 approves the ranking of the projects admitted to financial contribution following the call for projects launched by the Directorial Decree No. 119 of 20 June 2022. The Annex to the Directorial Decree No. 426 of 23 December 2022 presents the list of projects selected, of which an extract of the technical specifications proving alignment with the description of the investment and milestone in the Council Implementing Decision was provided by the Italian authorities.
- Furthermore, in line with the description of the measure, this investment consists in the transformation of the distribution networks and their management, with interventions on both the electricity grid and its software components to enable new energy scenarios where consumers and prosumers can also play a role. Article 5 (2) specifies that the content of the proposals shall relate to (i) infrastructural strengthening and "smart grid" digitization interventions aimed at increasing the capacity to host and integrate further distributed generation, (ii) the implementation of interventions aimed at increasing the maximum power that the network is able to supply to connected users, in normal operating conditions, (electrification of consumption) and (iii) the implementation of integrated projects that pursue both the objective of increasing the capacity to host and integrate further distributed generation, and the objective of increasing the maximum power that the grid is able to supply to connected users - Hosting Capacity. Article 6 (2) (e) of the Directorial Decree No. 119 of 20 June 2022 includes as eligible the expenditure for the development and adaptation of network management, monitoring and control software (digitisation). The 15th recital of the Directorial Decree No. 119 of 20 June 2022 outlines that one of the purposes of this intervention is to set new energy scenarios in which consumers and prosumers can also play an active role.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M2C2-12	M2C2-12, Related Measure: Investment 2.2 Interventions to increase the resilience of power grid	
Name of the Milestone: Award of the projects to increase the resilience of the electricity system network		
Qualitative Indicator: Notification of the award of the projects		Time: Q4-2022
Context:		
<p>This measure aims to improve the resilience of the electricity grid to extreme weather events, particularly on the distribution grid, and to reduce the probability of prolonged interruptions of electricity supplies and the negative social and economic consequences on the affected areas.</p> <p>The milestone consists of the award of the projects to increase the resilience of at least 4 000 km in the electricity system network so as to reduce the frequency and duration of energy cuts arising from extreme weather conditions.</p> <p>This is the first step in the implementation of this measure and will be followed by the target M2C2-13 on increasing the resilience of at least 4 000 km in the electricity system network. The investment has a final expected date for implementation in Q2 2026.</p>		
Evidence provided:		
<p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. A summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled; ii. Copy of the Directorial Decree No. 413 of 16 December 2022 approving the ranking of the projects admitted to the contribution following the call for projects of Directorial Decree No. 117 of 20 June 2022 (https://www.mase.gov.it/sites/default/files/archivio/allegati/PNRR/Decreti/decreto_413_16-12-2022_IE.pdf); iii. Copy of the Directorial Decree No. 414 of 16 December 2022 approving the ranking of the projects admitted to the contribution following the call for projects of Directorial Decree No. 118 of 20 June 2022 (https://www.mase.gov.it/sites/default/files/archivio/allegati/PNRR/Decreti/decreto_414_16-12-2022_IE.pdf); iv. Copy of the extract of the relevant parts of the technical specifications of the projects selected proving alignment with the Council Implementing Decision’s description of the investment and milestone. <p>The authorities also provided:</p> <ol style="list-style-type: none"> i) Copy of the Ministerial Decree No. 150 of 7 April 2022 setting out the financial resources and the general conditions applicable to this intervention (https://www.mase.gov.it/sites/default/files/styles/media_home_559/public/archivio/allegati/PNRR/dm_150_07-04-2022.pdf); ii) Copy of the Directorial Decree No. 117 of 20 June 2022 opening a first call for projects and the conditions to be fulfilled (https://www.mase.gov.it/sites/default/files/archivio/bandi/dd_117_20-06-2022.pdf); iii) Copy of the Directorial Decree No. 118 of 20 June 2022 opening a second call for projects and the conditions to be fulfilled (

https://www.mite.gov.it/sites/default/files/archivio/bandi/PNRR_investimento_2.2_avviso_pubblico.pdf);

- iv) Copy of the Directorial Decree No. 263 of 2 November 2022 setting out the Committee for the evaluation of the applications submitted for the call for projects of Directorial Decree n. 118 of 20 June 2022 (https://www.mase.gov.it/sites/default/files/archivio/bandi/PNRR_investimento_2.2_avviso_pubblico.pdf);
- v) Copy of the Directorial Decree No. 264 of 2 November 2022 setting out the Committee for the evaluation of the applications submitted for the call for projects of Directorial Decree n. 117 of 20 June 2022 (https://www.mase.gov.it/sites/default/files/archivio/bandi/dd_IE_0000264_02-11-2022.pdf).

Analysis:

The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the milestone.

- Italy provided a copy of the notification of the 31 awards resulting from the Directorial Decrees No. 413 and No 414 of 16 December 2022 approving the ranking of the projects admitted to the contribution.
- **Award of the projects to increase the resilience of at least 4 000 km in the electricity system network so as to reduce the frequency and duration of energy cuts arising from extreme weather conditions.**
 - Indents (1) and (2) of the sole Article of the Ministerial Decree No. 150 of 7 April 2022 earmarks the financial resources for the measure, which is divided into interventions on the distribution and transmission networks. Articles 2 (5) of the Directorial Decrees No 117 and No 118 of 20 June 2022 specify that the interventions are aimed at increasing the resilience of at least 4 000 km of electricity system grid in order to reduce the frequency and duration of supply cuts due to extreme weather conditions.
 - Article 1 of the Directorial Decree No. 413 and 414 of 16 December 2022 approve the ranking of the projects admitted to benefit from the financial contribution on the distribution and transmission networks following the calls for projects launched by the Directorial Decrees No. 117 and 118 of 20 June 2022. Annex I to the Directorial Decree No 413 and No 414 of 16 December 2022 present the list of projects admitted to financial contribution, of which an extract of the technical specifications proving alignment with the description of the investment and milestone in the Council Implementing Decision was provided by the Italian authorities.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M2C3-9	M2C3-9, Related Measure: Investment 3.1: Promotion of efficient district heating
Name of the Milestone: Contracts to improve the heating networks are awarded by the Ministry of Ecological Transition following a public tendering procedure	

Qualitative Indicator: Notification of award of all public contracts following a public tendering procedure	Time: Q4-2022
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Context:

This measure aims to develop efficient district heating, based on the distribution of heat generated from renewable sources, with priority given to projects that guarantee the greatest savings in non-renewable primary energy. Energy-environmental benefits equal to 20 ktoe of primary fossil energy and 40 kton CO₂ of greenhouse gas emissions avoided in the non-ETS sectors each year are expected to be reached.

The milestone consists of the award of all public contracts for the construction of new district heating networks or the extension of existing district heating networks. Milestone M2C3-9 is the first step in the implementation of this investment and will be followed by milestone M2C3-10 related to the completion of those networks by the first quarter of 2026.

Evidence provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) A summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.
- ii) Decrees awarding the projects No. 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 197, 198, 199, 201, 202, 203, 204, 205, 206, 207, 208 of 23 February 2023, and No. 222, 223, 224, 226 of 2 March 2023 countersigned by the beneficiaries;
- iii) Extract of the technical specifications of the call proving alignment with the Council Implementing Decision 's description of the investment and milestone.

The authorities also provided:

- iv) A copy of the Ministerial Decree No. 263 of 30 June 2022 allocating the financial resources and setting out the general conditions applicable to this intervention (https://www.mite.gov.it/sites/default/files/archivio/allegati/PNRR/Decreti/2022.07.01_d_m_tlr_M2C3-I3.pdf);
- v) A copy of the Directorial Decree No. 94 of 28 July 2022 launching the call for projects setting out the eligibility criteria and the conditions to be fulfilled (<https://www.mase.gov.it/sites/default/files/archivio/allegati/PNRR/Decreti/0000094.28-07-2022.pdf>);
- vi) A copy of the Directorial Decree No. 241 of 6 October 2022 prolonging the call launched by the Directorial Decree No. 94 of 28 July 2022 (https://www.mase.gov.it/sites/default/files/archivio/allegati/PNRR/Decreti/dd_241_06_10_2022.pdf);
- vii) A copy of the Directorial Decree No. 340 of 16 November 2022 setting out the Committee for the evaluation of the applications submitted for the call for projects of Directorial Decree No. 94 of 28 July 2022 (https://www.mase.gov.it/sites/default/files/archivio/bandi/dd_IE_0000264_02-11-2022.pdf);
- viii) A copy of the Directorial Decree No. 435 of 23 December 2022 approving the raking of projects selected under this intervention (https://www.mase.gov.it/sites/default/files/styles/media_home_559/public/archivio/allegati/PNRR/DD%20Sviluppo%20reti%20TLR%2023%2012%202022.pdf);
- ix) Abstract of the financed projects;

- x) Signed waiver of the financing by the beneficiary of the award No. 204 of 23 February 2023 notified to the Ministry of Environment and Energy Security on 16 March 2023;
- xi) Signed declarations by the beneficiaries confirming that 4 financed projects use fossil fuel only as a back-up.

Analysis:

The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the milestone.

- **Award of all public contracts for the construction of new district heating networks or the extension of existing district heating networks which should include the requirement of reducing energy consumption. In line with the description of the investment, the measure shall develop efficient district heating, based on the distribution of heat generated from renewable sources, from waste heat or cogenerated in high-performance plants.**
 - The Directorial Decree No. 94 of 28 July 2022 launches the call for projects for the interventions set by the Ministerial Decree No. 263 of 30 June 2022. Article 5 (1) of the latter provides the framework for the eligible interventions, which are the following:
 - new construction of efficient district heating and/or district cooling systems;
 - extension of district heating and/or district cooling systems, provided that as a result of the implemented interventions they maintain or, in any case, achieve the qualification of efficient district heating and/or district cooling systems;
 - modernization of thermal and/or cooling power plants in order to make the related district heating and/or district cooling network efficient.
 - According to Article 2 (1) let. dd) of the call, and in line with directive 2012/27/EU, a district heating system and cooling can be considered efficient if it uses, at least:
 - 50% of the energy renewable energy;
 - 50% of waste heat;
 - 75% cogenerated heat;
 - 50% of a combination of such energy and heat.
 - A total number of 29 projects were financed as evidenced by the decrees awarding No. 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 197, 198, 199, 201, 202, 203, 204, 205, 206, 207, 208 of 23 February 2023, and No. 222, 223, 224, 226 of 2 March 2023. 28 decrees awarding the projects were countersigned by the beneficiaries between 24 February 2023 and 13 March 2023 and were therefore notified. Whereas decree No.204 of 23 February 2023 was not countersigned in light of the beneficiary's waiver of the financing notified to the Ministry of Environment and Energy Security on 16 March 2023.
- **Award of the contracts to the projects selected under the competitive calls for proposals in compliance with the 'Do no significant harm' Technical Guidance (2021/C58/01) through the use of an exclusion list and the requirement of compliance with the relevant EU and national environmental legislation. In addition, in line with the description of the measure, the building of an efficient district heating system shall not use fossil fuels as a heat source but rely solely on heat generated from renewable sources, from waste heat or cogenerated in high-performance plants.**
 - The Council Implementing Decision required that the building of an efficient district heating system should not use fossil fuels as a heat source but rely solely on heat generated from renewable sources, from waste heat or cogenerated in high-performance plants. Article 5(3) of the call No. 94 of 28 July 2022 includes the

respect of the Do No Significant Harm principle as an eligibility criterion of the projects. However, in setting out the exclusion list in Article 5(2) of the call to comply with those Do No Significant Harm requirements, Italy has allowed for the financing of projects for efficient district heating in line with the definition of efficient district heating set out in Directive 2012/27/EU, partially relying also on fossil fuel as a heat source. This in contrast with the requirement of the Council Implementing Decision which allows for the financing of fossil-fuel free district heating system only. Whilst this constitutes a minimal substantive deviation from the requirement of the Council Implementing Decision, 14 projects financed by the call No. 94 of 28 July 2022 are either fossil-fuel free or use fossil-fuel merely as a back-up, therefore are eligible under the RRF and could be accounted for target M2C3-10. Target M2C3-10 requires that the completion of the projects for the construction of new network for district heating or the extension of existing one will result in a reduction of at least 20 KTOE per year and the authorities should take the necessary actions to this end. Moreover, according to the further specifications, 330 km of efficient networks and the construction of plants or connections for the recovery of waste heat of 360 MW will need to be built. Therefore, in line with the description of the investment, a subsequent tender in 2023 will need to be launched to ensure that the target is fulfilled and that sufficient networks and plants or connections for the recovery of waste heat are built. As of this, the minimal deviation does not change the nature of the measure and does not affect the progress towards the achievement investment that the milestone represents. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled.

- Art. 5(2) lett. c) of the call specifies that the compliance with the relevant EU and Italian environmental legislation is an eligibility condition of the projects.
- **In line with the description of the measure, priority shall be given to projects that guarantee the greatest savings in non-renewable primary energy. Energy-environmental benefits equal to 20 ktoe of primary fossil energy per year and 40 kton CO₂ of greenhouse gas emissions avoided in the non-ETS sectors each year are expected to be reached.**
 - According to the Article 6 (1) lett. (a) point (i) and Annex II of the call for projects No. 94 of 28 July 2022, the non-renewable energy primary savings were included among the evaluation criteria with a score of 25 out of 100. The projects guaranteeing the greatest savings in non-renewable primary energy were therefore prioritized by receiving a highest score. In light of the above-mentioned Article 6, overall, a total of 50 out 100 points were given to projects for their primary energy savings. Therefore, the financed projects are expected to contribute to the goal of reducing 20 ktoe of primary fossil energy per year. The savings in non-renewable primary energy are expected contribute to reach the goal of 40 kton CO₂ of greenhouse gas emission avoided in non-ETS sectors.
- **Furthermore, in line with the description of the measure, the associated infrastructure for district heating shall follow the Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC (OJ L 315, 14.11.2012, p. 1).**
 - As specified above, according to Article 5 of the call for projects No. 94 of 28 July 2022, only projects for efficient district heating systems or whose interventions

result in the conservation or acquisition of the qualification of efficient district heating were eligible under the call. The projects will also need to comply with legislative decree No. 102 of 4 July 2014, transposing into law Directive 2012/27/EU, which represents the national legal framework for energy efficiency measures.

- **The call is expected to target potential beneficiaries based on needs.**
 - Article 6 (3) of the of the call for projects No. 94 of 28 July 2022 specifies that at least 40% of the financial resources of this intervention will be earmarked to the eight less developed regions of Italy (Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardegna and Sicilia).

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M2C4-2	M2C4-2, Related Measure: Reform 4.2 “Measures to ensure full managerial capacities for Integrated water services	
Name of the Milestone: Entry into force of the reform to ensure full managerial capacities for Integrated water services		
Qualitative Indicator: Provision in the relevant legal act(s) indicating the entry into force		Time: Q3 2022
Context:		
<p>This measure aims to improve the management of water resources and make the system more efficient through a reduction in fragmentation in the number of operators managing water resources, through providing incentives for a better use of water resources in the agricultural sector, and through the introduction of a system of prices more aligned with the polluter-pays principle.</p> <p>Milestone M2C4-2 consists of i) the integration of provision of water services into a unique operator for every Optimal Territorial Area (hereinafter referred to as ATO); ii) incentives provided for a sustainable use of water in agriculture, notably by supporting the use of the common monitoring system for water uses (SIGRIAN) for collective and self-supply irrigation uses and iii) a system set of regulated prices that takes adequately into account environmental resource use and pollution in accordance with the polluter-pays principle.</p> <p>Milestone M2C4-2 is the last milestone of the reform, and it follows the completion of milestones M2C4-3 and M2C4-4 relating to the implementation of Memoranda of Understanding for some regions and to the entry into force of a new legal framework for irrigation purposes respectively.</p>		
Evidence provided:		
<p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> i) Summary document duly justifying how the milestone, including all the constitutive elements, was satisfactorily fulfilled; ii) Copy of the publication in the Official Journal of the Decree Law No. 152 of 6 November 2021 converted into Law No. 233 of 29 December 2021 (www.gazzettaufficiale.it/eli/id/2021/12/31/21A07784/sg); 		

- iii) Copy of publication in the Official Journal of the Ministerial Decree No. 485148 of 30 September 2022 (<https://www.gazzettaufficiale.it/eli/id/2022/10/06/22A05681/sg>);
- iv) Copy of the publication in the Official Journal of the Ministerial Decree of 31 December 2022 on General criteria for the determination, by the regions, of the concession fees for the use of public water (<https://www.gazzettaufficiale.it/eli/id/2023/03/10/23A01535/sg>).

The authorities also provided:

- v) Copies of the decisions adopted by the various local entities responsible for the award of the service to a single operator in every ATO;
- vi) Copies of the decisions on exemption clauses adopted in several ATO by the various local entities responsible of the management of water services as regards the obligation of awarding the service to a single operator.

Analysis:

The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the milestone.

- **Entry into force of the reform to ensure full managerial capacities for Integrated water services**
 - Article 52 of the Decree Law No. 152 of 6 November 2021, which is relevant for the part of the milestone referring to the reduction of fragmentation of entities, specifies that it entered into force the day after having been published on the Official Journal, which happened on 6 November 2021. The Ministerial Decree No. 485148 of 30 September 2022 entered into force the day after its publication on the Official Journal on 6 October 2022 as envisaged by Article 1 of the Ministerial Decree itself. The Ministerial Decree of 31 December 2022 on the general criteria for setting-up the fees on the use of water was published on the Official Journal on 10 March 2023. In line with the national legal framework, in absence of a specific provision related to the entry into force, the Ministerial Decree has entered into force on the fifteenth day following its publication in the Official Journal.
- **Reduce fragmentation of entities through rules and aggregation mechanisms to incentivise currently autonomous managing operators to be integrated into the unique operator for the entire Ambito Territoriale Ottimale.**

Article 22 c.1-quinquies of the Decree Law No. 152 of 6 November 2021 has amended Article 147 of the Legislative Decree No. 152 of 3 April 2006 by specifying that the relevant entities of every ATO must proceed to award to a single operator of the water services by 30 September 2022. By doing so the management and provision of water services in every ATO is conducted by a single operator compared to a previous situation in which it was scattered into several operators for the same ATO. That legal provision thus provides for a mechanism that will lead to the aggregation of water services into a single operator in every ATO. Beyond the requirement of the milestone, the award to a single operator has already occurred in all ATOs except in six of them, three ATOs in the region Campania (Irpino, Napoli Nord and Sannita) and three ATOs in the region Sicilia (Messina, Siracusa

and Trapani). In those cases, substitution powers by which the responsibility of awarding the contracts to a single operator has been transferred to the President of the Region to accelerate the process have been triggered. The process by which the award of the service is granted to a single operator is expected to be concluded by the end of the year at the latest.

- **Provide for incentives for a sustainable use of water in agriculture. Notably to support the use of the common monitoring system for water uses (SIGRIAN) for collective and self-supply irrigation uses**
 - Article 16 (1) (b) of the Decree Law No. 152 of 6 November 2021 has amended Article 154 of the Legislative Decree No. 152 of 3 April 2006 by specifying that a Ministerial Decree from the Ministry of Agriculture, Food and Forest policies shall set out the criteria to incentivise the sustainable use of water in agriculture and to support the use of SIGRIAN for collective and self-supply irrigation uses. Such Ministerial Decree No. 485148 was adopted on 30 September 2022 and entered into force as explained above, under the first bullet of the analysis. Article 1 (1) provides that the irrigation entities which develop activities of collective entities are obliged to register the volume of water used for irrigation purposes in the SIGRIAN system, including both the cases of collective use and self-supply. Article 1 (2) adds that the regions and autonomous provinces are to validate by 30 September of every year the data introduced by the irrigation entities. To incentivise the use of the system, Article 1 (1) also specifies that the registration of those data in SIGRIAN is a condition to be eligible for public financing of infrastructure interventions with irrigation purposes.

- **Set a system of regulated prices that takes adequately into account environmental resource use and pollution in accordance with the polluter-pays principle.**
 - The Ministerial Decree No. of 31 December 2022 establishes the criteria for determining the concession fees that the competent authorities must consider for their determination to take account of the pollution and environmental costs in line with the polluter-pays principle as set by Article 1 (1) of the Ministerial Decree. These criteria include environmental externalities, such as the amount of resource withdrawn; the quality and quantity of the returned resource; the impacts in the withdrawal or return phase on the quantity (ecological outflow) and on the quality (ecological or chemical status). Annex A of the Ministerial Decree provides for a reduction of the fee in situations in which good practices are adopted which lead to a significant reduction in environmental impact. This rewarding-oriented approach is aimed at reducing environmental externalities. In the absence of this reduction, the fee is calculated in its expression, such as in the complete internalisation of environmental costs, therefore consistently with the "polluter pays" principle.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M2C4-19	M2C4-19, Related Measure: Investment. 3.1: Protection and enhancement of urban and peri- urban forest			
Name of the Target: Plant trees for the protection and valorisation of urban and peri- urban green areas T1				
Quantitative Indicator: Number	Baseline: 0	Target: 1 650 000	Time: Q4 2022	
Context:				
<p>This measure aims to protect green areas and increase their number with the objective of both preserving and enhancing biodiversity and increasing the quality of life of the inhabitants of those areas. The actions concentrate on 14 metropolitan cities of Italy, which are the most exposed to environmental problems like air pollution, loss of biodiversity or to the effects of climate change.</p> <p>Target M2C4-19 is part of investment 3.1, which aims at planting a total of 6 600 000 trees (in 6 600 hectares) in Italian metropolitan cities. The target requires planting at least 1 650 000 trees for reforestation of urban and peri-urban areas.</p> <p>Target M2C4-19 is the first target of the investment, and it follows the completion of milestone M2C4-18, related to the adoption of the Urban Forestation Plan. It will be followed target M2C4-20, due in Q2 2024, related to planting 6.6 million plants.</p>				
Evidence Provided:				
<p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the target, including all the constitutive elements, was satisfactorily fulfilled; ii. Certificates of planting completion of the Metropolitan cities issued by the Metropolitan cities and the CUFA (environmental division of the <i>Carabinieri - Comando unità forestali, ambientali e agroalimentari</i>) in charge of the implementation of the measure between November and December 2022: Bari, Cagliari, Catania, Genova, Messina, Napoli, Palermo, Reggio Calabria, Roma, Torino, Venezia, CUFA (environmental division of the <i>Carabinieri - Comando unità forestali, ambientali e agroalimentari</i>)-Umbraflor. <p>The authorities also provided:</p> <ol style="list-style-type: none"> iii. Call for projects for interventions of urban, peri-urban, and extra-urban reforestation of the 30 March 2022, published on the Ministry of the Environment and Energy Security (MASE) website; iv. MASE's Directorial Decree No. 198 of 19 August 2022 listing the projects selected for financing, Prot. No. 0000198, published on the Ministry of the Environment and Energy Security (MASE) website; v. Financing Agreements for the reforestation intervention signed between the MASE and the Metropolitan cities (Bari, Cagliari, Catania, Genova, Messina, Napoli, Palermo, Reggio Calabria, Roma, Torino, Venezia); 				

- vi. Agreement No. 7 of 22 September 2022 between MASE and CUFA for the provision of seeds for planting support;
- vii. Agreement of 21 October 2022 between MASE and Umbraflor for the provision of support to Metropolitan Cities for the planting phase;
- viii. Ministerial Decree No. 493 of 30 November 2021 approving the “Urban and peri-urban Forestation Plan”;
- ix. The “Urban and peri-urban Forestation Plan” as published in the Official Journal Year 162 Number 294 of 11 December;
- x. Note from MASE on the Implementation of the investment clarifying the distinction between planting and transplanting (Nota esplicativa del processo di attuazione dell’investimento);
- xi. MASE’s Directorial Decree No. 159 of 17 December 2021 approving the Agreement for the implementation of Measure M2C4.3 Protection and enhancement of urban and peri-urban forest (prot No. 0000159) for the creation of a steering committee (Cabina di Regia) and minutes of 7 February 2023;

In the context of the sampling analysis, additional evidence provided for a sample of 60 units including:

1. Certificates of planting completion for a specific urban area (including all species and number of plants for each species), including participation to the CUFA-Umbraflor agreement for the cities of Cagliari, Naples, Messina and Rome;
2. Photographic material for plants;
3. Transplanting plan;
4. Financing Agreements for the reforestation intervention signed between the Ministry of the Environment and Energy Security (MASE) and the Metropolitan cities;
5. Certificate of origin of the seeds of a specific species.

Analysis:

The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the target.

- **Plant at least 1 650 000 trees for reforestation of urban and peri-urban areas pursuant to article 4 of the law of 12 December 2019, 141 (so-called climate law).**
 - The Ministry of the Environment and Energy Security (MASE), the responsible implementing authority for this measure, launched a call for projects on 30 March 2022. On 19 August 2022, with a Directorial Decree, the Ministry has adopted and published the ranking of the selected projects in the Ministry’s website. The selected projects belong to the metropolitan cities of Bari, Cagliari, Catania, Genova, Messina, Napoli, Palermo, Reggio Calabria, Roma, Torino and Venezia. The call of 30 March 2022 develops the project in the framework established by the law of 12 December 2019, 141 (see art. 3 comma 1).
 - MASE makes a clear distinction between two separate phases: planting vs transplanting. The former takes place when a seed or a young plant are placed in a protected environment such as a tree nursery (Note from MASE on the Implementation of the investment, pages 3 and 4). The number of plants certified has been determined by multiplying the seeds for each species for a specific success factor and has then been reduced by further 20% to take into account casualties during growth (such as, for 10 000 seeds delivered, 7 500 plants are expected – Planting certificates issued by CUFA). Italy expects from this process a total of 2 025 170 plants, well above the target goal of

1 650 000, which are to be transplanted at a second stage, in their final destination. The Certificates of planting completion of each Metropolitan city, list the number and species of plants, as well as the project for the final destination for the transplanting. The Financing agreements between the Metropolitan cities and MASE list in the section “Scheda di Sintesi” the final transplanting location in the Metropolitan City, and in the “Cronoprogramma” section for the transplanting calendar).

- The Council Implementing Decision required planting at least 1 650 000 trees for reforestation of urban and peri-urban areas. Italy has planted seeds in tree nurseries and not directly in their final location in the Metropolitan Cities selected while also providing sound safeguards for the implementation of the transplanting phase, such as every project having a transplanting and maintenance calendar and expenditure already earmarked for these tasks until 2026 (Financing Agreements between MASE and the Metropolitan Cities, section “Cronoprogramma Procedurale e Fisico”). Whilst the deferred transfer from tree nurseries to the final planting destination, as specified in the Planting Certificates and in the Financing Agreements between MASE and the Metropolitan Cities, in the areas of the Metropolitan Cities constitutes a minimal substantive deviation from the requirement of the Council Implementing Decision, the deferred transplanting of trees does not change the nature of the measure that is the protection and enhancement of urban and peri-urban areas in metropolitan cities in Italy. As of this, this minimal deviation does not change the nature of the measure and does not affect the progress towards achieving the investment that the target represents. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled.
- Furthermore, in line with the description of the measure **the actions shall concentrate on the 14 metropolitan cities of Italy, which are the most exposed to environmental problems like air pollution, loss of biodiversity or to the effects of climate change. The interventions shall follow the adoption of an urban forestation plan with the objectives of preserving and enhancing biodiversity in line with the European Biodiversity Strategy, reducing air pollution in metropolitan areas, bringing the number air quality infringement procedures down.**
 - The Call for projects for interventions of urban, peri-urban, and extra-urban reforestation of the 30 March 2022 and subsequent modifications establishes in art. 1 c. 1 the investment is addressed to support interventions in the 14 metropolitan cities. The Directorial Decree No. 198 of 19 August 2022, Annex A, listing the projects selected for financing. Following the publication of the Directorial Decree, the metropolitan cities selected have signed a Financing Agreement with MASE for the reforestation action, where the target areas in each Metropolitan city are listed in the section “Scheda di Sintesi”.
 - The plants selected for the projects in the areas of the Metropolitan cities follow the criteria laid out in the Forestation plan (Chapter 2.2), as assessed for milestone M2C4-18 in the context of the first payment request of Italy.
- The target in the Council Implementation is further specified in the Operational Arrangements, which requires following: **The goal is to plant identifying locations and quantities according to the principle of using “the right tree in the right place”. The Charter of the Ecoregions of Italy drawn up at the level of “34 ecoregions” will make it possible to select and assign to each**

metropolitan area the most suitable trees in terms of ecological, biogeographical and response to different local needs.

- The respect of the “right tree in the right place” is stated in the Call for projects for interventions of urban, peri-urban, and extra-urban reforestation of the 30 March 2022 and subsequent modifications, art. 1 c. 3;
- The respect of the “right tree in the right place” is further verified with the deliverable of milestone M2C4-18 “Urban and peri-urban Forestation Plan” (hereby “Plan”), as published in the Official Journal Year 162 Number 294 of 11 December, assessed during in the context of the first payment request submitted by Italy. The Plan is focused on strategies and actions needed to implement reforestation of urban areas and takes into account the environmental factors that characterize the 14 metropolitan areas, with a detailed analysis in Chapter 2.2 listing the species that are coherent with biogeographical and ecological local characteristics of the 14 metropolitan cities. The species selected for the interventions respect the criteria set out in the plan.

The following variables were verified in the context of the sampling exercise: the project number, the Metropolitan City, the species and number of trees per species planted, the respect of the “right tree in the right place” principle.

The following variables were verified in the context of the sampling exercise: the project number, the Metropolitan City, the species and number of trees per species planted, the respect of the “right tree in the right place” principle, and the transplanting plan.

The evidence provided for a sample of 60 units confirmed that the requirements of the target have been met. The certificates provided confirm the planting of trees for the Metropolitan cities following the “right tree in the right place principle”.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M2C4-24	M2C4-24, Related Measure: Investment 3.4. Remediation of “orphan-sites soil”	
Name of the Milestone: Legal framework for the remediation of orphan sites		
Qualitative Indicator: Provision in the relevant piece of legislation indicating the adoption of the Action Plan		Time: Q4-2022
Context:		
This measure aims to restore lands so-called “orphan sites”, which are areas much hit by industrial pollution.		
Milestone M2C4-24 concerns the adoption of an Action Plan which identifies the orphan sites in all 21 Regions and/or Autonomous Provinces and the specific interventions to be made in every orphan site to reduce land take and enhance urban regeneration.		
This is the first step in the implementation of this measure and it will be followed by the target M2C4-25 consisting of revitalising at least 70% of the surface of ‘orphan sites soil’ identified. This investment has a final expected date for implementation in the first quarter of 2026.		

Evidence provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

An explanatory document duly justifying how the milestone, including all the constitutive elements, was satisfactorily fulfilled;

- i) A copy of the publication in the Official Gazette of the Action Plan for the requalification of orphan sites (<https://www.gazzettaufficiale.it/eli/id/2022/10/12/22A05711/sg>);
- ii) Copy of the Decree law no. 152, converted into law by conversion law no. 233 of 29 December 2021.
- iii) Ministerial Decree No. 269 of 29 December 2020 setting out the financial resources per region and autonomous provinces and the scope of the intervention by the National Programme on requalification of “orphan sites”;
- iv) Directorial Decree No. 15 of 23 February 2022 setting out the eligibility criteria of this intervention in “orphan sites”;
- v) Ministerial Decree No. 301 of 4 August 2022 setting out the framework for the intervention by defining the scope, the financial resources and the conditions to be fulfilled by the implementing entities;
Directorial Decree No. 222 of 22 November 2021 approving the list of projects selected for the requalification of orphan sites;
- vi) Directorial Decree No. 32 of 22 March 2022 updating the list of projects selected for the requalification of orphan sites.

The authorities also provided:

- vii) A copy of the publication in the Official Journal of the Decree Law No. 152 of 6 November 2021 converted into Law No. 233 of 29 December 2021 (<https://www.gazzettaufficiale.it/eli/id/2021/12/31/21A07784/sg>).

Analysis:

The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the milestone.

- **The Action Plan for the revitalisation of orphan sites shall reduce land take and enhance urban regeneration.**
 - Article 17 of the Decree Law No. 152 of 6 November 2021 converted into Law No. 233 of 29 December 2021 specifies that, within 60 days following the entry into force of that Law, the Minister for Ecological Transition is to adopt a special Action Plan for the redevelopment of orphan sites in order to reduce the occupation of land and improve urban development.
 - Article 1 (1) of the Ministerial Decree No. 301 of 4 August 2022 specifies that this legal act adopts the Action Plan to reduce land take and improve urban regeneration. Article 4 (3) specifies that the interventions have to be related to redevelopment of the soil of the orphan sites and therefore contribute to reducing land occupation and improving urban regeneration. It adds that, in particular, the type of interventions envisaged are emergency safety measures, characterization plan, risk analysis, permanent safety measures, operational safety measures, operational remediation project – and the environmental matrices object of the interventions – such as soil and water underground if functional to the re-use of the site. Annex 2 to the Ministerial Decree provides the typology of intervention envisaged for every orphan

site selected. They relate for instance to soil recovery, improving security conditions of soil, management of subterranean waters or re-use of soil used for waste discharge. On urban regeneration, the same Annex 2 requires the completion of several kinds of actions depending on the result of the land recovery, such as the creation of green spaces in those areas or the installation of photovoltaic parks. The Action Plan therefore includes details on the interventions and will reduce land take through the actions on soil recovery, management of subterranean waters and re-use of soil for water discharge. The Plan will enhance urban regeneration through interventions such as the creation of green spaces or the installation of photovoltaic parks.

- **It shall include as a minimum: (i) the identification of orphan sites in all 21 Regions and/or Autonomous Provinces; (ii) the specific interventions to be made in every orphan site to reduce land take and enhance urban regeneration.**

- The Directorial Decree No. 222 of 22 November 2021, updated by the Ministerial Decree No. 32 of 22 March 2022, and Annex II of the Ministerial Decree No. 301 of 4 August 2022 identify the orphan sites that are to be subject to a requalification in all 21 Regions of Italy, including the typology of intervention that are to be carried out in every site.
- With respect to interventions that may be made on orphan sites, Article 1 of the Directorial Decree No. 15 of 23 February 2022 sets out the eligibility criteria for such interventions and Article 4 of the Ministerial Decree No. 301 of 4 August 2022 specifies which are the eligible interventions that can benefit from financing. These are emergency safety measures, characterization plan, risk analysis, permanent safety measures, operational safety measures, operational remediation project – and the environmental matrices object of the interventions – such as soil and water underground if functional to the re-use of the site.
- In line with the further specifications of the **Operational Arrangements**, Article 2 of the Ministerial Decree No. 269 of 29 December 2020 provides the definition of “orphan sites soil”. This term is defined as (i) the potentially polluted site for which the entity responsible for the pollution is not identifiable or did not take action the remediation actions envisaged by the legal framework or (ii) the responsible entities for undertaking the necessary actions did not conclude the interventions.
- The Annex of the Directorial Decree No. 222 of 22 November 2021, updated by the Ministerial Decree No. 32 of 22 March 2022, provides the surface that will be subject to requalification in every orphan site.

Furthermore, in line with the description of the measure, the aim of this intervention is to restore these lands reducing the environmental impact and promoting the circular economy. The project shall use the best available innovative investigation technologies to identify the real needs for remediation and enable the development of those areas, including for housing.

The interventions envisaged by Annex 2 of the Ministerial Decree No. 301 of 4 August 2022 reduce the environmental impact of those lands by for instance actions of soil recovery, improvement of the security conditions of soil, the management of subterranean waters or the re-use of soil used for waste discharge. . In addition, Article 2 of the Directorial Decree No. 15 of 23 February 2022 requires the inclusion of the promotion of the circular economy among the elements in the checklist for the eligibility of the intervention.

Following the completion of this milestone, in line with the description of the measure in the Council Implementing Decision, Italy is expected to use the best available innovative investigation technologies for remediation and to enable the development of those areas, including for housing. This is a further step of this investment that is expected to be completed by the first quarter of 2026.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M3C1-3	Related Measure: Investment 1.1 - High-speed railway connections to the South for passengers and freight	
Name of the Milestone: Award of the contract (s) to build high-speed railway in the lines NapoliBari, and Palermo-Catania		
Qualitative Indicator: Notification of the award of all public contracts to build highspeed railway in the lines Napoli-Bari and Palermo-Catania		Time: Q4 2022
Context:		
<p>Milestone M3C1-3 is part of investment 1.1 whose objective is to build 274km of high-speed railway infrastructure for passengers and freight in the lines Napoli-Bari, Salerno-Reggio and Palermo-Catania.</p> <p>Milestone M3C1-3 concerns the award of all public contracts to build high-speed railway in the following lines:</p> <ul style="list-style-type: none"> - Napoli-Bari line: section Orsara-Bovino - Palermo-Catania line: sections Catenanuova-Dittaino and Dittaino-Enna <p>Milestone M3C1-3 is the first step of the implementation of the investment 1.1 and it will be followed by targets M3C1-5 and M3C1-6 related to the completion of 274km of high-speed railway infrastructure for passengers and freight in the lines Napoli-Bari, Salerno-Reggio and Palermo-Catania. The investment has a final expected date for implementation in Q2 2026.</p> <p>In line with the description of the measure, the assessment and the authorisation of each relevant project or/investment shall respect all the rules and procedures set in articles 6(3) and 6(4) of the EU Directive 92/43/CEE and follow the national guidelines for Impact Assessment published in the Official Gazette of the Italian Republic N°303 of 28 December 2019. In particular, this requires assurance by the Italian authorities that the assessment under Article 6(3) of the Habitats directive is conducted in view of the site-specific conservation objectives of the affected Natura 2000 sites. This element will be assessed in the context of target M3C1-6.</p>		
Evidence provided:		
<p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> i) Annexes 1B, 2B and 3B contain the contract award notifications (“Notifica dell’aggiudicazione dei contratti”) respectively for procedures DAC.00138.2020 (Orsara-Bovino), DAC.0092.2022 (Dittaino-Catenanuova) and DAC.0091.2022 (Nuova Enna-Dittaino); ii) Annexes 1E, 2E and 3E provide the <i>relazioni generali</i> providing the technical specifications of the projects covering the three sections (Orsara-Bovino, Dittaino-Catenanuova and Nuova Enna-Dittaino); 		

- iii) Annexes 1B, 2B and 3B, which contain the contract award notifications (*“Notifica dell’aggiudicazione dei contratti”*), provide the list of contractual counterparts respectively for procedures DAC.00138.2020 (Orsara-Bovino), DAC.0092.2022 (Dittaino-Catenanuova) and DAC.0091.2022 (Nuova Enna-Dittaino);
- iv) Annexes 1D, 2D and 3D provide the report of the evaluation committee (*“Verbale Commissione di gara”*) regarding its assessment of the submitted applications respectively for procedures DAC.00138.2020 (Orsara-Bovino), DAC.0092.2022 (Dittaino-Catenanuova) and DAC.0091.2022 (Nuova Enna-Dittaino);
- v) Annexes 2F, 3F and 5 contain further project-specific details containing the selection criteria that ensure compliance with the Do No Significant Harm principle and environmental rules for respectively for procedures DAC.0092.2022 (Dittaino-Catenanuova), DAC.0091.2022 (Nuova Enna-Dittaino) and DAC.00138.2020 (Orsara-Bovino)

Analysis:

The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the milestone.

Notification of the award of all public contracts to build high-speed railway in the lines Napoli-Bari, and Palermo-Catania in full compliance with the public procurement rules. The contract (s) shall refer to the following parts of those lines: Napoli-Bari line: Orsara- Bovino Palermo-Catania line: Catenanuova - Dittaino and Dittaino – Enna.

There are three awarding procedures, whose reference numbers are:

- DAC.00138.2020 (Orsara-Bovino)
- DAC.0092.2022 (Dittaino-Catenanuova)
- DAC.0091.2022 (Nuova Enna-Dittaino)

Procedure DAC.00138.2020 (Orsara-Bovino): Annex 1B contains the contract award notification by Rete Ferroviaria Italiana for the award of the line Orsara-Bovino to the successful consortium. As shown in Annex 1D, two bids were submitted and evaluated. The contract was awarded on the basis of the economically most advantageous offer following an open procedure. The contract notice was published in the Official Journal of the European Union, Supplement S/S193 on 5 October 2020 and in the national official journal (*“Gazzetta Ufficiale n°118 of 9 October 2020*).

Procedure DAC.0092.2022 (Dittaino-Catenanuova): Annex 2B contains the contract award notification by Rete Ferroviaria Italiana for the award of the line Dittaino-Catenanuova to the successful consortium. As shown in Annex 2D, two bids were submitted and evaluated. The contract was awarded on the basis of the economically most advantageous offer following an open procedure. The contract notice was published in the Official Journal of the European Union, Supplement S/S113 on 14 June 2022 and in the national official journal (*“Gazzetta Ufficiale n°70 of 17 June 2022*).

Procedure DAC.0091.2022 (Nuova Enna-Dittaino): Annex 3B contains the contract award notification by Rete Ferroviaria Italiana for the award of the line Nuova Enna-Dittaino to the successful consortium. The contract was awarded on the basis of the economically most advantageous offer following an open procedure. The contract notice was published in the Official Journal of the European Union, Supplement S/S117 on 20 June 2022 and in the national official journal (*“Gazzetta Ufficiale n°72 of 22 June 2022*).

The milestone is further specified in the Operational Arrangements, which requires that the tenders set clear, non-discriminatory and transparent criteria for the eligibility and the selection of the

proposals. The public procurement rules are provided by the legally binding obligation according to art.2 of DL 120/2020 and in line with the Public Procurement Directives. The aforementioned contract notices in the Official Journal of the European Union and the national official journal have set clear, non-discriminatory and transparent criteria for the eligibility and the selection of the proposals.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M3C1-12	M3C1-12, Related Measure: Investment 1. 4 – Introducing the European Rail Transport Management System (ERTMS)
Name of the Milestone: Award of the contracts for the European Rail Transport Management System	
Qualitative Indicator: Notification of the award of all public contracts to introduce the European Rail Transport Management System	Time: Q4 2022
<p>Context:</p> <p>The measure consists in equipping 3 400 km of the Italian railway network with the European Rail Transport Management System by 2026 in line with the ERTMS European Deployment Plan.</p> <p>Milestone M3C1-12 concerns the award of the contracts for the roll out the European Rail Transport Management System.</p> <p>Milestone M3C1-12 is the first step of the implementation of investment 1. 4. It will be followed in Q4 2023 and Q2 2026 by targets M3C1-13 and M3C1-14. Milestone M3C1-13 relates to the equipment of 1400km of rail lines with the European Rail Transport Management System. Milestone M3C1-14 relates to the equipment of 3 400 km of rail lines with the European Rail Transport Management System.</p>	
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> i) Annex 1A, 2A, 2B, 2C and 2D contain the contract award notifications by Rete Ferroviaria Italiana; ii) Annex 1A, 2A, 2B, 2C and 2D refer all to the roll out of the European Rail Transport Management System in the Italian railway network; iii) Annex 1A, 2A, 2B, 2C and 2D provide the names of the four contractors leading each lot; iv) Annexes 1E and 2G provide the report of the evaluation committee regarding its assessment of the submitted applications against the Call’s demands. 	
<p>Analysis:</p> <p>The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the milestone.</p> <ul style="list-style-type: none"> • Notification of the award of all public contracts to introduce the European Rail Transport Management System (ERTMS) <ul style="list-style-type: none"> ○ There are two awarding procedures, whose reference numbers are DAC.0155.2021 and DAC.0255.2021. 	

<ul style="list-style-type: none"> ○ Procedure DAC.0155.2021: Annex 1A contains the contract award notification by Rete Ferroviaria Italiana for the award of the first public contract to introduce the European Rail Transport Management System (ERTMS), with the reference number DAC.0155.2021. This call for tender covers 480km of railway lines in Sicily and 80km of the line Rocasecca – Avezzano that are part of the 1400km to be covered under milestone M3C1-13. ○ Procedure DAC.0255.2021: Annex 2A, 2B, 2C and 2D contains the contract award notification by Rete Ferroviaria Italiana for the award of the lots of the second public contract to introduce the European Rail Transport Management System (ERTMS), with the reference number DAC.0255.2021. This call for tender covers 2850km of railway lines to be covered under milestones M3C1-13 and M3C1-14. <ul style="list-style-type: none"> ● The investment consists in equipping 3400km of rail lines with the European Rail traffic Management System (ERTMS) in line with the ERTMS European Deployment Plan. <ul style="list-style-type: none"> ○ Furthermore, in line with the description of the measure, the introduction of the European Rail Transport Management System (ERTMS) is in line with the ERTMS European Deployment Plan, as established in the Commission Implementing Regulation (EU) 2017/6. ○ The milestone is further specified in the Operational Arrangements, which requires that the tender sets clear, non-discriminatory and transparent criteria for the eligibility and the selection of the proposals]. ○ Procedure DAC.0155.2021: Annex 1C (“<i>Disciplinare di gara</i>”) provides the operational modalities of the award procedure. The eligibility of proposals was made in accordance with Decree Law 50/2016 (Italian Public Procurement Law), in particular its articles 45 and 46. Annex 1E provides the report of the evaluation committee regarding its assessment of the submitted applications against the Call’s demands. ○ Procedure DAC.0255.2021: Annex 2E (“<i>Disciplinare di gara</i>”) provides the operational modalities of the award procedure. The eligibility of proposals was made in accordance with Decree Law 50/2016 (Italian Public Procurement Law), in particular its articles 45 and 46. Annex 2G provides the report of the evaluation committee regarding its assessment of the submitted applications against the Call’s demands.
Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M3C2-1	M3C2-1, Related Measure: Reform 1.1 Simplification of procedures for the strategic planning process
Name of the Milestone: Entry into force of legislative modifications related to the simplification of procedures for the strategic planning process	
Qualitative Indicator: Provision in the legal act(s) indicating the entry into force of the legislative modifications related to the simplification of the procedures for the strategic planning process	Time: Q4 2022
Context: Reform 1.1 envisages the update of port planning to ensure a strategic vision of the Italian ports system.	

In this context, milestone M3C2-1 requires the simplification of procedures for the strategic planning process. The reform shall regulate as a minimum the (i) the development objectives of the port system authorities; (ii) the areas identified and outlined intended for strictly port and rear-port functions, (iii) the last-mile infrastructural connections of road and rail with ports, (iv) the criteria followed in identifying the contents of the planning and (v) it shall make an unambiguous identification of the guidelines, the rules and the procedures for the preparation of the port regulatory plans.

This reform further details the provisions included by the Annual Competition Law (Law 118/2022) and covered by milestones M1C2-6 with respect to its requirements and M1C2-8 with respect to its implementation. Following the completion of this milestone, in line with the description of the measure in the Council Implementing Decision the port authorities will adopt System Strategic Planning Documents (DPSS) and Port Regulatory Plans (PRP) to set out: (i) the development objectives of the port system authorities; (ii) the areas identified and outlined intended for strictly port and rear-port functions, (iii) the last-mile infrastructural connections of road and rail with ports, (iv) the criteria followed in identifying the contents of the planning and (v) it shall make an unambiguous identification of the guidelines, the rules and the procedures for the preparation of the port regulatory plans. This is a further step of this reform that is not linked to the milestones and targets in the Council Implementing Decision.

Milestone M3C2-1 is the only milestone of Reform 1.1.

Evidence provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) Summary document duly justifying how the milestone was satisfactorily fulfilled in line with the requirements set out in the Council Implementing Decision;
- ii) Decree-Law 9 November 2021, No. 267/2021;
- iii) Legislative Decree 4 August 2016, No. 169/2016.

Analysis:

The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the milestone.

In particular, in compliance with the description of the milestone set out in the Council Implementing Decision:

- **The description of Milestone M3C2-1 requires that a revised legislative framework shall set out that, all port authorities should adopt their System Strategic Planning Documents (DPSS) and their Port Regulatory Plans (PRP) fully taking into account the reform of Italian ports systems of 2016 as approved by the Legislative Decree N° 169 of 4 August 2016.**
 - Article 4, comma 1-septies, of the Decree Law No. 267/2021 adopted on 10 September 2021 modifies Article 5 of Law 84/1994 and requires all port authorities to adopt their System Strategic Planning Documents (DPSS) and their Port Regulatory Plans (PRP). This reform builds up on and fully takes into account the reform of the Italian ports system of 2016, as approved by the Legislative Decree No. 169 of 4 August 2016, which amended Law 84/1994. More specifically, Article 5, Article 6, and Article 7 of the Legislative Decree No. 169 of 4 August 2016 reduced the number of

port authorities establishing the Port System Authorities, reorganized their management system and reformed Port Regulatory Plans. Decree Law No. 267/2021 simplifies the strategic planning process of port system authorities, which have been reorganized by Legislative Decree No. 169 of 4 August 2016.

- **The description of Milestone M3C2-1 also requires that the System Strategic Planning Documents shall regulate as a minimum:**
 - **The development of the objectives of the port system authorities.**
 - Article 4, comma 1-septies, of the Decree Law adopted on 10 September 2021, which modifies Law No. 84/1994, requires that the DPSS shall define the objectives for the economic development of the Port System Authority.
 - **The areas identified and outlined intended for strictly port and rear-port functions.**
 - Article 4, comma 1-septies, of the Decree Law adopted on 10 September 2021, which modifies Law No. 84/1994, requires that the DPSS shall i) define the port areas and their geographical delimitation and ii) divide the port areas into port, rear -port and intersection areas between port and city. The Port Regulatory Plan (“Plan Piano Regolatore Portuale”) (PRP) shall then further detail the scope and the framework of the port areas and retro port areas defined in the DPSS.
 - **The last-mile infrastructural connections of road and rail with ports.**
 - Article 4, comma 1-septies, of the Decree Law adopted on 10 September 2021, which modifies Law 84/1994, requires that the DPSS shall identify the last mile infrastructural connections (both for rail and road transport)) with the single ports and the intersection with the urban centers.
 - **The criteria followed in identifying the contents of the planning.**
 - Article 5 of the Decree Law adopted on 10 September 2021 outlines the contents of the planning (the Port Regulatory Plans), which shall specify the objectives, the forecasts, the elements and the strategies for each maritime port, also defining the overall structure of major infrastructure works. Article 5 also requires that the contents of the planning shall follow the criteria and implement the DPSS, the National Strategic Plan for Ports and Logistics and the guidelines issued by the Superior Council of Public Works and approved by the Ministry of Infrastructure and Sustainable Mobility. More specifically, while the DPSS covers the strategic planning for the area of the same Port System Authority which groups several ports, the PRP concerns the planning for only one port and shall be in line with the DPSS.
 - **Make an unambiguous identification of the guidelines, the rules and the procedures for the preparation of the port regulatory plans.**
 - By means of primary legislation, article 4, comma 1-septies, of the Decree Law adopted on 10 September 2021 which modify Law 84/1994, makes an unambiguous identification of the process for the adoption of the Port Regulatory Plan and a clear attribution of competence to each actor. In particular with the new reform, the preparation of the Port Regulatory Plan is attributed to the exclusive competence of the Port System Authorities. This changes the current system where Regions were responsible for the drafting

of the PRP. With the new process, the PRP is adopted by the management board of the Port System Authority, which consults for opinion municipalities and regions on the coherence of the Port Regulatory Plan with their Urban Development Plans. After 45 days a tacit consent is assumed, and the Port System Authority can proceed if the local authorities have not provided an opinion. The port regulatory plan is also shared with the Ministry of Infrastructure and Transport and the Council of Public Works, which have 90 days to express their opinion. After this period, the Port Regulatory Plan is adopted within 40 days of the finalization of the environmental impact assessment (VAS).

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M3C2-2	M3C2-2, Related Measure: Reform 1.2- Competitive award of concessions in Italian ports	
Name of the Milestone: Competitive award of concessions in Italian ports		
Qualitative Indicator: Provision in the Regulation indicating the entry into force of the Regulation on port concessions		Time: Q4 2022
<p>Context: The reform 1.2 aims at defining the framework conditions for the award of the port concessions to improve the competitiveness of Italian ports.</p> <p>Milestone M3C2-2 requires the entry into force of a new Regulation for the award of ports concessions, covering the following areas: the duration of the concession, the supervisory and control powers of the granting authorities, the renewal procedures, the transfer of the facilities to the new concessionaire at the end of the concession and the identification of the minimum limits for the fees charged to the concessionaires.</p> <p>Milestone M3C2-1 is the only milestone of Reform 1.2, which further details the provisions included by the Annual Competition Law 2021 (Law 118/2022) and covered by milestones M1C2-6 and M1C2-8.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> i) Summary document duly justifying how the milestone was satisfactorily fulfilled in line with the requirements set out in the Council Implementing Decision; ii) Inter-ministerial Decree by the Minister for Infrastructures and Transport and the Minister for Economy and Finance No. 419 of 28 December 2022, containing the regulation of ports concessions; iii) Inter-ministerial Decree by the Minister for Infrastructures and Transport and the Minister for Economy and Finance No. 202 of 28 December 2022, containing the regulation of ports concessions; 		

- iv) Ministerial Decree No. 110 of 22 April 2023, providing further guidelines to the provisions introduced by the Inter-ministerial Decree by the Minister for Infrastructures and Transport and the Minister for Economy and Finance n. 202 of 28 December 2022, containing the regulation of ports concessions;
- v) Decision of the Italian Transport Authority n. 57/2018 containing the methodology and criteria for ensuring equal and non-discriminatory access to port infrastructures.

Analysis:

The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the milestone.

- Milestone M3C2-2 requires the entry into force **of a new regulation defining the framework conditions for the competitive award of port concessions.**
 - Consistently with Article 5 of the ACL, Article 2 (1) of Inter-ministerial Decree n. 202 of 28 December 2022 (containing the “Regulation of the framework for the award of concessions ports areas and platforms”, hereinafter referred to as “Ministerial Decree 202/2022”, which reproduces the same content of Inter-ministerial Decree n. 419 of 28 December 2022 for publication purposes in the OJ) requires that the concessions for the award of port infrastructures are tendered out with open and competitive tenders, safeguarding the principles of efficiency, non-discrimination, equal treatment, transparency, proportionality, environmental protection and energy efficiency.
 - Article 2 of (1), Ministerial Decree 202/2022 defines the framework conditions for the award of port concessions which must follow an open and competitive tendering procedure.
 - The guidelines in annex to the Ministerial Decree n. 110 of 22 April 2023 (hereinafter referred to as the “Ports Guidelines”), which provides further specifications and guidance to the provisions introduced by Ministerial Decree 202/2022, clarify the scope of concessions covered under Law n. 84 of 28 January 1994 (hereinafter referred to as “Ports Law”) as modified by the ACL, the consultations that are needed before the award of the concessions, the information to be published in the call for tender, the deadline for submitting applications, the requirements to participate in tenders, the awarding criteria, the duration, the economic and financial plan, the verification of the economic and financial equilibrium, indicators for the variable component of the licensing fee, the revocation of the concession, the extension of the concession, the replacement agreements (“*accordi sostitutivi*”) and criteria for the takeover of assets.
 - The guidelines clarify that the scope of Article 18 of Law 84/1994 as modified by the ACL covers public-owned areas and docks to provide services defined in article 1.2 (b) of the Regulation (EU) 2017/352 on Port Services.
 - The Ports Guidelines clarify that the provision of port services is authorised by the Port Service Authority after the verification of the following requirements which must be transparent, proportionate and non-discriminatory:
 - personal and professional suitability for the exercise of port activities consisting in having fulfilled compulsory education and attested by suitable documentation regarding the activity carried out at least in the last three years, as well as by the certificate of pending criminal charges, the certificate of criminal records and the anti-mafia certificate for the owner of the company, for the attorney and in the case of companies for the directors and members of the board of statutory auditors (Ports Guidelines, section 1 (a));

- registration in the register of merchants at the chambers of commerce or in the register of companies at the civil court, in the case of companies. Companies established in other countries can present equivalent documentation based on the legislation of the country of origin, or a sworn statement issued by the company's legal representative before the judicial or administrative authority, or before a notary or public official (Ports Guidelines, section 1 (b));
- technical capacity, based on the existence of a complex of movable and immovable assets: machinery or mechanical means or ships or other instruments necessary for carrying out the planned activities, owned, leased or rented for a period of not less than one year (Ports Guidelines, section 1 l);
- organizational capacity suitable for acquiring new technological and methodological operational innovations for better efficiency and quality of services (Ports Guidelines, section 1 (d));
- financial capacity attested by the presentation of financial statements relating to the previous two-year period or for businesses and companies set up during the two-year period by a specific bank statement, as well as, in any case, by certification from the competent court proving that the applicant is not subject to any bankruptcy proceedings (Ports Guidelines, section 1 l);
- presentation of an operational program of not less than one year with an investment plan, possibly divided by sectors, estimated costs and traffic prospects (Ports Guidelines, section 1 (f));
- organization chart of employees, including executives, necessary for the completion of the scheduled activities, divided by professional levels and profiles, with an indication of the employees already on the staff and registered in the payroll and any additional number of units to be included in production through the institution of secondment, as well as through mobility, pursuant to Article 23 of the Ports Law (Ports Guidelines, section 1 (g));
- h) presentation of an insurance contract that guarantees people and things against any damage deriving from the performance of the port services.
- The Ports Guidelines indicate the information that shall be published in the call for tender must be in line with Article 2(3) of the Ministerial Decree 202/2022 and also indicate the procedure to lodge appeals. The Ports Guidelines also underline that the contract award notice must be published in the Official Journal of the EU with the information required by Annex VII of Directive (EU) 2014/23 on Concessions within 48 hours.
- The Ports Guidelines indicate that in the presence of a party request the timing to submit offers will not be inferior to 45 days
- Milestone M3C2-2 also requires that the Regulation shall set out as a minimum:
 - **Point (i) the conditions relating to the duration of the concession.**
 - Article 2 (3) of Ministerial Decree 202/2022 defines the duration of port concessions. Specifically, it requires that the duration of the concession shall be proportional to the time necessary for the amortization of the investments agreed in the port strategic plan.
 - The Ports Guidelines clarify the conditions relating to the duration of concessions, the economic and financial plan, the verification of the economic and financial equilibrium, indicators for the variable component

of the licensing fee, the revocation of the concession, the replacement agreements (“*accordi sostitutivi*”) and criteria for the takeover of assets.

- The Ports Guidelines specify that bidders participating in the tender procedures shall present both an Investment Plan and an Economic-Financial Plan (hereinafter referred to as “PEF”) (Section 7; see also Indicator II.1 of Table 1).
- The PEFs must be drafted on the basis of templates/formats developed by the Transport Regulation Authority (hereinafter referred to as “ART”). Such templates will be developed by ART based on the types of infrastructures, the duration and the characteristics of the investment classes, taking into account the level of infrastructure of the areas and quays (Section 7). Pending the definition of the formats relating to the PEF scheme by the ART, the PEF scheme is defined on the basis of specific components listed in Table 2 of the Ports Guidelines.
- The Ports Guidelines clearly specify that the duration of the concessions must be proportional and directly related to the PEF and must be commensurate with the investments envisaged by the concessionaire (Section 7). The verification of the consistency between the duration of the concessions and the level of planned investments will be carried out by ART. In fact, The Ports Guidelines establish that before launching the call for tender for the granting of the concession, the Port Systems Authority must send the PEF scheme to the ART, which can express itself on PEF’s content and its consistency with the duration of the concession and its potential impact on competition (pursuant to Article 37 (3) of Decree Law n. 201 of 6 December 2011 establishing the ART). Furthermore, the ART can issue opinions regarding the procedures for awarding and the concessions, also at the request of the Port System Authority, and propose the possible adoption of provisions for the suspension or revocation of the concession.
- The Ports Guidelines establish that the tenders and notices as well as the PEFs, the provisions for the granting of concessions and the subsequent modification and/or integration or extension deeds of the same are published on the institutional website of the Ministry of Infrastructures and Transport in the SID section “*il Portale del Mare*”.
- Furthermore, according Article 2 (8) of Ministerial Decree 202/2022 and Section 7 of the Ports Guidelines, if the concession is requested for a period exceeding forty years, the Port System Authority must request a prior opinion from the Ministry for Infrastructures and Transport regarding the consistency of the application with the strategic planning tools of the sector. The Ministry of Infrastructures and Transport issues opinion within twenty days from the receipt of the request accompanied by all the information necessary for the release of the opinion.
- Extensions of the concessions can be granted only in case of concessions the original duration of which is more than 10 years and subject to mandatory notification by the granting authority to the ART, which, within thirty days from the date of notification, issue a mandatory opinion on the consistency of this extension with the PEF connected to the concession or assignment in question.
- In the event that the extension request concerns a concession with a duration of more than forty years or this threshold is exceeded as a result of the possible extension, the Port System Authority must request a prior

opinion from the Ministry of Transport regarding the consistency of the request with the planning tools strategic of the sector. The Ministry replies within twenty days from receipt of the request.

- To the extent that the extension of the concession determine substantial changes to scope and contents of the concession, the AdSP launches a new public tender procedure ensuring compliance with the principles of transparency, impartiality and proportionality, guaranteeing conditions of effective competition (Article 2 of Ministerial Decree 202/2022).
- **Point (ii) The supervisory and control powers of the granting authorities.**
 - Article 9, of Ministerial Decree 202/2022 defines the supervisory powers and control powers of the Ports Authority (and contracting entity). In particular every year or every five years for longer concessions, the port authority must verify the permanence of the requirements defined in the concession award. In case the concessionaire fails to implement the investment plan or fails to achieve the objectives defined in the concession contract, the port authority can proceed with the withdrawal of the concession.
 - The Ports Guidelines establish that the Port Authorities shall carry out the annual check on the permanence of the requisites possessed by the concessionaire at the time of the granting of the concession and on the concrete implementation of the investment program and related activities.
 - The Ports Guidelines establish that in the case of concessions lasting more than ten years, the Port Authorities shall verify the results achieved in terms of traffic and employment, with respect to the trend of the specific sector market in which the concessionaire operates, the conditions of access to the port terminal and the level of competition between operators active on the areas and docks covered by the concession and, more generally, in the port concerned. 'The Ports Guidelines further establish that the results of these checks are communicated to the MIT and ART accompanied by all the information acquired and any proposal to modify the program and plan referred to in Article 2, paragraph 3, letter g), points 1) and 2) , of Ministerial Decree 202/2022, deemed necessary for the best pursuit of the public interest.
 - The Port Guidelines establish that based on the communications of the Port Authorities, the Ministry shall adopt a permanent monitoring plan also through the data present in the information system of the maritime state property SID. The Port Guidelines further establish that the Ministry shall produces an annual report on the existing concessions, which is discussed and published on the institutional website on the basis of the information obtained from the monitoring activities.
 - ART may request further detailed information from the MIT for carrying out the monitoring activities for which it is responsible. The monitoring and verification of the concessionaire's performance shall be carried out taking into consideration the sector benchmarks defined by the ART.
 - The Port Guidelines establish that the PEF presented by the company for the granting of the concession shall be subject to an annual verification of the achievement of the objectives relating to investments, traffic and employment levels declared at the time of assignment. The Port Guidelines specify that the Port Authorities require, by 31 May of each year, the transmission of the documentation necessary for verifying the state of implementation of the operational programs and for analyzing the

management trend and the relative consistency with the provisions of the concession. The operational programs must be evaluated against the quantitative and qualitative results achieved by traffic, the forecasts of the employment plan and the forecasts of investment in infrastructure and instrumental equipment and any other relevant element, with respect to the objectives indicated in the documents contained in the plan itself and presented at the time of the concession request, taking into account any negative market periods.

- The Ports Guidelines establish the conditions for the withdrawal of port concessions. Significant negative deviations ascertained with respect to the envisaged objectives, in terms of quantity of traffic, staffing, infrastructural investment and instrumental plants, constitute elements for the possible total or partial revocation of the authorization and of the concession.
- **Point (iii) the methods of renewal.**
 - Article 2 and article 6 of the Inter-ministerial Decree 419/2022 describe the methods of renewal for port concessions. In particular, the renewal of the port concession shall follow an open and competitive procedure. A term extension is allowed for a maximum of 5 years, in case the amortization of the investment agreed in the concession contracts has not been completed by the end date of the concession.
- **Point (iv) the transfer of the plants to the new concession holder at the end of the concession.**
 - Article 8, of the Inter-ministerial Decree 419/2022 defines the conditions for the transfer of the plants to the new concession holder at the end of the concession. In case the concession is awarded to a new concessionaire, the Port Authority can require the outgoing concessionaire to remove all the movable infrastructure. The outgoing concessionaire has the right to receive an indemnity to be paid by the incoming concessionaire in relation to the non-movable property made or purchased for the exercise of the state concession, additional to those envisaged in the Port Strategic Plan.
- **Point (v) the limits minimum fees to be paid by licensees.**
 - Article 5, of the Inter-ministerial Decree 419/2022 details the minimum limits of the fees charged to the concessionaires which shall be constituted by a fixed component and a variable one. The definition of fixed component shall take into account: i) the location and the level of existing infrastructure in the area subject to concession; ii) the limits and advantages in using the concession deriving from the characteristics of the area; iii) the size of the investments proposed by the concessionaire in relation to the construction of port infrastructures in the area or the modernization of existing ones. The variable component shall be linked to the indicators defined in the PEF of the concessionaire. (i.e level of production, energy efficiency and environmental sustainability, quality of the services offered). Overall, the minimum fees calculated as explained by article 5, cannot be lower than 2 500 euros.
 - The Port Guidelines establish that the variable component shall be determined through incentives that are updated every year based on the results achieved at least with respect to the following common indicators in line with what is defined by the ART's decision no. 57/2018 : (i) level of productivity per unit of port area subject to concession; (ii) traffic differential actually moved compared to the scenario presented in the PEF, taking into consideration the specific market trend; (iii) average time of

storage of the goods in the storage areas; (iv) share of modal shift of freight to rail; (v) energy efficiency of the entire port cycle relating to the areas subject to concession; (vi) environmental efficiency of the entire port cycle relating to the areas subject to concession, in particular with reference to the impacts of investments on objectives of mitigation and adaptation to climate change in the areas subject to concession. In line with the sector benchmarks set by the ART, the fees must take into account the operation of the areas subject to concession and the specificities of the port realities involved, also with a view to distinguishing the conditions that guarantee a greater level of competition from those instead that identify hypotheses of market failures.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M3C2-4	M3C2-4, Related Measure: Reform 1.3- Simplification of authorisations for procedures	
Name of the Milestone: Simplification of authorisation procedures for cold ironing plants		
Qualitative Indicator: Entry into force of the simplification of authorisation procedures for cold ironing plants		Time: Q4 2022
<p>Context:</p> <p>The measure aims to simplify and reduce the authorization procedure concerning the construction of the National Electricity Transmission Network plants to power the distribution systems for the supply of electricity to ships (cold ironing), by creating a single authorization process. The goal is to reduce the numerous steps and timing that slow down the development of the energy supply project to the ports.</p> <p>Milestone M3C2-4 requires the entry into force of the simplification of authorisation procedures for cold ironing plants. Milestone M3C2-4 is the only milestone for this reform.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> i) Summary document duly justifying how the milestone has been satisfactory fulfilled; ii) Copy of the publication in the Official Journal No. 150 of 29 June 2022 of law No. 79 of 29 June 2022, converting into law decree law No. 36 of 30 April 2022 entitled "Additional urgent measures for the implementation of the Recovery and Resilience Plan (PNRR)" [Ulteriori misure per l'attuazione del Piano di ripresa e resilienza (PNRR)]. <p>The authorities also provided:</p> <ul style="list-style-type: none"> iii) Copy of the publication in the Official Journal No. 182 of 5 August 2022 of law No. 108 of 5 August 2022, converting into law the decree law No. 68 of 16 June 2022, entitled "Urgent measures for the security and development of infrastructures, transports, and sustainable 		

mobility as well as on big events and on the functions of the Ministry of Infrastructure and Sustainable Mobility''(Disposizioni urgenti per la sicurezza e lo sviluppo delle infrastrutture, dei trasporti e della mobilita' sostenibile, nonche' in materia di grandi eventi e per la funzionalita' del Ministero delle infrastrutture e della mobilita' sostenibili) that amends Article 33 of decree law No. 36 of 30 April 2022, as converted into law by law No. 79 of 29 June 2022;

- iv) Note of the Legislative Office of the Ministry of Infrastructure and Sustainable Mobility No. 11683 of 1 April 2022, sending to the Ministry of Economy and Finance the law decree proposal for the simplification of authorisation procedures for cold ironing plants. The note includes as attachments the law decree proposal and the regulation impact analysis (Analisi Dell'Impatto della Regolamentazione);
- v) Slides explaining in detail the impact of the reform in terms of simplification of the authorisation procedures for cold ironing projects.

Analysis:

The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the target.

- **Entry into force of the simplification of authorisation procedures for cold ironing plants. In line with the description of the measure, the reform concerns authorization procedures for the construction of the National Electricity Transmission Network plants to power the distribution systems for the supply of electricity to ships (cold ironing). The regulatory intervention shall identify a single authorization process for projects involving a voltage higher than 132 kV and the rest, in order to exploit the process synergies.**
 - Article 33 of decree law No. 36 of 30 April 2022 sets up a single authorization process for all projects concerning the construction and management of the electricity transmission network plants of ports (including National Electricity Transmission Network plants), regardless of the voltage. This encompasses also projects involving a voltage higher than 132 kV and the rest. According to Article 33 (2) the construction and the management of the electricity transmission network plants of ports as well as any intervention to modify, strengthen, reconstruct, reactivate those networks is subject to a single authorization, issued by the competent Region;
 - The decree law No.36 of 30 April 2022, entered into force on 1 May 2022 (Article 50 of decree law No. 36 of 30 April 2022), was converted into law by law No. 79 of 29 June 2022. Law No. 79 of 29 June 2022, was published in the Official Journal No. 150 of 29 June 2022 and has entered into force on 30 June 2022 in accordance with Article 1(2), as required by the milestone.
- **The regulatory intervention shall simplify and reduce the authorization procedure for cold ironing. The reform shall streamline the authorisation process to reduce the authorisation time to a maximum of 12 months for the construction of energy transport infrastructures aimed at supplying electricity from land to ships during the mooring phase (in case of interventions not subjected to environmental assessment).**
 - Article 33 (2) (3) of decree law No. 36 of 30 April 2022, simplifies the procedure for the issuance of the authorization for cold ironing projects by envisaging a single authorisation process to be delivered by the competent Region. Before the reform, cold ironing projects were subject to two different interrelated procedures,

managed by different authorities (the Regions and the territorial offices that report to the Ministry of Economic Development), according to their voltage. This was creating substantial delays in the authorization process. After the entry into force of decree law No. 36 of 30 April 2022, a single authorization process is to be issued by the competent Region, following a conference of services (conferenza dei servizi) with the involvement of all the relevant administrations.

- According to Article 33 (3) of decree law No. 36 of 30 April 2022 the authorization process must be finalized within maximum 120 days. For projects subject to an environmental impact assessment or a technical-economic feasibility study, the competent Region has up to 180 days to issue the authorization. According to Article 33 (4bis), the Ministry of Infrastructure and Sustainable Mobility (now Ministry of Infrastructure and Transport) is competent to monitor the compliance of the Regions with the deadlines set out in Article 33 (3) of decree law No. 36 of 30 April 2022. In case of non-compliance, the ministry will signal the delay to the relevant Region, proposing the necessary corrective measures and granting additional 30 days to conclude the procedure. In case of non-compliance with the above-mentioned deadline, in line with Article 8 of Law No. 131 of 5 June 2003, the ministry can propose to the Council of Ministers to exercise the substitution power and therefore adopt the necessary measures (also the authorization itself) or nominate a special commissioner (commissario ad acta) to finalize the procedure.
- **The Ministry of Infrastructure and Transport shall make a proposal to streamline the authorization process. In particular, it shall be proposed to have the cold ironing projects evaluated by the territorial offices that report to the Ministry of Economic Development, which could, in a shorter time, study the projects and consequently authorize them.**
 - The Council Implementing Decision required the Ministry of Infrastructure and Transport to make a proposal to streamline the authorization process and to confer the power to evaluate cold ironing projects to the territorial offices that report to the Ministry of Economic Development (now Ministry of Enterprises and Made in Italy) with the goal to speed up the study of the projects and the process for their authorization. However, the draft decree law put forward by the Ministry of Infrastructure and Transport proposed to confer the power to evaluate cold ironing projects to the Regions, as evidenced by the law decree proposal. Following the discussion within the Council of Ministers, Article 33 (2) of decree law No. 36 of 30 April 2022, which was adopted on the basis of the proposal, has conferred the power to issue the single authorization for cold ironing projects to the competent Regions rather than to territorial offices that report to the Ministry of Economic Development. According to the justifications provided by the Italian authorities, after consulting the economic operators operating in the sector, it was concluded that the major bottlenecks of the previous authorisation process were caused by delays of the territorial offices, in particular due to a shortage of qualified personnel. Therefore, the Italian authorities decided to confer the power to manage the single authorization process to the Regions. Whilst this constitutes a minimal substantive deviation from the requirement of the Council Implementing Decision, the decision to confer to the Regions the power to evaluate and issue the single authorization process for cold ironing projects ensures that the objective of

simplifying and speeding up the authorization process for cold ironing projects is achieved. As of this, this minimal deviation does not change the nature of the measure and does not affect the progress towards achieving the reform that the milestone represents. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M3C2-8	M3C2-8, Related Measure: Investment 1.1: Green ports: renewable energy and energy efficiency interventions at ports
Name of the Target: Green ports: assignment of works	
Quantitative Indicator: 7	Time: Q4 2022
<p>Context:</p> <p>This measure aims to reduce CO2 emissions and improve air quality in port cities through specific interventions aimed at energy efficiency and promoting the use of renewable energy in ports. Target M3C2-8 requires the assignment of the works to at least seven Port System Authorities and it will be followed by target M3C2-9 that concerns the completion of works by the end of 2025. The investment has a final expected date for the implementation in Q4 2025.</p>	
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> i) Summary document duly justifying how the target has been satisfactory fulfilled; ii) Directorial Decrees No. 487, 489, 490, 493, 494, 495, 496, 497 of 13 December 2022, providing evidence of the assignment of the projects to eight port authorities, published on the Ministry's website (https://www.mase.gov.it/pagina/investimento-1-1-porti-verdi-green-ports-0); iii) Extracts of the technical specifications of the project(s); iv) Document providing details as regards the fact that the climate contribution of the investment will account for 97% of the total cost as per the methodology in Annex VI of the Regulation (EU) 2021/241 and so above the at least 79% of the total cost of the required by the target. <p>The authorities also provided:</p> <ul style="list-style-type: none"> v) Copy of the Directorial Decree No. 91236 of 25 August 2021 launching the call projects under "Investment 1.1: Green ports: renewable energy and energy efficiency interventions at ports", whose deadline for the presentation of the projects proposal was extended by the Directorial Decree No. 105761 of 1 October 2021, including its annex 5 concerning the evaluation criteria for the projects; vi) Copies of the relevant Port Systems Environmental Energy Planning Documents (<i>hereinafter referred to as "DEASP"</i>); 	

- vii) Explanatory document linking the financed projects to the relevant DEASP;
- viii) Copies of the self-declarations made by the implementing bodies, including on the application of the principle of do no significant harm and compliance with EU and national environmental legislation;
- ix) Brief description of the awarded projects.

Analysis:

The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the target.

In particular:

- **Assignment of the works to at least 7 port system authorities. The projects are to be selected from those that the individual Port System Authorities have indicated in their Port Systems Environmental Energy Planning Documents (DEASP).**
 - To achieve milestone M3C2-8, the authorities launched the call for proposal through Directorial Decree No. 91236 of 25 August 2021. Projects were awarded to eight port system authorities, as evidenced by the Directorial Decrees No. 487, 489, 490, 493, 494, 495, 496, 497 of 13 December 2022. The Directorial Decrees were published on the Ministry's website (<https://www.mase.gov.it/pagina/investimento-1-1-porti-verdi-green-ports-0>).
 - All projects selected in the eight port systems authorities are indicated in their respective DEASP adopted by the Port System Authorities. This has also been confirmed by an explanatory note provided by the authorities.
- **Eligibility criteria that ensure that the works comply with the 'Do no significant harm' Technical Guidance (2021/C58/01) and with the relevant EU and national environmental legislation. Furthermore, in line with the description of the measure, this investment includes the purchase of zero-emission vehicles and service boats or the transformation of fossil fuel vehicles and service boats into zero-emission ones.**
 - Section 1.2 of the Directorial Decree No. 91236 of 25 August 2021 ensures that projects involving fossil fuels are not eligible by specifying that Interventions that also involve the use of fossil fuels, including Liquefied Natural Gas (LNG) and Compressed Natural Gas (CNG), are excluded, both in hybrid vehicles and in storage and distribution infrastructures. According to section 1.2, table 1, activity No. IV, only projects involving the purchase of vehicles fuelled by electricity and hydrogen or the electrification of existing vehicles were eligible in line with the DNSH principle and with the description of the measure in the Council Implementing Decision.
- **Commitment that the climate contribution of the investment as per the methodology in Annex VI of the Regulation (EU) 2021/241 shall account for at least 79% of the total cost of the investment supported by the RRF.**
 - Section 3 of the Directorial Decree No. 91236 of 25 August 2021 sets out that all projects selected will have to ensure that at least 79% of the total cost will have to provide a climate contribution based on the methodology set by the Table 1 of Section 1, which follows the Annex VI of Regulation (EU) 2021/241.

- **Commitment to report on the implementation of the measure halfway through the life of the scheme and the end of the scheme.**
 - Article 1(6) of the Directorial Decrees awarding the projects require implementing bodies to report on the implementation of the measure halfway through the life of the scheme and at the end of the scheme. The implementing bodies also committed themselves to respect those obligation by signifying the self-declaration attached with the project proposals (page 4).

- **Furthermore, in line with the description of the measure, the main objective of this investment is to achieve CO2 emissions reduction and an improvement of air quality in port cities through interventions aimed at energy efficiency and promoting the use of renewable energy in ports. The “Green Ports” program is also expected to achieve a significant reduction of other combustion pollutants, which are the main cause of deterioration in air quality in port cities.**
 - Section 1(1) of the Directorial Decree No. 91236 of 25 August 2021 sets out that one of the objectives of the call for projects is to reduce CO2 and other pollutant emissions from fossil combustion in ports and port cities. Section 1(2) further provides that project applications must relate to measures to reduce CO2 emissions and other pollutants linked to the combustion of fossil fuels linked to port activities and supply from renewable sources in the port areas under the responsibility of the Port System Authorities targeted by this call. Annex 5 to the call No. 91236 of 25 August 2021, also set out specific award criteria related to the percentage of energy, CO2 or other pollutant emission reduction. Section 1(3) specifies that one of the objectives expected is a reduction of CO2 emissions and pollutants from the combustion of fossil fuels from port activities. In line with Section. 1 (2) the call may finance the following eligible interventions:
 - Renewable energy production facilities, including different storage and/or hydrogen production technologies;
 - energy efficiency of buildings;
 - replacement of inefficient lighting systems with energy-saving ones, including control and management systems;
 - Purchase of service vehicles operating within the port, powered by electricity or hydrogen, or electrification of existing vehicles;
 - Interventions on the power grid or other facilities to increase their efficiency and digitization;
 - Infrastructure and other devices for powering and recharging electric or hydrogen vehicles;
 - Approved emission reduction methods. These latter, in accordance with the provisions of Article 295 paragraphs 19 and 20 of Part V of Legislative Decree 152/2006, will have to be authorised in line with Article 295 “Maritime Fuels,” paragraphs 14 to 18.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M4C1-5	M4C1-5, Related Measure: Reform 1.1: Reform of Technical and Professional Institutes; Reform 1.2: Reform of tertiary vocational training system (ITS); Reform 1.3: Reorganisation of the school system; Reform 1.4: Reform of the “Orientation” system; Investment 3.1: New skills and new languages	
Name of the Milestone: Entry into force of the reforms of the primary and secondary education system to improve educational outcomes.		
Qualitative Indicator: Provision in the law indicating the entry into force of the reforms	Time: Q4 2022	
<p>Context:</p> <p>Milestone M4C1-5 includes initiatives concerning four reforms and one investment. In particular, Reform 1.1 aims to align the curricula of technical and professional institutes with competences needed by the Italian production system consistent with Industry 4.0, as well as digital innovation. The reform has a final expected date for implementation in Q4 2022.</p> <p>Reform 1.2 aims to strengthen the tertiary vocational training system (ITS) by simplifying their governance. The reform has a final expected date for implementation in Q4 2023.</p> <p>Reform 1.3 has two main objectives i) adjusting the number of pupils per class, as well as ii) reform the rules on the size of school buildings. The reform has a final expected date for implementation in Q4 2022.</p> <p>Reform 1.4 aims to introduce orientation modules for the fourth and fifth classes of upper secondary school to support students in taking an informed choice between continuing their studies or further vocational trainings. The reform also aims to create a digital orientation platform. The reform has a final expected date for implementation in Q4 2023.</p> <p>Investment 3.1 includes interventions aimed at strengthening STEM (Science, technology, engineering, and mathematics), digital, innovation skills as well as multilanguage skills focusing on female students and envisaging a full interdisciplinary approach to guarantee equal opportunities and gender equality in terms of methodological approach and STEM orientation activities. The investment has a final expected date for implementation in Q2 2025.</p> <p>Milestone M4C1-5 consists of the entry into force of a reform covering five key elements: i) the organisation of the education system to adopt to demographic developments; ii) the orientation system to minimise the drop-out rate in tertiary education; iii) strengthening secondary vocational education, and to adopt the new curriculum and their orientation towards the innovation output of the National Industry 4.0 Plan; iv) training school managers, teachers, and administrative/technical staff, and creating the Tertiary Advanced School for training to improve teaching quality; v) integrating activities, methodologies, and contents aimed at developing and strengthening STEM curricula, digital and innovation skills. Milestone M4C1-5 also requires that the deadlines for the issuance of the secondary legislation should be clearly stated in the primary legislation.</p> <p>Milestone M4C1-5 is the first step of the implementation of reforms 1.1, 1.2, 1.3, and 1.4 and it will be followed by milestone M4C1-10 concerning the entry into force of the secondary legislation for the implementation of the reforms by Q4 2023. Milestone M4C1-5 is also the first step of</p>		

implementation of investment 3.1 and it will be followed by target M4C1-16 envisaged by Q2 2025 concerning the activation of STEM guidance projects.

Evidence provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) Summary document duly justifying how the milestone was satisfactorily fulfilled in line with the requirements set out in the Council Implementing Decision;
- ii) Decree-Law No. 144 of 23 September 2022, published in the Official Journal No. 269 of 17 November 2022 and converted into Law No. 175 of 17 November 2022;
- iii) Law No. 99 of 15 July 2022, published in the Official Journal No. 173 of 26 July 2022;
- iv) Law No. 234 of 30 December 2021, published in the Official Journal No. 310 of 31 December 2021;
- v) Law No. 197 of 29 December 2022, published in the Official Journal No. 303 of 29 December 2022;
- vi) Ministerial Decree No. 220 of 8 August 2022;
- vii) Decree of the Ministry of Education and Merit No. 328 of 22 December 2022;
- viii) Decree-Law No. 36 of 30 April 2022, published in the Official Journal No. 100 of 30 April 2022 and converted into Law No. 79 of 29 June 2022.

The authorities also provided:

- ix) Guidelines for the orientation related to Reform 1.4 – Reform of the “Orientation” system;
- x) Law No. 107 of 13 July 2015, published in the Official Journal n. 162 of 15 July 2015.

Analysis:

The Commission considers that there are the following clerical error in text of the Council Implementing Decision:

- As regards the measures related to milestone M4C1-5 despite not listed among the related measures referred to in the CID table, column “Related Measure (Reform or Investment)”, a reference to Investment 3.1 – New skills and new languages should have been included as this is also related to milestone M4C1-5. In fact, the constitutive element of milestone M4C1-5 that reads “initiatives for the integration of activities, methodologies and contents aimed at developing and strengthening Science, Technology, Engineering and Mathematics (STEM) curricula, digital and innovation skills, in all cycles of education, from kindergarten to upper secondary school, with the aim to boost enrolment in tertiary STEM curricula, particularly for women” is referred to in the description of Investment 3.1.
- While the CID table, column “Related Measure (Reform or Investment)”, includes reference to Reform 1.2 – Reform of the tertiary vocational training (ITS), milestone M4C1-5 does not include a relevant constitutive element for the implementation of that reform under column “Description of each milestone and target” of the CID table. Instead, due to a clerical error, this constitutive element was included as part of previous milestone M4C1-1. In particular, this refers to the requirement to provide for “measures to reform the tertiary vocational training system, including strengthening links and possible transitions with professional degrees (lauree professionalizzanti), to meet the labour market demand for technical competences“. Milestone M4C1-1 was assessed as satisfactory fulfilled

in the context of the first payment request. Given the presence of the clerical error, that constitutive element was not taken into consideration for the assessment of milestone M4C1-1. Accordingly, it is currently assessed as part of milestone M4C1-5, last bullet point of this table.

- In its description, milestone M4C1-5 states under point iv) that “initiatives for the training of school managers, teachers and administrative/technical staff and the creation of the Tertiary Advanced School for training to improve teaching quality” shall be included. This constitutive element refers to reform 2.2 - Tertiary advanced school and continuous training for school managers, teachers, administrative and technical staff which is assessed under milestone M4C1-6 also part of the third payment request. Therefore, as reform 2.2 is not linked to milestone M4C1-5 that constitutive elements above will be assessed as part of milestone M4C1-6.

Against this background, the justification and substantiating evidence provided by the Italian authorities cover all constitutive elements of the milestone.

Requirements in the description of the milestone – (Reform 1.3 – Reorganisation of the school system)

- **Initiatives to reform the organisation of the education system to adopt to demographic developments (such as number of schools and pupils/teachers ratio).** In addition to the requirements of the milestone, the description of the reform for the sub-part concerning the “Adjustment of the number of pupils per class” provides that “The number of teaching staff shall be set at the same level as in the 2020/2021 school year, in view of the population decline and in order to reduce the number of pupils per class and gradually improve the ratio between the number of pupils and the number of teachers on common positions. The implementation of the intervention shall not increment the number of buildings available. The initiative shall give personalised attention to individual pupils, particularly to the most vulnerable and certainly pupils with disabilities”. Similarly, the further specification of the operational arrangements provides that the reform shall **“Decrease the ratio between the number of pupils and the number of teachers”.**
 - The reform enters into force via Law No. 234/2021 – entered into force on 1 January 2022 and the Ministerial Decree No 220 of 2022.
 - Article 1 (344-345) of the Law No. 234/2021 establishes new procedures to improve the ratio between pupils and teachers in primary and secondary schools, by decreasing the number of pupils solely in classes with difficult socio-economic context (calculated through the ESCS Economic, Social and Cultural Status – index) and high levels of drop-out rates, maintaining the number of teaching staff unaltered vis-a-vis the decreasing demographic trend (which brought to the reduction of the overall number of pupils in the Italian School System), in line with the requirements of the Council Implementing Decision. The legislative provision has also maintained the previous allocation of buildings and has not led to any increment of the buildings available.
 - Article 3 (1 and 2) of the Ministerial Decree No. 220/2022 sets the ESCS index parameters to identify the ratio between pupils and teachers of primary, as well as secondary schools.
 - Article 2 of the Ministerial Decree n. 220/2022 allows Regional Educational Departments to waive the limit for the pupils/teachers ratio to guarantee and to

promote education in specific local areas which are particularly affected by the decreasing demographic trend.

- Concerning the inclusion of mandatory deadlines for the issuance of secondary legislation, that is relevant requirement set out in the description of the milestone, article 1 (345) of the Law No 234/2022 establishes that the Minister of Education and Merit shall adopt the secondary legislation to define the indicators of Economic, social and cultural status, to define the thresholds of the just-mentioned indicators, and to define the parameters for the composition of the classes by the end of the month of February preceding the start of the school year concerned.
- In addition to the requirements of the milestone, the description of the reform as well as the further specification of the operational arrangements for the part concerning the “Reviewing the rules on the size of schools buildings” provides that **“The regional school population shall be adopted as the “effective parameter” for identifying the educational institutions with a headmaster and a headmistress, rather than the population of the individual school, as provided for by current legislation”**.
 - Law No. 197/2022 – entered into force on 1 January 2023 – specifies effective parameters for identifying the educational institutions with a headmaster and a headmistress. In practice, article 1 (557) of the Law No. 197/2022 establishes that the regional quota of school managers and administrative directors – Direttore dei Servizi Generali e Amministrativi (DSGA) – must be established at national level, considering the number of pupils in each region. This new parameter formally replaces the previous one, namely, the population of the individual school.
 - Concerning the inclusion of mandatory deadlines for the issuance of secondary legislation, that is a relevant requirement set out in the description of the milestone, article 1 (345) of the Law No. 197/2022 establishes that the Minister of Education and Merit shall adopt the ministerial decree for the allocation of the school managers and administrative directors among Regions within the 31 May of each year, before the starting of the school year.

Requirements in the description of the milestone (Reform 1.4: Reform of the “Orientation” system).

- **Initiatives to reform the orientation system to minimise the drop-out rate in tertiary education.** In addition to the requirements of the milestone, the description of the reform provides that **“The reform aims at introducing orientation modules (at least 30 hours per year) for the fourth and fifth classes of upper secondary school.** The main objective is to support students in taking an informed choice between continuing their studies or further vocational training (ITS), prior to their integration into the labour market. **The description of the reform also envisages the creation of a digital orientation platform, related to the tertiary educational offer of Universities and Vocational Training Institutes (ITS)”**. Similarly, the further specification of the operation arrangements provides that **“Initiatives to reform the orientation system to minimise the dropout rate in tertiary education shall correspond to the introduction of orientation modules (at least 30 hours per year) in upper secondary schools for students in the IV and V years”**.

- Decree of the Ministry of Education and Merit No. 328 of 22 December 2022 has been published on the Ministry of Education and Merit’s website on 28 December 2022 and therefore it has entered into force as required by the milestone in line with the national legal framework enabling the Guidelines for the orientation. In practice, Points 1.1, 7.2, 7.4, and 12 of the Guidelines for the orientation – issued on the basis of article 1 of Decree of the Ministry of Education and Merit No. 328/2022 – establish orientation courses of at least 30 hours for all secondary students (and particularly to fourth- and fifth-year students) to strengthen the link between primary and secondary cycles of education. The orientation courses introduced, in particular for the fourth- and fifth-year students are expected to support student transition towards labour market integration as well as to minimise the drop-out rate in tertiary education.
- Point 10 (1 and 2) of the Guidelines for the orientation – enabled by the Decree of the Ministry of Education and Merit No. 328/2022 – establishes a digital orientation platform which will provide specific elements to support students and family in the transition from primary to secondary education; national and territorial documentation regarding the transition from secondary to tertiary education offer; and recommendations regarding the transition from school to work.
- Concerning the inclusion of mandatory deadlines for the issuance of secondary legislation, that is a relevant requirement set out in the description of the milestone, article 1 (3) of the Decree of the Ministry of Education and Merit No. 328/2022 establishes that the provisions shall be adopted within 30 May 2023.

Requirements in the description of the milestone – (Reform 1.1 – Reform of technical and professional institutes)

- **Initiatives to strengthen secondary vocational education (Istituti tecnico-professionali) including adoption of the new curriculum and their orientation towards the innovation output of the National Industry 4.0 Plan.** In addition to the requirements of the milestone, the description of the reform provides that **“the reform aims to align the curricula of technical and professional institutes with competence needed by the Italian production system, including at local level”**. Similarly, the further specification of the Operational Arrangement provides that the reform shall include **“extension of organizational and teaching model to other training context (supporting the training offer, introducing rewards and widening the paths for the development of enabling technological skills – enterprise 4.0)”**
 - Law No. 144/2022 – entered into force on 24 May 2023 – aims to align the curricula of technical and professional institutes with competence needed by the Italian production system. In practice, articles 26 (1) of the Decree-Law No. 144/2022 and converted into Law No. 175/2022 establishes that the adoption of new curricula by means of the decree of the Ministry of Education shall be consistent with the Italian Recovery and Resilience Plan (RRP), as well as with the National Industry 4.0 Plan. This is expected to reinforce the bond between economic growth and social justice.
 - Article 27 (1) of the Decree-Law No. 144/2022 and converted into Law No. 175/2022 sets that new curricula shall tighten the bond between the school and

the world of work consistently with innovation goals, environmental sustainability, competitiveness of the productive system, and Regions' "Smart specialization strategies 2021-2023" ("Strategie di specializzazione intelligente 2021-2023").

- Concerning the inclusion of mandatory deadlines for the issuance of secondary legislation, that is a relevant requirement set out in the description of the milestone, article 26 (1) of the Decree-Law No. 144/2022 establishes that one or more regulations shall be adopted within 180 days from the entry into force of the Decree-Law itself. Article 27 (1) sub-paragraph c) of the Decree-Law No. 144/2022 establishes the adoption of guidelines within 180 days from the entry into force of the Decree-Law itself. Article 27 (3) of the Decree-Law No. 144/2022 establishes the adoption of guidelines within 180 days from the entry into force of the Decree-Law itself.

Requirements in the description of the milestone – (Investment 3.1 – New skills and new languages)

- **Initiatives for the integration of activities, methodologies and contents aimed at developing and strengthening Science, Technology, Engineering and Mathematics (STEM) curricula, digital and innovation skills, in all cycles of education, from kindergarten to upper secondary school, with the aim to boost enrolment in tertiary STEM curricula, particularly for women.** In addition to the requirements of the milestone, the description of investment 3.1 provides that **"a digital system shall also be developed to monitor language skills at the national level with the support of respective certifier entities"**.
 - Article 1 (547-554) of the Law No. 197/2022 establishes a series of activities to develop and to strengthen STEM curricula in all cycles of education, such as: information initiatives to involve women in STEM curricula; initiatives to create school networks with the goal to promote STEM curricula overcoming gender stereotypes; agreements with Regions to offer scholarships consistent with STEM, as well as digital and innovation skills.
 - New skills and new languages.
 - i. Article 1 (7) sub-paragraph *a* of Law n. 107/2015 provides for the strengthening of students' linguistic skills, including English, as well as other languages of the European Union.
 - ii. Article 44 (1) sub-paragraph *l* of the Decree-Law n. 36/2022 and converted into Law n. 79/2022 establishes training activities for teachers, also aimed at strengthening language skills.
 - Concerning the inclusion of mandatory deadlines for the issuance of secondary legislation, that is a relevant requirement set out in the description of the milestone, article 1 (552) of the Law No. 197/2022 establishes that the Ministry of Education and Merit shall adopt specific guidelines on STEM curricula for a three-year plan within 30 June 2023.

Requirements in the description of the milestone – (Reform 1.2 – Reform of the tertiary vocational training (ITS)).

- **Measures to reform the tertiary vocational training system, including strengthening links and possible transitions with professional degrees, to meet the labour market demand**

for technical competences. In addition, to the requirement of the milestone the description of the reform provides that **“The reform aims at strengthening the tertiary vocational training system by simplifying ITS governance in order to increase the number of institutes and enrolments with a view to the local territory. The reform is expected to bridge the mismatch between labour supply and demand”**.

- Law 99/2022 – entered into force on 27 July 2022 – strengthens the tertiary vocational training system. In practice, article 4 of Law 99/2022 provides for the simplification of the governance of system of the tertiary vocational training system. The article establishes a new legal regime for ITS as participation foundations (Fondazioni di partecipazioni). The same Article 4 establishes a tax credit for those donating to ITS foundations, the deductibility of costs for enrolled students, the possibility of redemption the training period for retirement purposes, as well as direct access to the teaching profession in secondary technical schools for ITS graduates.
- Article 2 (1) of Law 99/2022 identifies as a priority task of the ITS Academy the strengthening of professional trainings (formazione professionalizzante) in tertiary vocational trainings paths with the aim of systematically contribute to the economic development and competitiveness of the local production system, gradually filling the mismatch between the demand and the supply of labour.
- To update the curricula of ITS Academies and adapt them to new business and labour market needs, Article 3 of Law 99/2022 provides for the adoption of secondary legislation to define new standard professional competency profiles, in relation to each area of technology, and minimum standards of technological and technical-professional skills in relation to each profile. In this respect Article 3 sets out the reference sectors for the identification of the technical-professional profiles: the ecological transition, including transport, mobility and logistics; the digital transition; new technologies, including high artistic craftsmanship; life science technologies; business and corporate services non-profit organizations; technologies for artistic and cultural activities and for tourism; information technologies, communication and data; construction. This puts the focus of tertiary vocational education on high-growth sectors of the economy and serves to meet the labour market demand for technical competences, in line with the requirements of the milestone.
- Article 8 of Law No. 99/2022 provides for the establishment of agreements between universities and ITS Academies to allow for flexible and modular routes to professional degrees (lauree professionalizzanti), according to general standards for mutual recognition of credits. Ultimately, these agreements increase opportunities for trainings and professional trainings at tertiary level (formazione professionalizzante) for young people, supporting their transition towards the labour market.
- Concerning the inclusion of mandatory deadlines for the issuance of secondary legislation, that is a relevant requirement set out in the description of the milestone, article 7(3) of Law 99/2022 establishes that the Ministry of Education shall adopt Ministerial Decree within 120 days after the entry into force of the law that took place on 27 July 2022 to define the minimum standards for the creation of new ITS Academy; Article 8(2) of Law 99/2022 establishes that the Ministry of Education shall adopt a ministerial decree within 120 to define the link between the ITS Academy and the university system; Article 11(6) of Law 99/2022

established that the Ministry of Education shall adopt a Ministerial Decree within 90 days from the entry into force of the Ministerial Decree itself to define criteria and the methodology for funding allocation.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M4C1-6	M4C1-6, Related Measure: Reform 2.2: Tertiary advanced school and continuous training for school managers, teachers, administrative and technical staff	
Name of the Milestone: Entry into force of legislation aimed at building a quality training system for school		
Qualitative Indicator: Provision in the law indicating the entry into force of the legislation		Time: Q4 2022
Context:		
<p>The Reform 2.2 aims at building a quality training system for school managers, teachers, administrative and technical staff for career and professional development envisaging the establishment of a qualified body in charge of releasing guidelines and selecting training initiatives. Reform 2.2 is strictly connected to milestone M4C1-3 (Reform 2.1 – Reform of teachers’ recruitment), assessed in the context of the second payment request to the subpart concerning the setting up of a career progression linked to teachers’ performance evaluation and continuous professional development.</p> <p>Milestone M4C1-6 consists of the entry into force of a law related to: i) the creation of a quality training system for school staff; ii) the establishment of a qualified body in charge of school training guidelines; and iii) the selection and coordination of training initiatives linked to career progressions. The milestone aims at contributing to the creation of a national strategy to implement a system of initial and continuous training.</p> <p>Milestone M4C1-6 is the main step of the implementation of Reform 2.2 envisaged by Q4 2022.</p>		
Evidence provided:		
<p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> i) Summary document duly justifying how the milestone was satisfactorily fulfilled in line with the requirements set out in the Council Implementing Decision; ii) Copy of Decree-Law No. 36 of 30 April 2022, published in the Official Journal No. 100 of 30 April 2022 and converted into Law No. 79 of 29 June 2022; iii) Law No. 197 of 29 December 2022, published in the Official Journal No. 303 of 29 December 2022. 		
Analysis:		
<p>The Commission considers that there is a clerical error in the text of the Council Implementing Decision as regards the constitutive element of milestone M4C1-6. Under the column “Description of each milestone and target” of the Council Implementing Decision table for milestone M4C1-6, the following constitutive element was not included “initiatives for the training of school managers, teachers and administrative/technical staff and the creation of the Tertiary Advanced School for training to improve teaching quality”. Therefore, this constitutive element will be assessed as part of milestone M4C1-6.</p>		

Against this background, the justification and substantiating evidence provided by the Italian authorities cover all constitutive elements of the milestone.

Requirements in the description of the milestone:

- **Building a quality training system for school staff in line with continuous professional and career development.**
 - Article 44 (1) sub-paragraph I of the Decree-Law No. 36/2022 as converted into Law No. 79/2022-envisages a new system of training for teachers (compulsory for newly recruited teachers and voluntary for the others) articulated in three-year cycles. The new training system includes trainings on innovative teaching methodologies, as well as linguistic and digital skills. The new training system is in line with the continuous professional and career development of teachers, particularly, as per the teachers' recruitment reform, training activities are a key element to ensure the professional and career development of teachers. Ultimately, they are expected to contribute to increasing the students' educational outcomes.

- **Establishment of a qualified body in charge of school staff trainings guidelines, the selection and coordination of training initiatives and shall link them to career progressions, as provided for in the recruitment reform.**
 - Article 44 (1) sub-paragraph I (16-bis) of the Decree-Law No. 36 and converted into Law No. 79 establishes the "School of high training of education" (also simply referred to as "School"). In particular,
 - i. It establishes that the School promotes and coordinates the training activities for tenured teachers, school principals, as well as directors of general administrative, technical and supporting services
 - ii. It establishes that I School cooperates with single schools to promote the participation of teachers to the continuous trainings activities.
 - iii. it sets the role of the President, the Steering Committee, and the International Scientific Committee. It provides the School with an administrative and accounting autonomy.
 - Article 44 (1) sub-paragraph i (16-ter) of the Decree-Law No. 36 and converted into Law No. 79 establishes that the school shall issue guidelines concerning the training of school staff consistently with European standards.
 - The new training system is linked to the career progression system because the successful completion of three training cycles is one of the elements to be granted a permanent salary progression. It is recall that in context of the second payment request the assessment of milestone M4C1-3 considers salary progression as a component of career progression.

- **The implementation of a system of initial and continuous training should make it possible to overcome the current fragmentation of training path, which currently lack a unified national strategy.**
 - Article 44 (1) sub-paragraph I (16-ter) provides that the School – because of its comprehensive structure – shall promote the linkage between initial and continuous training of teachers. This is expected to ensure high and uniformed standards of the training system over the whole country and to overcome the fragmentation of training path, producing the overall effects as of having a unified national strategy.

- **Initiatives for the training of school managers, teachers, and administrative/technical staff, and to create the Tertiary Advanced School for training to improve teaching quality.**
 - Article 44 (1) sub-paragraph I of the Decree-Law No. 36 and converted into Law n. 79 establishes the “School of high training of education” (also simply referred to as “School”) which, in collaboration with the INDIRE, INVALSI, AFAM, and public and private bodies, promotes and coordinates the trainings for tenured teachers, school principals, as well as directors of general administrative, technical and supporting services.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M4C1-29	M4C1-29, Related Measure: Reform 1.7: Reform of student housing regulation and investment in student housing	
Name of the Milestone: Entry into force of the reform on student housing legislation		
Qualitative Indicator: Provision in the law indicating the entry into force of the reform		Time: Q4 2022
<p>Context:</p> <p>The objective of the reform is to encourage the participation of private entities and operators in the student housing market. The measure also includes an investment to increase the supply of student accommodation by 2026.</p> <p>Milestone M4C1-29 concerns the entry into force of the reform on student housing and it includes: i) measures to ensure opening up the participation to funding student accommodations also to private investors; ii) measure to ensure the sustainability of the private investment on the long-term; iii) measures to condition the funding and allowances granted to private investors; iv) measures to redefine the standards for student accommodation.</p> <p>Milestone M4C1-29 is the second milestone of Reform 1.7, and it follows the completion of the milestone M4C1-27, assessed in the context of the first payment request, related the entry into force of a first set of amendments to the primary legislation on student housing. Target M4C1-28 concerning the creation and assignation of 7 500 additional sleeping units by Q4 2022. It will be followed by target M4C1-30 concerning the creation and assignation to students of 60 000 accommodations by 2026.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> i) Summary document duly justifying how the milestone was satisfactorily fulfilled in line with the requirements set out in the Council Implementing Decision Annex; ii) Copy of the Decree Law No. 144 of 23 September 2022 and converted into Law No. 175 of 17 November 2022, published in the Official Journal No. 269 of 17 November 2022; iii) Copy of the Law No. 87 of 3 July 2023 converting into Law the Decree Law No. 51 of 10 May 2023, published on the Official Journal No.155 of 05 July 2023; iv) Copy of Ministerial Decree No. 1437 of 27 December 2022; 		

- v) Copy of the Inter-ministerial Decree No. 1439 of 29 December 2022 including its the Annexes (A, B and C).

Analysis:

The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the milestone.

Requirements in the description of the milestone:

- **Entry into force of the reform on student housing legislation**
 - Article 12-ter of Law No. 87/2023 entered into force on 6 July 2023 repeals Article 25(13) of Law No. 144/2022 and it ensures the applicability of Article 25 of the Decree Law 144/2022 which establishes that the reform of student housing legislation entered into force. Decree-Law No. 144/2023 converted into Law No. 175 of 17 November 2022 was published in the Official Journal No. 269 of 17 November 2022 which entered into force on 18 November 2022
- **Opening up the participation to the funding also to private investors, also allowing public-private partnerships where the university will make use of the available funding to support the financial equilibrium in real estate investments for student housing. In addition to the requirements of the milestone, the description of the reform provides that “The reform has the objective of encouraging private entities to set up student accommodation facilities, with the Ministry of University and Research contributing for a portion of the renting revenues for the first three years of operation of the structures”.**
 - Article 25 (2) of the Decree-Law No. 144/2022 provides that the financial resources identified under Article 25 (1) of the Decree-Law No. 144/2022 can be allocated for the creation of the additional student sleeping accommodation also through agreements and partnership between public institutions, including universities, and private entities and investors. Article 25 (2) also provides for the establishment of a committee within the Ministry of Universities and Research for selecting projects for the creation of additional student sleeping accommodation.
 - Article 2 (1) of the Ministerial Decree No. 1437/2022 provides that the financial resources identified under Article 25 (1) of the Decree-Law No. 144/2022 allocated for the creation of the additional student sleeping accommodation should cover the cost of the accommodation service (namely, the total amount of the rent or part of it) during the first three years of the service provision. The contribution allocated by the Ministry of University and Research to cover the total amount of the rent or part of it and the new taxation scheme (described in detailed below) makes the investment in student housing more appealing for private operators also in case of market failure by supporting the financial equilibrium of their real estate investment in student housing.
- **Ensuring the long-term sustainability of the private investments by guaranteeing a change in the taxation scheme from the one applied for hotel services to the one applied for social housing, by constraining the use of the new accommodations for student housing purposes during the Academic Year but allowing the use of the structures when they are not needed for student hospitality.**
 - Article 25 (9), (10) and (11) of the Decree-Law No. 144/2022 establish a new taxation scheme on student housing to support the long-term sustainability of private investments. The new taxation scheme establishes: i) exemptions from stamp duties

(“imposte di bollo”) (Art 25 (10)); ii) a tax credit equivalent up to the total amount of the municipal tax (Art 25 (11)); iii) starting from 2024, a reduction in the tax base on individuals and corporate income tax as well as on the formation of the net output value for the purposes of the regional tax on production activities (“IRAP”) (Art 25 (9)). These new measures make the taxation scheme on student housing similar to the already existing one applied to social housing. In particular, the tax exemptions from stamp duties applies (as in the Decree of the President of the Republic No 642/1972), the tax credit on municipal tax (as in Article 1 (738) of Law No 160/2019) and the reduction on IRAP (as regulated by Decree-Law No. 47/2014) are taxation measures also applied to social housing.

- The Inter-ministerial Decree No. 1439/2022 regulates the granting procedures, terms and criteria for private investors to access to the tax credit as established under Article 25 (9) of the Decree-Law No. 144/2022.
- Article 2 (1) of the Ministerial Decree No. 1437 provides that private investors and entities benefitting from the three years financing for covering the costs of the accommodation services shall ensure that the structure where the accommodation services are provided shall be used as student housing for a period of at least 9 additional years. During periods falling outside the academic year, the structures are allowed to be used for purposes other than students’ hospitality. To constrain the use of the new accommodations for student housing purposes, Article 2 (4) of Ministerial Decree No. 1437 provides that private operators and entities shall sign agreements with public institutions (including universities) to define: i) the terms to ensure that the structures are predominantly used for student hospitality purposes; ii) the terms to grant the compensation to private investors and entities intended to cover the costs for the first three years of the investment period.
- **Conditioning the funding as well as additional tax allowances (such as the equal treatment with the social housing) on the use of the new accommodations for student housing during the overall investment horizon and the compliance with the agreed upper bound in the rents charged to students even beyond the expiration of special funding schemes that contribute to trigger the investment by the private operators.**
 - Article 2 (1) of the Ministerial Decree No. 1437 provides that those entities receiving the 3 years financing covering the cost of the accommodation services shall ensure that the structure will be used for student accommodation purposes for a period of at least additional 9 years following the initial 3 years period during which the costs are covered.
 - The Council Implementing decision requirement related to equal treatment is with the social housing has been already explained under the previous paragraph on taxation scheme similarities.
 - With the aim of conditioning the funding on the use of the new accommodations for student housing purposes ,Article 25 (6) of Decree-Law No. 144/2022 provides that a reduction in the available beds compared to the amount indicated in the project’s proposal contribute to reducing the private investors’ benefits as established by Article 25 of the Decree-Law No. 144/2022 (namely, the tax credit, the reduction in the tax base, the tax exemption as well as the amount of resources to cover the costs of the accommodation services). According to the same Article, the benefit reduction is proportional to the reduction in beds availability. In case the intended use of the structure was changed, Article 25 (6) also establishes that successful tenderers would

lose all their benefits (as referred to under Article 26 (9), (10) and (11)). Therefore, the benefits established by the reform are conditioned by the use of the accommodation for the purpose of student housing.

Article 6 of the Ministerial Decree No. 1437 provides that the procedures and criteria to identify the unit cost of the bed unit in student housing shall be decided by a technical committee coordinated by the Ministry of Universities and Research. Additionally, the upper bound in the rents charged to students shall be defined by the technical committee. In the definition of the upper bonds in rent rates, the committee shall consider the territorial scope, values of reference market, property typologies, the level of services offered to students and a 15% reduction given the social purpose of the investment. Article 25 (3) and (4) of Decree-Law 144/2022 makes the disbursement of the resources allocated to cover the rent or part of it of the student accommodation conditional upon the effective availability of the accommodation to students.

- **Redefining the standards for student accommodations, by redetermining the law requirements regarding the common space per student available in the buildings in exchange for better equipped (single) rooms.**
 - Article 8 of the Ministerial Decree No. 1437/2022 requires that the construction works line with the Do Not Significant Harm principle.
 - Annex are made in C to the Ministerial Decree No. 1437/2022 defines the new standards concerning common spaces in student housing and the new equipment of the rooms. Concerning the residential function, the Annex establishes that the net surface area shall be equal to or greater than 10.6 m²/bl. for the single room. By establishing also that at least 5% of the bed units shall be reserved to students with disabilities, the Annex provides that, in these cases, the net surface area shall be increased by at least 10%.

In addition to the requirements of the milestone, the description of the reform provides that:

- **The investment shall not finance natural gas boilers**
 - Article 2 of Annex C to the Ministerial Decree No 1437/2022 clearly states purchases and deployment of natural gas boilers are not permitted.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M4C2-1	M4C2-1, Related Measure: Investment 1.2: Funding projects presented by young researchers		
Name of the Target: Number of students awarded of a research grant			
Quantitative Indicator: Number	Baseline: 50	Target: 300	Time: Q4 2022
Context: The measure aims to provide new opportunities for young researchers, along the lines of the European Research Council (ERC), Marie Skłodowska-Curie Individual Fellowships (MSCA-IF) and Seal of Excellence, in order to retain them in Italy and enable them to gain an initial experience of research responsibility. Starting from a baseline of 50, the target M4C2-1 requires the award of at least 300 research grants to postgraduate research grantees. The satisfactory fulfilment of the target also takes into			

consideration that at least 300 young researchers are contracted. Target M4C2-1 is the only target of this investment.

Following the completion of this target, in line with the description of the investment in the Council Implementing Decision, Italy will support research activities of up to 2 100 young researchers. This is a further step of this investment that is not linked to the milestones and targets in the Council Implementing Decision.

Evidence Provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) Summary document duly justifying how the target (including all the constitutive elements) was satisfactorily fulfilled;
- ii) Lists of the funded projects, including, for each project, a reference to the beneficiary of the grant, to the amount of grant awarded and to the typology of the researcher;
- iii) the abstracts of the funded projects.

The authorities also provided:

- iv) Directorial Decrees No. 564 of 13 December 2022 and No. 8 of 20 January 2023 awarding research grants to Marie Skłodowska-Curie Individual Fellowships and Marie Skłodowska-Curie Postdoctoral Fellowships (hereafter referred to as "MSCA"), to Seal of Excellence (hereafter referred to "SOE") and to European Research Council (hereinafter referred to as "ERC") postgraduate research grantees through the call No. 247 of 19 August 2022;
- v) Ministerial Decrees No. 1152 of 13 October 2021 and No. 1039 of 25 August 2022 awarding research grants to postgraduate research grantees through the call for projects "Rita Levi Montalcini" No. 928 and No. 929 of 23 December 2020;
- vi) Call for project No. 247 of 19 August 2022, including its annexes;
- vii) Directorial Decree No. 367 of 7 October 2022, amending some provisions of the call No. 247 of 19 August 2020;
- viii) Directorial Decree No. 602 of 23 December 2022, approving the final ranking for ERC research grantees through the call for projects No. 247 of 19 August 2022;
- ix) The call for projects "Rita Levi Montalcini" No. 928 and No. 929 of 23 December 2020;
- x) Directorial Decree No. 2811 of 10 October 2017, awarding a total of 50 research grants to postgraduate research grantees through the call "FARE 2016" No. 2348 of 27 October 2016;
- xi) 5 reports providing a compatibility analysis of the selected profiles with the conditions set out in the Council Implementing Decision and with the definition of "young researchers";
- xii) The Do No Significant Harm checklists used to verify compliance of the projects with the Italian Do No Significant Harm Technical guidance;
- xiii) The Do No Significant Harm methodological note, evidencing the Do No Significant Harm assessment performed for the projects awarded grants through the call for projects "Rita Levi Montalcini" No. 928 and No. 929 of 23 December 2020 with the Do No Significant Harm conditions set out in the Council Implementing Decision.

In the context of the sampling analysis, additional evidence provided for a sample of 60 units including:

- List of research grants projects awarded, with indications concerning the key parameters;
- For each sample unit:
 - The decree awarding the project;
 - The contract signed with reference to the awarded project;

- Individual report containing the analysis of compatibility of the researcher with the criteria identified to define the project beneficiaries (young researchers);
- As complementary information, an abstract of the project and an ex-ante Do No Significant Harm assessment checklist.

Analysis:

The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the target.

- **Award of at least 300 research grants to students. The target in the Council Implementation is further specified in the Operational Arrangements, which defines “student” as postgraduate research grantees (such as, ERC grantees, MSCA postdoctoral grantees).** Three calls for projects were launched to provide support to research activities to postgraduate young researchers. The call for project No. 247 of 19 August 2022, as modified by Directorial Decree No. 367 of 7 October 2022, has provided support to postgraduate researchers beneficiaries of European scholarships or grants of excellence, including ERC starting grants, MSCA Individual Fellowships and Postdoctoral Fellowships, within the H2020 framework programme and horizon Europe, or having received a SOE after participating to a MSCA Individual Fellowships and Postdoctoral Fellowships call for project (Art. 2 of the call for project No. 247 of 19 August 2022, as modified by art. 1 of Directorial Decree No. 367 of 7 October 2022). Whereas the calls for projects No. 928 and 929 of 23 December 2020 have financed postgraduate researchers who are teaching or conducting post-doctoral research abroad since at least 3 years, after having concluded their PHD programme or obtained an equivalent title (Art. 2 of the Call for projects No. 928 of 23 December 2020; Art. 1 of the call for project No. 929 of 23 December 2020). Therefore, all students who were awarded grants through the call for projects No. 247 of 19 August 2022 and No. 928 and 929 of 23 December 2020 are postgraduate researchers in line with the further specifications of the Operational Arrangements.
 - The Council Implementing Decision requires the award of at least 300 research grants to students. Furthermore, the description of the milestone requires that the satisfactory fulfilment of the target will also take into consideration that at least 300 of young researchers are contracted. In light of the purpose of the investment which is meant to provide new opportunities to young researchers, only research grants awarded to postgraduate young researchers were counted towardsthe target. To identify project beneficiaries (postgraduate students who are also young researchers), a set of additional qualitative and quantitative criteria have been applied in the framework of this investment and detailed in the summary document. In detail, a young researcher has been defined as *“a researcher of any nationality beneficiary of scholarships or European grants of excellence, for example ERC starting grants, MSCA Individual Fellowships and Postdoctoral Fellowships, within the H2020 framework programme and horizon Europe, or having received a SOE after participating to a MSCA Individual Fellowships and Postdoctoral Fellowships call for project”*. Moreover, young researchers would need to respect the following conditions:
 - Having no more than 40 years at the date when the call was launched or, for profiles with more than 40 years but not older than 45 years, having completed the PHD maximum 7 years earlier (in line with the ERC requirements);
 - In addition, the researcher shall respect one or more of the following sub-conditions:
 - a) Still need to acquire a first experience in the management of research funds and/or in research activities (such as, Principal investigator);

- b) Still need to acquire a first experience of leadership and management responsibility in a national or international research team;
 - c) Not having had a full-time equivalent permanent contract as researcher and/or as a tenured professor.
- According to the information provided by the authorities in the summary note and as confirmed by the evidence provided during the sampling exercise (see paragraphs below), a total No. 252 of postgraduate researchers falling within the definition of young researcher detailed above were awarded grants through the calls for project No. 247 of 19 August 2022, No. 928 and 929 of 23 December 2020). Considering the baseline of 50, the final number of researchers awarded grants reached a total of 302. On this basis, it is considered that this constitutive element of the target is satisfactorily fulfilled.
- **The satisfactory fulfilment of the target will also take into consideration that at least 300 young researchers are contracted.**
 - All the researchers awarded grants through the above-mentioned calls were contracted by universities or research bodies as evidenced by the documentation provided by the authorities. Specifically:
 - According to Article 10 of the call for projects No. 247 of 19 August 2022, the ERC researchers were hired either as second-level University professors or second level researchers (for research bodies). According to Article 17 and 24 of the above-mentioned call, MSCA and SOE researchers were hired as researcher pursuant to Article 24 (3) lett. A) of law No. 240 of 30 December 2010 (or alternatively provided research contracts) or as researchers of third level (for research bodies);
 - According to Article 3 of the call No. 928 and to Article 2 of the call No. 929 of 23 December 2020, the researchers awarded grants through the calls for projects "Rita Levi Montalcini" were hired as researcher pursuant to Article 24 (3) lett. B) of law No. 240 of 30 December 2010.
 - To confirm that all the researchers were awarded grants and were then contracted, Italy provided a list of research grants awarded from which a sample of 60 units was requested. The signed contracts provided for the sample of 60 units confirmed that all the young researchers were contracted by the relevant university or research body. All the researchers were post-graduate research grantees who were granted awards through the calls for project No. 247 of 19 August 2022, No. 928 and 929 of 23 December 2020, as evidenced by the decrees awarding the research grants (Directorial Decrees No. 564 of 13 December 2022; Directorial Decree No. 8 of 20 January 2023; Ministerial Decrees No. 1152 of 13 October 2021 and No. 1039 of 25 August 2022). All the researchers meet the identified criteria to define the project beneficiaries, as evidenced by the reports providing an analysis of compatibility of the researcher with the definition of young researcher. A short description of each project has been provided (abstracts) as well as specific evidence of Do No Significant Harm compliance (see hereunder).
- **Furthermore, in line with the description of the measure, part of the contribution is linked to the recruitment of at least one non-tenure track researcher and part of the contribution shall be dedicated to short period of mobility for research or teaching activities in other locations in Italy or abroad.**
 - According to Article 7 (7) of the call for projects No. 247 of 19 August 2022, the ERC researchers will be bound to allocate part of the grant – for a share of no more than 20% of the eligible direct costs – to hire an additional non-tenure track researcher

to implement the project. Moreover, to be eligible for funding, the project proposals from ERC researchers have to include short mobility periods, in Italy or abroad, for a maximum of 6 months (Article 5 (2) of the call No. 247 of 19 August 2022). In light of Article 15 (5) of the same call, MSCAs researchers could also hire additional non-tenure track researchers in the projects and carry out short mobility periods.

- **The selection procedure for the awarding shall include the eligibility criteria that ensure that the selected projects comply with the ‘Do no significant harm’ Technical Guidance (2021/C58/01) through the use of an exclusion list and the requirement of compliance with the relevant EU and national environmental legislation.**
 - The call for project No. 247 of 19 August 2022 includes the respect of the “Do not significant harm” principle as an eligibility criterion of the projects [Article 5 (3), lett. C); 13 (3) let. C) and Article 20 (3) lett. C)]. To verify compliance with the Do No Significant Harm conditions set out in the Council Implementing Decision, several evidence and control steps were carried out:
 - Together with the project proposal, the participants submitted a self-declaration stating that the projects activities did not fall into the categories of the excluded activities set out in the Do No Significant Harm exclusion list and were compliant with the relevant national and European environmental legislation [Article 5 (4); Article 13 (4) and Article 20 (4)];
 - The evidence provided by the participants (self-declaration and project proposals) were assessed by the evaluation commissions. The assessment in terms of compliance with the Do No Significant Harm was done through the use of a signed checklist;
 - All the above-mentioned evidence were then sent to the Ministry of University and Research for a final control. As stated in the decree No. 564 of 13 December 2022 (Article 3) and No. 8 of 20 January 2023 (Article 2), no projects whose activities were falling within the Do No Significant Harm exclusion list were financed.

As for the projects awarded grants through the call for projects No. 928 and 929 of 23 December 2020 that predate the Council Implementing Decision, according to the justification provided in the cover note, the conformity with the Do No Significant Harm was assessed project by project by the Ministry of University and Research, through a working group specifically set up for this task. This is evidenced by the Do No Significant Harm methodological note produced and signed by the Ministry of University and Research, confirming that all the projects respect the Do No Significant Harm conditions set out in the Council Implementing Decision. For these projects, signed Do No Significant Harm checklist have also been provided.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M5C1-2	M5C1-2, Related Measure: Reform 1 – The Active Labour Market Policies and Vocational Training	
Name of the Milestone: Entry into force at the regional level of all plans for the Public Employment Services (PES)		
Qualitative Indicator: Provision indicating the entry into force of the plans adopted by the Regions and activities executed		Time: Q4 2022

Context:

The objective of the reform is to promote a more effective and efficient active labour market policy framework by providing personalised labour market activation plans. By introducing the Guaranteed Employability of Workers programme (*Programma Garanzia di Occupabilità dei Lavoratori*, hereinafter referred to as “GOL programme”), the reform aims at integrating active labour market, social and training policies, notably via the National Plan for New Skills. It also introduces national minimum standards of services to reduce territorial heterogeneity.

Milestone M5C1-2 requires the adoption of regional plans which define the necessary operational activities to implement the GOL programme at regional level. The milestone also requires the execution such operational activities in order to reach at least 10% of the envisaged beneficiaries.

Milestone M5C1-2 is the second milestone of the reform and follows the completion of milestone M5C1-1, related to the entry into force of the legal acts establishing the GOL programme and the related National Plan for New Skills. It will be followed by target M5C1-3, related to the number of beneficiaries of the GOL programme, target M5C1-4 related to the number of participants in training activities within the GOL programme and, target M5C1-5 related to the number of Public Employment Services meeting the criteria for national essential level of services in line with the GOL programme. The reform has a final expected date for implementation in Q4 2025.

Evidence provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) Summary document by the Ministry of Labour and Social Policies duly justifying how the milestone, including all the constitutive elements, was satisfactorily fulfilled;
- ii) The 21 regional plans adopted by each region and autonomous province (*Piano attuativo regionale*);
- iii) Decision by each regional council proving the adoption of the regional plans and a link to the websites where they have been published (link: <https://www.anpal.gov.it/piani-di-attuazione>. At this link, all plans are accessible on the official website of each region and province);
- iv) Approval decisions by the National Agency for Active Labour Market Policies for each of the 21 regional plans, legally necessary for their adoption;
- v) Official communication by the National Agency for Active Labour Market Policies to regions and autonomous provinces of 29 December 2021 providing the template for regional plans;
- vi) Inter-ministerial Decree of 5 November 2021, adopting the National programme for the Guaranteed Employability of Workers (published in the Official Journal No. 306 of 27 December 2021);
- vii) Annex with the number of candidates enrolled in the GOL programme and their individual characteristics (such as their unique identifier as candidates in the programme), and description of the GOL pathways and activities completed by them or on-going (dataset and accompanying note).

The authorities also provided:

- viii) Official decisions by the National Agency for Active Labour Market Policies providing details on the standards of services to be provided and the methodology for the assessment and recipients’ profiling phase, ensuring consistency across regions and public employment services (*Delibere* of the National Agency for Active Labour Market Policies 5, 6 and 12 of 2022);

- ix) Note with analysis on the beneficiaries reached by the programme (National Agency for Active Labour Market Policies note on the GOL programme, No .5/2022).

Analysis:

The Commission considers that there is a clerical error in the text of the Operational Arrangements and has undertaken the assessment on this basis. The milestone is in fact further specified in the Operational Arrangements, which require that “the most vulnerable shall include at least: recipients of all relevant income support instruments for the unemployed (such as, NASPI, DIS-COLL), the recipients of the citizenship income (“Reddito di Cittadinanza”), the recipients of all relevant wage supplementation schemes (such as, some CIGS schemes), NEET, unemployed under 30 and women, people with disabilities and the long-term unemployed.” The Commission considers that the further specifications are not relevant for milestone M5C1-2, which does not refer to vulnerable recipients, but to milestone M5C1-1.

Against this background, the justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the milestone.

- **The national regulation of the Guaranteed Employability of Workers (GOL) Programme shall envisage the definition at regional level of the necessary operational activities to implement the Programme”.**
 - Art. 1(3) of the Inter-ministerial Decree of 5 November 2021 adopting the National programme for the Guaranteed Employability of Workers (published in the Official Journal: GU No. 306 of 27 December 2021), lays out the obligation for regions to adopt regional implementation plans to implement the national GOL programme which should be consistent with the guidelines provided by the GOL programme itself.

- **In order to ensure coherence between the national regulation and the regional implementation, regional Plans for the Public Employment Services (PES) shall be adopted”** and that **“the entry into force of the Plans for the Public Employment Services (PES) shall allow to fully implement the Guaranteed Employability of Workers (GOL) Programme”.**
 - In the course of 2022, regions and autonomous provinces have adopted regional plans, as proven by the copies of each regional plan and the regional council decisions provided. The decisions were all published in the official regional websites as attested by the relevant links provided by the authorities. In line with the national legal framework, the decisions approving the regional plans produce their effects from the date of the publication in the official regional websites and has as such they have entered into force. The regional plans are consistent with the architecture of the GOL programme as defined in Inter-ministerial Decree of 5 November 2021 (GU No. 306 of 27 December 2021), notably with respects to the four pathways laid out: the pathways start with an assessment phase common to all beneficiaries which leads to the signature of an individualised service pact, and they then focus on re-entering into the labour market, up-skilling, re-skilling or integrated active labour market and social support, respectively (see section 5.1.4 of each regional plan). The obligation for the regional plans to be consistent with the national regulation for the GOL programme as laid out in Inter-ministerial Decree of 5 November 2021 was ensured by the Agency for Active Labour Market Policies (hereinafter referred to as ANPAL). ANPAL is formally responsible for the evaluation of the coherence of regional plans with the national GOL programme and more broadly for the timely, effective and correct implementation of

the interventions by regions and autonomous provinces (Art. 1(3) and Art. 3(4) of the Inter-ministerial Decree of 5 November 2021). In particular, ANPAL: i) provided a template to be followed for all regional plans (annexed to ANPAL's communication to the regions of 29 December 2021); ii) formally evaluated and approved the regional plans in light of their consistency with the GOL programme, as required by national regulation (Art. 1(3) of the Inter-ministerial Decree of 5 November 2021) and attested by ANPAL's approval decisions.

- **Regions execute the activities based on the Plans, reaching at least 10% of the envisaged beneficiaries of the Programme (final target 3 000 000 people).**
 - The dataset provided and accompanying note attest that the beneficiaries reached by the programme have been in total 666 004. The activities reported are consistent with the steps in the four pathways of the GOL programme and the related service levels (*livelli essenziali delle prestazioni*), consistently with the regional plans and the national GOL programme (in particular, Annex A, section 7 to Decree of 5 November 2021).

The evidence provided for a sample of 60 units confirmed that the beneficiaries of the programme have been reached. The beneficiaries of the programme have subscribed the individualised pacts (*patti individuali di servizio*) which conclude the assessment phase of the programme. The pacts were duly signed by both the authorities and the recipients.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M5C1-6	M5C1-6, Related Measure: Investment 1 - Strengthening Public Employment Services (PES)		
Name of the Target: Public Employment Services (PES) are implementing the activities envisaged in the Strengthening Plan over the three years period 2021-2023			
Quantitative Indicator: Number	Baseline: 0	Target: 250	Time: Q4 2022
Context:			
<p>The measure aims to strengthen public employment services (PES) with a view to ensuring a more effective delivery of employment and training services. While a first version of the Strengthening Plan was adopted by the Minister of Labour and Social Policies in 2019, it was substantially revised in May 2020 and included as such in the National Recovery and Resilience Plan. The measure refers to the Strengthening Plan as adopted in May 2020 and covers activities started after 1 February 2020.</p> <p>The investment is undertaken in the context of a more comprehensive strategy with a view to reforming active labour market policies for improved and more targeted services to job seekers. In this context, PES will play an important role in the deployment of the Guaranteed Employability of Workers (GOL) programme, with a target of at least 80% of PES in each Region meeting the criteria of the essential level of PES services as defined in the GOL programme by Q4 2025.</p> <p>Target M5C1-6 requires that at least 250 PES have completed at least 50% of the activities envisaged under the Strengthening Plan as further defined at regional level. It is the first step of the implementation of the investment and it will be followed by target M5C1-7, which requires the completion of all activities by at least 500 PES. The present target explicitly excludes infrastructural</p>			

activities, which will be instead considered under the next target. The investment has a final expected date for implementation in Q4-2025.

Evidence Provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) Summary document duly justifying how the target, including all the constitutive elements, was satisfactorily fulfilled. This is complemented by an operational note and instructions provided by the Ministry of Labour and Social Affairs to the Regions, to support the analytical assessment;
- ii) Ministerial Decree No. 59 of 22 May 2020, published in the Official Journal No. 196 of 6 August 2020 and entered into force with its publication, containing the Strengthening Plan for PES, which revised Ministerial Decree No. 74 of 28 June 2019;
- iii) Decree of the Secretary-General of the Ministry of Labour and Social Policies No. 123 of 4 September 2020, approved by the Court of Audit on 24 September 2020 on the regional plans for PES strengthening;
- iv) Regional plans for the nine Regions with PES counting towards the target and related acts (*delibere*) of approval dated between August 2020 and August 2021 (Annex I);
- v) Reports for the nine Regions, signed by the relevant legal representative, with PES counting towards the target, indicating the PES involved, the activities carried out and the methodology to assess the level of completion, dated March 2023 (Annex II);
- vi) Report with a list of PES benefitting from the activities and counting towards the target, with indication of the activities completed at 100% (Annex III).

The authorities also provided:

- vii) Regional plans for additional Regions with PES not counting towards the target and related acts (*delibere*) of approval;
- viii) Reports on the activities carried out by additional Regions with PES not counting towards the target.

In the context of the sampling analysis, additional evidence provided for a sample of 60 units including:

- ix) Certificates of completion signed by the legal representative of the PES in accordance with the national framework, concerning the reported activities for 60 PES, dated April 2023.

Analysis:

The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the target.

- **At least 250 Public Employment Services (PES) have completed at least 50% of the activities envisaged in the ‘Strengthening Plan’ over the three years period 2021-2023. These activities are in line with the central Strengthening Plan and further defined at regional level, on the basis of a need analysis and allocated resources.**
 - The central ‘Strengthening Plan’ consists of Ministerial Decree No. 59 of 22 May 2020. Regions revised their plans or adopted new ones on the basis of Ministerial Decree No. 59 of 22 May 2020, further defining their activities by taking into account the lines of intervention included in the central Strengthening Plan. Decree No. 123 of 4 September 2020 provided that the activities to be included in the regional plans had to reflect the lines of intervention provided under the central Strengthening Plan (Article 1), and be defined on the basis of a need analysis and

allocated resources (Sections 1 and 2 of Annex A to the Decree) to take into account regional specificities. The regional plans were assessed by the Ministry of Labour and Social Policies with the support of a special committee on that basis and, following its positive opinion, were formally adopted by Regions. The evidence provided by the Italian authorities, in particular Annexes I and II as referenced in the evidence section, shows that that the activities included in the regional plans pertain to the areas of intervention defined in the central Strengthening Plan (see requirement below) and were further defined at regional level on the basis of the envisaged criteria.

- The target requires that at least 250 PES should have fully completed (thus, at 100% rate) at least half (50%) of the activities envisaged in the Strengthening Plan. On this basis and the reports submitted by the Italian authorities (Annexes II and III as referenced in the evidence section), 274 PES can be counted for the assessment of the satisfactory fulfilment of the target meaning that each PES has completed at least 50% of the activities that were assigned to that PES. The completion of activities is then assessed through the sampling exercise as discussed below.
 - The Council Implementing Decision required at least 50% of the activities envisaged in the Strengthening Plan to be completed over the three-year period 2021-2023. The central Strengthening Plan is set out in Ministerial Decree No. 59 of 22 May 2020, which provides for the relevant activities for the strengthening of PES, grouped under headings (so-called lines of intervention). The three-year duration of the Plan was established under Ministerial Decree No. 74 of 28 June 2019 (Article 1) and was not amended by Ministerial Decree No. 59 of 22 May 2020, which instead defined the substantive elements of the Plan as provided in the Council Implementing Decision. The activities envisaged in the Plan, as reported under the target, have started after 1 February 2020 and at least 50% of them have been completed by December 2022. Whilst this constitutes a minimal substantive deviation from the requirement of the Council Implementing Decision concerning the specific reference to the three-year period 2021-2023, activities have started after February 2020 and have been completed by December 2022 as demonstrated by the analysis explained below. As of this, this minimal deviation does not change the nature of the measure and does not affect the progress towards achieving the investment that the target represents. On this basis, it is considered that this constitutive element of the target is satisfactorily fulfilled.
 - The Council Implementing Decision required that at least 250 PES have completed at least 50% of the activities. In addition to PES, Italy has entrusted, in a few instances, territorial offices with the implementation of the activities envisaged in the regional plans. Whilst this constitutes a minimal formal deviation from the requirement of the Council Implementing Decision, these entities provide the same employment and training services as PES do concerning the activities relevant to the target and they pertain to the Regions. Because of this, they can be considered equivalent to PES for the purpose of the satisfactory fulfilment of the target. As of this, this minimal deviation does not affect the progress towards achieving the investment that the target represents. On this basis, it is considered that this constitutive element of the target is satisfactorily fulfilled.
- **These activities include: (I) renovation and refurbishment of current locations of Public Employment Services (PES) and purchase of new ones; (II) further implementation of the IT system, in the perspective of a national interoperability; (III) professional training of staff; (IV) institution of regional observatories of local labour markets; (V) institutional communication and outreach. Infrastructural activities are not included in this target.**

- The central Strengthening Plan includes the five lines of interventions as provided in the Council Implementing Decision (Annex A of Ministerial Decree No. 59 of 22 May 2020): (i) infrastructural renovation and refurbishment of PES, which also encompass the possibility of acquisition of new premises; (ii) development and implementation of IT systems, taking into account the interoperability between the regional and the national systems; (iii) professional trainings for staff to update their skills; (iv) the creation and the strengthening, where already existing, of regional observatories of local labour markets; and (v) communication on active labour market policies and services provided by PES, characterised by an institutional nature and multiple channels, with the aim to reach potential beneficiaries as well citizens at large.
- As mentioned above, the interventions also include activities linked to the renovation and refurbishment of current locations PES and purchase of new ones which qualify as infrastructural activities, and therefore, as envisaged by the Council Implementing Decision, are not included in this target. As explained above, the Regions revised their plans or adopted new ones on the basis of the central Strengthening Plan, taking into account the lines of intervention included in such Plan. The implementation of the activities, as evidenced in the reports submitted by the Italian authorities (Annex II as referenced in the evidence section), cover these lines of intervention.
- **Equal balance is ensured on the achievement of the target in terms of territorial distribution (North, Centre, and South).**
 - The description of the target requires an “equal balance ensured” in terms of territorial distribution, and the further specification of the Operational Arrangements, which clarifies the description of the target, refers to a “balanced territorial distribution expected”. The geographic distribution of PES completing at least 50% of the activities broadly reflects the distribution of the population across the macro areas at stake: 46% of the total population living in the North, 20% of the total population living in the Centre and 34% of the total population living in the South (source: Eurostat, Total population at 1 January 2022 NUTS II region), which is considered a suitable metric to assess the balanced distribution in this context because the magnitude of activities and services to be provided by PES is expected to be positively correlated to the population. PES which have completed at least 50% of the activities envisaged in the Strengthening Plan are territorially distributed as follows: those located in Regions in the North account for about 45% of the total (123 PES), while this share amounts to 26% and 29% for the Centre and the South respectively (72 and 79 PES, respectively), based on the evidence submitted by the Italian authorities. The wording of the further specification referring to a balanced expected distribution reflects the actual rationale of this constitutive element of the target, which is to ensure the implementation of the investment across macro regional areas. On this basis, it is considered that this constitutive element of the target, as further specified in the Operational Arrangements, is satisfactorily fulfilled.
- The target is further specified in the Operational Arrangements, which provide for a **maximum threshold of resources allocated at regional level for three of the five lines of intervention. The activities include: i) for the professional training of staff: max. 5%; ii) for the institution of regional observatories of local labour markets: max. 2%; and iii) for institutional communication and outreach: max. 1.5%.** Decree No. 123 of 4 September

2020 (Annex A, Section 2) provided for the same thresholds set out in the Operational Arrangements.

- Moreover, in line with the description of the measure, the central Strengthening Plan and the activities reflected in the regional plans aim to **allow for an effective delivery of employment and training services** through the type of activities provided, for example by envisaging training for personnel and improving the IT systems. The **lines of interventions** outlined in the description of the measure were reflected in the central Strengthening Plan and in the activities envisaged at regional level for the PES involved, as explained above.
- The evidence provided for a sample of 60 units confirmed that the requirements of the target have been met. The certificates provided certify the full completion by PES of at least 50% of the activities envisaged, which pertain to the lines of intervention outlined in the central Strengthening Plan and further defined at regional level. The report of the Italian Court of Auditors on the implementation status of the RRP of March 2023 did not identify issues in relation the target.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M5C1-8	M5C1-8, Related Measure: Reform 2 – National Plan tackling undeclared work	
Name of the Milestone: Entry into force of a National Plan and implementation Road Map to fight undeclared work across all economic sectors.		
Qualitative Indicator: Provisions in the law indicating the entry into force of the National Plan and establishment of the inter-institutional working group that will be responsible for the creation of the National Plan and Implementation Road Map	Time: Q4 2022	
<p>Context:</p> <p>The objective of the reform of the National Plan tackling undeclared work is to improve the quality of work by preventing and tackling undeclared work, labour exploitation and irregular work. The reform should include direct and indirect measures to ensure net benefits of declared work, strengthening labour inspections, improving data production, communication campaigns, and strengthening the governance system to fight undeclared work.</p> <p>Milestone M5C1-8 requires the adoption of a national plan to tackle undeclared work and a time-bound roadmap spanning over one year and covering the areas of activities above.</p> <p>Milestone M5C1-8 is the first milestone of the reform and will be followed by milestone M5C1-9, related to the implementation of all the measures included in the National Plan in line with the Roadmap, target M5C1-10 related to an increase of at least 20% in the number of inspections and target M5C1-11 related to a reduction in the incidence of undeclared work by at least 2 percentage points. The reform has a final expected date for implementation in Q12026.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p>		

- i) Summary document by the Ministry of Labour and Social Policies justifying how the milestone, including all the constitutive elements, was satisfactorily fulfilled;
- ii) Ministerial Decree No. 221 of 19 December 2022 adopting the National plan and roadmap (*Piano nazionale di lotta al lavoro sommerso*), published in the Official Journal No. 298 of 22 December 2022 and accessible at this link <https://www.lavoro.gov.it/strumenti-e-servizi/Attuazione-Interventi-PNRR/Pagine/M5C1-rif-1-2.aspx>;
- iii) National Plan against labour exploitation in the agriculture sector (*Piano triennale di contrasto allo sfruttamento lavorativo in agricoltura e al caporalato 2020-2022*);
- iv) Ministerial Decree No. 58 of 6 April 2023 that updates the National plan and roadmap, published in the Official Journal No. 89 of 15 April 2023 and accessible at this link <https://www.lavoro.gov.it/strumenti-e-servizi/Attuazione-Interventi-PNRR/Pagine/M5C1-rif-1-2.aspx>;
- v) Ministerial Decree No. 32 of 24 February 2022 establishing the inter-institutional working group responsible for the drafting of the national plan against undeclared work accessible at this link <https://www.lavoro.gov.it/documenti-e-norme/normative/Documents/2022/DM-n-32-del-24022022.pdf>.

The authorities also provided:

- i. Note integrating Appendix 6 to the National Plan on the macro-economic indicator to measure undeclared work;
- ii. Ministerial Decree of 17 June 2022 on the extension of the inter-institutional working group on labour exploitation in the agriculture sector, published in the Official Journal No. 219 of 19 September 2022;
- iii. Ministerial Decree No. 57 of 6 of April 2023, published in the Official Journal No. 89 of 15 April 2023, setting up the National Committee for the prevention and fight against undeclared work.

Analysis:

The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the milestone.

Adoption of a National Plan and time-bound (one year) Implementation Road Map to fight undeclared work across all economic sectors. Provisions in the law indicating the entry into force of the National Plan and establishment of the interinstitutional working group that will be responsible for the creation of the National Plan and Implementation Road Map.

- The Ministerial Decree No. 221 of 19 December 2022 adopted as an Annex to the Decree the national plan to combat undeclared work (hereinafter referred to as “national plan”) and implementation roadmap. The Ministerial Decree No. 58 of 6 April 2023 amended and updated both the national plan and the roadmap. Both Ministerial Decrees entered into force with the publication in the relevant section of the website of the Ministry of Labour as indicated and at the link included in the Official Journal (Official Journal No. 298 of 22 December 2022 and No. 89 of 15 April 2023 respectively). The roadmap provides for the timeline to implement the activities included in the national plan and spans over one year, from the first quarter of 2023 to the first quarter of 2024. The national plan and the roadmap concern overall all economic sectors as outlined in the Introduction of the national plan (page 2) and then in Section B (p. 22 onwards). The

national plan includes specific measures targeting some sectors particularly affected by undeclared work (notably domestic work and the agricultural sector). The roadmap provides an overview of the sectoral coverage of each action included in the national plan. As a necessary preliminary step, Ministerial Decree No. 32 of 24 February 2022, which entered into force with the publication on the Ministry of Labour website and available here <https://www.lavoro.gov.it/documenti-e-norme/normative/Documents/2022/DM-n-32-del-24022022.pdf>, sets up the inter-institutional working group responsible for the drafting of the national plan and roadmap and lays out its mandate and composition. The mandate includes analysis of recent indicators and evidence, identification of the most effective measures to combat undeclared work and adequate monitoring indicators and supporting dialogue with social partners. The members include representatives of national institutions such as the Ministry of Labour in charge of the coordination, international institutions (such as the Organization for Economic Cooperation and Development), academia and regions and provinces.

The National Plan shall build upon the general strategy to combat undeclared work and on the multi-agency approach used to adopt the National Plan against Labour Exploitation in the agriculture sector - “Piano triennale di contrasto allo sfruttamento lavorativo in agricoltura e al caporalato (2020- 2022)”.

- The national plan recalls recent actions to combat undeclared work upon which the national plan builds to identify further actions, and which include the national plan against labour exploitation in agriculture (*Piano triennale di contrasto allo sfruttamento lavorativo in agricoltura e al caporalato (2020- 2022)*), adopted by the dedicated working group in 2020 and that sets the national general strategy to combat undeclared work and labour exploitation in agriculture (national plan, p.12). The update to the national plan introduced by Ministerial Decree No. 58 of 6 April 2023 published in the Official Journal No. 89 of 15 April 2023 provides further details on the synergies between the national plan and the national plan against labour exploitation in agriculture, whose activities are to continue until 2025 (Art. 2 of the Ministerial Decree of 17 June 2022, published in the Official Journal No. 219 of 19 September 2022). In particular, the actions in the national plan are consistent with the priority actions in the national plan against labour exploitation in agriculture, notably, priority action No. 4 on improved services and matching labour supply and demand and priority action No. 5 on overcoming illegal settlements, (see Ministerial Decree No. 58 of 6 April 2023, section “premesse” and section F of the Annex and the point below for a detailed analysis of the actions related to agriculture included in the national plan). The national plan describes the multi-agency approach adopted and explicitly refers to the model of the national plan against labour exploitation in agriculture, described in detail in section 8 of the national plan against labour exploitation in agriculture and also recalled in appendix 3 to the national plan. The multi-agency approach of the national plan against labour exploitation in agriculture consisted in a participatory process with several institutional players, at national and sub-national level, including organizations of employers and workers and NGOs in the sector, that led to coordinated actions and a multi-agency governance model. Similarly, section 3 of the national plan describes all the several national and local authorities, official bodies and stakeholders involved in the implementation of actions to combat undeclared work and their role in the

governance system. To strengthen the multi-agency approach and ensure synergies between the national plan and the national plan against labour exploitation in agriculture, representatives of the committee of the former will take part in the working groups of the plan to combat labour exploitation in agriculture (see section F.4 of the update to the national plan and the roadmap as laid out in Ministerial Decree No. 58 of 6 April 2023. More details on the meetings and reporting activities are provided in the road map).

The National Plan and the Road Map for Implementation shall include at least the following:

- **I. Measures to improve the production, collection, and timely distribution of granular data on undeclared work.**
 - The activities to improve data production and distribution of granular data on undeclared work are described in Section A of the national plan. They aim to produce and exploit direct administrative data from labour inspections, to develop indirect indicators based on administrative data on irregular economic activities and to develop a macroeconomic indicator of undeclared work, complementing the one based on national accounts. Regarding the use of inspection data, section a.1 and in particular the dedicated box (pp. 16-17 of the national plan) lay out the necessary steps to carry out additional inspections with the aim of gathering statistically significant data of firms in addition to current inspections activities, that aim primarily at effectively targeting firms more likely to employ undeclared work. A task force will be created to organise and monitor this type of inspections which will start as of the second quarter of 2023, while analytical efforts to improve the representativeness of the firm-level data will be carried out until the production and validation of the microeconomic indicator in the first quarter of 2024. After that, the indicator will be periodically monitored and inspections for statistical purposes should be fully integrated in the system of inspection activities (see road map, intervention line I). The indicator based on irregular economic activities will be linked to the incentive mechanisms and is therefore described in the section below. Being micro-based, these two types of indicators allow for greater data granularity. The macro-economic indicator aims to remedy the two-year lag of the current indicator used and based on national accounts, which does not allow for a timely measurement of the phenomenon. Using a series of variables drawn from several administrative and survey datasets, granular estimates of undeclared work at sectoral level will be produced and aggregated, with a six-months lag only improving the timely distribution of data. The data based on national accounts are used as benchmark and to test the robustness of the new indicator. The activities related to the macroeconomic indicator are described in the national plan (section a.1 and dedicated box on pp. 17-18 and appendix 6), while the note integrating appendix 6 to the plan provides further details on the variables and estimation strategy. The testing phase will culminate with the estimation of the 2021 and 2022 indicator at the end of 2023, after which the statistical production system should be in place (see road map, intervention line I). Lastly, the plan includes the creation of a single information system across institutions to ensure data interoperability and the operationalisation of a single portal (*Portale nazionale del sommerso*) which would be available as of the first quarter of 2024 and gathers all relevant granular data,

allows access from different users and timely distribution of data (see the national plan, sections a.2 and a.3 and roadmap, intervention line I).

- **II. Introducing direct and indirect measures to transform undeclared into declared work by ensuring that benefits of operating in the declared economy outweigh the costs of working in the undeclared economy. For instance, (a) deterrent measures, such as strengthening inspection and sanctions, and preventive measures to promote declared work, such as targeted financial incentives, also through a review and rationalising of existing ones; (b) strengthening the link with employment and social policy.**

- Direct and indirect measures to transform undeclared work in regular work are provided for in section B of the national plan. They aim to either increase the costs of relying on undeclared work or the benefits of relying on legal work or both, in order to ensure that the balance encourages operating outside the shadow economy.
- Direct measures include deterrent measures that aim to strengthen inspections, in line with the description of the measure by which **the Reform includes strengthening the inspection capacity of the National Labour Inspectorate**. The plan (section B.1) envisages increasing the quantity of inspections by the National Labour Inspectorate by at least 20% as compared to 2019-2021. The recruitment and on-the-job-training plan for the National Labour Inspectorate staff described in the national plan started in 2022 and will allow for the additional inspection activities. The national plan (p.22) explicitly provides that the future target related to M5C1-10 does not include inspections for statistical purposes described under the previous point on data gathering. The roadmap provides for a check that the newly recruited staff is fully operational at the end of 2023. The quality of inspections is also expected to increase: greater information sharing across administrations and data analysis will be used to improve the planning of inspections. A new task force will be set up in 2023 that will rely on a national working group (*Tavolo Operativo di Coordinamento*) and of regional working groups (*Tavoli Regionali di Coordinamento*), that should meet monthly or bi-monthly and include local social partners and stakeholders and the provincial units of the National Labour Inspectorate that actually carry out the inspections. The task force is responsible for planning inspections and coordinating the institutions and stakeholders involved, taking into account the experience and knowledge gathered on the ground, in particular in terms risk assessment analysis of undeclared work in local economic activities, for monitoring and assessing the new organizational model.
- Indirect measures to tackle undeclared work are described under section B.2 of the national plan and rely on a series of legislative and policy actions across all economic sectors or specific to sectors particularly affected by undeclared work. They cover both deterrent and preventing measures in line with point a) in the description of the milestone. The actions planned are:

(I) Legislation on **sanctions**: on the basis of an assessment of the current legal sanctioning framework, the national plan identifies as necessary some legal changes to the sanctioning framework to increase the costs and reducing the benefits of undeclared work (national plan, section B.2.1). In the area of tendering processes, the existing monetary sanctions are not considered sufficient to disincentivise illegal

tendering and a legislative proposal to revise the cap on sanctions is considered necessary. The obligation to apply the same working conditions to employees of subcontracting companies is also considered necessary in the current legal framework to prevent lengthy subcontracting chains in which undeclared work is more likely to occur. In the construction sector, an additional sanction is considered necessary in relation to the obligation for the contractors to certify an adequate share of the value of work as compared to the value of the contract itself. The plan also envisages the introduction of rules preventing firms that are guilty of violating the norms on undeclared work to access public incentives for a period proportionate to the gravity of violations. Conversely, firms that can demonstrate a good record in employment relationships will benefit from a new form of incentive to be designed (for instance via a certification system or “name and shame” campaigns). All these legislative proposals, their discussion and approval are planned for 2023 with their entry into force planned in early 2024, as outlined in the roadmap (see intervention line II).

(II) Prevention and compliance activities: these actions are preventive actions that should encourage the adoption of behaviours in compliance with the legal framework. They are described in section B.2.2 of the national plan. These actions focus on:

- i. The construction of indicators of compliance that could point to anomalies and therefore help detect cases of possible undeclared work, by relying on tax and social contribution data and on declared employees and wage levels under collective agreements. These indicators (*Indicatori di Affidabilità Contributiva*) have already been piloted in certain sectors and will be scaled up. The new indicators must be set-up by a dedicated legislative act and legislative changes will also be needed to allow the use of personal data. The project relies on data inter-operability and on a multi-agency approach with the cooperation of several agencies, including the ones in charge of fighting tax evasion that could target their checks on the basis of the new indicators. The goal of the indicators is to detect firms that are at risk and encourage them to rectify their status and declare previously undeclared work. To this end, additional incentives (for instance in terms of reduced bureaucratic burden or reduced sanctions) connected to the new indicators could be introduced by law, via a review of sanctions applied by the c. Based on the roadmap (intervention line II), after a piloting phase, the indicators will be fully developed by Q3 2023 and the legislative proposals advanced by Q2 2023.
- ii. Incentives dedicated to domestic work: undeclared work is frequent in the domestic work sector that accounts for a quarter of the total undeclared workers in Italy (national plan, p. 32). The dedicated actions include the development of a single portal for the registration and management of employment relationships with domestic workers on the website of the National Social Security Institute, simplifying procedures for households or individuals. The portal is envisaged to be ready by Q3 2023. The other actions focus on legislative changes that would provide additional financial incentives to rely on declared work in the sector: these include the introduction of the use of disability benefits to cover for domestic services, the introduction of dedicated financial support to cover the costs of domestic work depending on

the household or individual's level of income (bonus), a revision of the current system of service outsourcing to incentivise regular work (both via a revision of the current access to hourly vouchers for casual labour in the *Libretto di Famiglia* and the introduction of vouchers limited to households or individuals). All legislative acts are expected to enter into force by early 2024 (see road map, line of action II).

- In line with the description of the milestone under point b), the plan includes measures linked to **employment and social policy** (section B.2.4 of the national plan). These actions include a training programme for Public Employment Centres staff on undeclared work, in order for them to inform and support workers, including by better liaising with other local actors, to both prevent and contrast undeclared work. In Public Employment Centres with staff trained on the topic, pilot projects will be carried out on experimental active policy activity that aim at preventing the recourse to irregular labour market matching and rely on regular channels. They would focus on the most vulnerable workers, young people entering the labour market for the first time, women in sectors heavily affected by undeclared work, migrant workers and on businesses in heavily affected sectors. Training programmes are expected to be completed in 2023 and to lead to pilot projects starting in early 2024 (see roadmap, intervention line II).

- **III. A national information campaign on the “disvalue” of undeclared work, addressed to employers and workers, with the active involvement of social partners.** Furthermore, in line with the description of the milestone, **the Reform includes (V) Carrying out communication campaigns, information, and awareness-raising activities.**

- Section C of the national plan outlines the national information campaign to be carried out in 2023, after a planning phase in the first half of 2023 (see roadmap, intervention line III), with the objective of strengthen knowledge of the phenomenon of irregular work and its social negative value. The plan envisages that the information campaign targets specifically workers and employers, but also schools and university in order to raise awareness among future workers and business owners. The plan envisages the active involvement of social partners (also specified in the roadmap), notably in the planning phase, and will be promoted by the Ministry of Labour and Social Policies, in cooperation with the most relevant institutions (National Labour Institute, National Social Security Institute, National Institute for Insurance against Accidents at work and the National Agency for Active Policies).

- **IV. A governance structure to ensure effective implementation of actions.** Furthermore, in line with the description of measure the reform includes **strengthening the governance system to fight undeclared work at national and local level.**

- The new governance structure is set out in section D of the national plan. The set-up of a national committee (*Comitato nazionale per la prevenzione e il contrasto al lavoro sommerso*) is envisaged that will be in charge of the monitoring and coordination of the different actors involved, including of the ones directly implementing the actions included in the national plan (for the list of the main ones please see table 2, p. 11 and 12 of the national plan), in order to ensure the effective implementation of the actions in the plan (see roadmap, intervention line IV). The

roadmap envisages the creation of the committee in early 2023 and the committee was in fact set-up via the Ministerial Decree No. 57 of 6 of April 2023, published in the Official Journal No. 89 of 15 April 2023 that entered into force with the publication on the official website of the Ministry of Labour at the link included in the Official Journal. The relevant national agencies and institutions involved in the implementation of the national plan are represented in the committee (National Labour Institute, National Social Security Institute, National Institute for Insurance against Accidents at work, the National Agency for Active Policies, the Ministry of the Interior, Bank of Italy, the National Statistical Institute, the Tax Agency, the Finance Police, Carabinieri, with the support of the National Institute for Public Policies Analysis), chaired by the Ministry of Labour, along with the Conference of Regions and Autonomous Provinces, representing the sub-national level, and three technical experts appointed by the Ministry of Labour for their specific expertise. The committee is responsible for the necessary coordination with the working group responsible for the national plan against labour exploitation in agriculture (see also point above and below). The committee is not only in charge of ensuring dialogue across implementing actions, of continuous reporting and monitoring of the actions undertaken, of planning corrective actions if needed, it is also responsible for a long-lasting effective governance of the system to prevent and fight against undeclared work beyond the timeframe of the national plan (enshrined in Art. 2 of Ministerial Decree No. 57 of 6 of April 2023). The committee is in fact also in charge of evaluating the effectiveness of the actions in the national plan and of planning interventions for the period 2025-2028. This is consistent with the roadmap that envisages the activities of the committee to continue after the one-year period required by the milestone ending at the beginning of 2024, including via annual meetings with social partners.

- **V. Measures to overcome illegal settlements to fight labour exploitation in agriculture.**
 - These actions are included in section F of the update to the national plan as laid out in Ministerial Decree No. 58 of 6 April 2023. The first action envisaged is the adoption of national guidelines on housing standards, to be adopted in early 2024 as per the roadmap, that operationalise for actors at local level the national and international norms and standards to be applied when providing adequate housing solutions alternative to illegal settlements. This action is consistent with priority action No. 5 on overcoming illegal settlements of the national plan against labour exploitation in agriculture, as mentioned above, and relies on the Directorial Decree No. 6 del 2022 that provided housing standards related to the investment to overcome illegal settlements in agriculture under milestone M5C2-15, assessed during the second payment request. The aim of these guidelines is to apply to interventions beyond the framework of the RRP. The guidelines must take into account ILO Recommendation R115 – “Recommendation concerning Workers’ Housing” in their general principles and in their application (section F.2 of the update to the national plan as laid out in Ministerial Decree No. 58 of 6 April 2023). The second action concerns employment policies. Consistently with the actions described above in the area of employment policies, the national plan envisages a specialised training module for the Public Employment Services staff on “employment services and fight against labour exploitation in agriculture” aimed at improving services for workers

in the agriculture sectors to encourage reliance on regular channels of labour market matching, rather than illegal intermediation and exploitation (*caporalato*). This action is also in line with priority action No. 4 on improved services and matching labour supply and demand of the national plan against labour exploitation in agriculture. The training modules are to be completed by 2023 and will be followed by experimental pilot projects targeting workers in the agriculture sector (see roadmap, intervention line V). Lastly, to ensure effective coordination between the actions in the national plan and the in the national plan against labour exploitation in agriculture, members of the national committee responsible for the national plan will regularly participate in regular meetings with the working groups of the national plan against labour exploitation in agriculture as of 2023 (see section F.4 of the update to the national plan and the roadmap as laid out in Ministerial Decree No. 58 of 6 April 2023).

Furthermore, in line with the description of the measure, the objective of this reform is **to improve the quality of work and workers' conditions**.

- With the overall objective of preventing and fighting undeclared work and labour exploitation, by encouraging legal working relationships as opposed to undeclared ones, all the actions in the reform are expected to ultimately improve the quality of work and of workers' conditions, as ensured by the legal provisions on workers' social and economic rights and safety that apply in the formal labour market.

Furthermore, in line with the description of the measure, **this measure includes actions aimed at preventing and tackling undeclared work, labour exploitation (Caporalato), and other forms of irregular work**.

- The national plan provides an analysis of all forms of irregular work, from fully undeclared work to other forms of irregular work, such as bogus self-employment, illegal part-time or short-time contracts, and illegal subcontracting (all called with the umbrella term of *lavoro grigio*) to labour exploitation (*caporalato*) (definitions are provided on p.6 and sectoral analysis of each phenomenon is presented on p.52 of the national plan). Regarding forms of irregular work that concern undeclared hours or illegal short-time contracts, the construction of indicators of compliance mentioned above would be helpful in detecting and encouraging the regularisation of such cases: a dedicated indicator of the probability of such cases (*lavoro grigio*) will be developed (p. 58 of the national plan). Dedicated measures to combat irregular work in the area of tendering and subcontracting are also included as described above. Most of the measures in the national plan cover the entire economy and therefore address different forms of undeclared and irregular work, whilst labour exploitation is a phenomenon typical of the agriculture sector and is therefore addressed by the sector-specific measures described above.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M5C1-12	M5C1-12, Related Measure: Investment 2 – Gender equality certification system
Name of the Milestone: Entry into force of gender equality certification system and accompanying incentive mechanisms for companies	
Qualitative Indicator: Provisions in the law indicating the entry into force of the legislative acts and implementing measures governing the definition of the certification system	Time: Q4-2022
<p>Context:</p> <p>The measure aims at ensuring greater participation of women in the labour market, reducing the gender pay gap, and promoting transparency to improve women’s working conditions through the implementation and enforcement of a national gender equality certification system.</p> <p>Milestone M5C1-12 concerns the entry into force of the gender equality certification system and accompanying incentive mechanisms for companies, covering at least the following dimensions: growth opportunities for women, equal pay for equal work, management policies for gender diversity, and maternity protection. The milestone also requires the definition of incentive mechanisms for companies that undertake the certification process and of a technical guidance. Finally, the milestone provides for the set-up of an IT system for the certification.</p> <p>Milestone M5C1-12 is the first step of the implementation of the investment and will be followed by two targets, both envisaged in Q2-2026, related to the number of companies obtaining the certification, including through technical assistance financed under the measure.</p>	
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> i) Summary document duly justifying how the milestone, including all the constitutive elements, was satisfactorily fulfilled; ii) Law No. 162 of 5 November 2021, published in the Official Journal No. 275 of 18 November 2021, on the establishment of the gender equality certification and incentives; iii) Legislative Decree No. 36 of 31 March 2023, published in the Official Journal No. 87 of 13 April 2023, on the revised Public Procurement Code; iv) Decree-Law No. 51 of 10 May 2023, published in the Official Journal No. 108 of 10 May 2023, converted into Law No. 87 of 3 July 2023, published in the Official Journal No. 155 of 5 July 2023, including incentives linked to the revised Public Procurement Code; v) Law No. 234 of 30 December 2021 (Budget Law), published in the Official Journal No. 310 of 31 December 2021; vi) Technical guidance for the gender equality certification system (<i>UNI/PdR 125:2022</i>) of 16 March 2022, including its English translation, published online at UNI/PdR (pariopportunita.gov.it); vii) Ministerial Decree of 29 April 2022, published in the Official Journal No. 152 of 1 July 2022, on the criteria for the gender equality certification system; viii) Circular No. 43 of 5 December 2022 of the national entity for accreditation (<i>Accredia</i>), specifying the modalities of accreditation for certifying entities and the relevant information obligations; ix) Ministerial Decree of 20 October 2022, published in the Official Journal No. 285 of 6 December 2022, as well as its registration by the National Court of Auditors on 21 November 2022; x) Decree-Law No. 36 of 30 April 2022, published in the Official Journal No. 100 of 30 April 2022, converted into Law No. 79 of 29 June 2022, published in the Official Journal No. 150 	

of 29 June 2022, on measures related to the implementation of the National Recovery and Resilience Plan;

- xi) Link to the IT platform for the certification, available at [Certificazione della parità di genere - Home \(pariopportunita.gov.it\)](https://www.pariopportunita.gov.it);
- xii) Signed agreement with in-house company Sogei Spa for the set-up and management of the IT platform;
- xiii) Decree of the Head of Department for Equal Opportunities of the Presidency of the Council of Ministers of 14 February 2022 approving the agreement with Sogei Spa related to the IT platform, and its registration by the National Court of Auditors on 20 April 2022.

The authorities also provided:

- xiv) List of companies that have obtained the gender equality certification;
- xv) Decree of the Head of Department for Equal Opportunities of the Presidency of the Council of Ministers of 1 October 2021 on the set-up of a Table on the gender equality certification system;
- xvi) Decree-Law No. 57 of 29 May 2023, published in the Official Journal No. 124 of 29 May 2023 concerning incentives linked to the revised Public Procurement Code (relevant provisions then transferred to the conversion Law of Decree-Law No. 51 of 10 May 2023).

Analysis:

The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the milestone.

- **The gender equality certification system and accompanying incentive mechanisms for companies shall cover at least the following dimensions: growth opportunities for women, equal pay for equal work, management policies for gender diversity, maternity protection. Definition of the incentive mechanisms for organisations that undertake the certification process and of the technical guidance. Including, i) elaboration of the technical standards of the gender certification system for companies; ii) identification of the incentive mechanism.**
 - As required under the description of the milestone in the Council Implementing Decision, the Italian authorities adopted a national gender equality certification system and accompanying incentive mechanisms for companies.
 - Article 4 of Law No. 162 of 5 November 2021, published in the Official Journal No. 275 of 18 November 2021 and **entered into force on 3 December 2021 in line with the national legal framework, as required by the milestone**, established the gender equality certification applicable from 1 January 2022. The following incentive mechanisms for companies were defined and attached to the possess of the certification:
 - granting of rewards in the context of public procurement procedures in the form of higher score assigned (punteggio premiale) by contracting authorities and a reduction in guarantee in public contracts for services and supplies. Concerning the higher score assigned, the enacted provisions are included in Article 34 of Decree-Law No. 36 of 30 April 2022, published in the Official Journal No. 150 of 29 June 2022, converted into Law No. 79 of 29 June 2022, published in the Official Journal No. 150 of 29 June 2022 and **entered into force on 30 June 2022 in accordance with Article 1, as required by the milestone**. This has been further embedded into Article 6 of conversion Law No. 87 of 3 July 2023, published in the Official Journal

No. 155 of 5 July 2023, which amended the revised Public Procurement Code (Legislative Decree No. 36 of 31 March 2023, published in the Official Journal No. 87 of 13 April 2023) and **entered into force on 6 July 2023 in accordance with Article 3, as required by the milestone**. Concerning the reduction in guarantee in public contracts for services and supplies, the enacted provisions are included in Article 34 of Decree-Law No. 36 of 30 April 2022, published in the Official Journal No. 150 of 29 June 2022, converted into Law No. 79 of 29 June 2022, published in the Official Journal No. 150 of 29 June 2022 and **entered into force on 30 June 2022 in accordance with Article 1, as required by the milestone**. A revised incentive related to guarantees has been then embedded into the revised Public Procurement Code (Article 106), which **procedurally entered into force on 1 April 2023 and started to produce legal effects on 1 July 2023 (Article 229), as required by the milestone**;

- recognition of score reward (*punteggio premiale*) in the context of evaluation of project proposals by authorities entitled with EU, national and regional funds for the granting of State aid in terms co-financing of planned investments (Article 5 of Law No. 162 of 5 November 2021);
 - fiscal incentives related to social security contributions, established by Article 5 of Law No. 162 of 5 November 2021, further defined by Ministerial Decree of 20 October 2022, published in the Official Journal No. 285 of 6 December 2022 and **entered into force with its publication in line with the national legal framework**, and financed by Law No. 234 of 30 December 2021, published in the Official Journal No. 310 of 31 December 2021 and **entered into force on 1 January 2022 in accordance with Article 22, as required by the milestone**.
- The Italian authorities defined a technical guidance including the standards and criteria to issue the certification (*UNI/PdR 125:2022*), which was published on 16 March 2022 and was encompassed into the legislative system by Ministerial Decree of 29 April 2022, published in the Official Journal No. 152 of 1 July 2022 and **entered into force with its publication in line with the national legal framework, as required by the milestone**. The Decree defined the parameters to release the certification on the basis of the technical guidance and set-up the accreditation system (Articles 1-3). The standards and KPIs included in the technical guidance, to which the release of the certification and the accompanying incentive mechanisms are attached, concern all dimensions envisaged in the description of the milestone in the Council Implementing Decision, which are: i) growth opportunities for women (Section 5.5 of the technical guidance); ii) equal pay for equal work (Section 5.6); iii) management policies for gender diversity (Sections 5.2-5.4 and Section 6); and iv) maternity protection (Section 5.7).
- **The measure shall be accompanied by the set-up of an IT system.**
 - In line with the description of the milestone in the Council Implementing Decision and as also further specified in the Operational Arrangements, the Italian authorities set-up an IT platform to manage the certification system, which is demonstrated by the agreement signed with a provider (Sogei Spa), approved by Decree of the Head of Department for Equal Opportunities of the Presidency of the Council of Ministers of 14 February 2022, which **entered into force with its approval in line with the national legal framework as required by the milestone**, as well as its operationalisation online ([Certificazione della parità di genere - Home \(pariopportunita.gov.it\)](https://www.pariopportunita.gov.it)). Circular No. 43 of 5 December 2022 of the national entity

for accreditation (*Accredia*) establishes data transmission obligations for accredited certifying entities in order to operate and update the platform.

- The set-up of the gender certification system and the attached incentives, as described in the present section, contribute by design and content to the medium to long-term objectives set out in the description of the measure in the Council Implementing Decision concerning **greater participation of women in the labour market and reduction of gender pay gap**. The criteria defined in the technical guidance and the accreditation system aim to **promote transparency in the labour market and business processes as well as in the long-term to improve of women’s working conditions in terms of quality** (including in terms of growth opportunities and parental protection), **remuneration and empowerment**, through improved management policies.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M5C2-7	M5C2-7, Related Measure: Investment 2 - Autonomy patterns for people with disabilities		
Name of the Target: Social districts have delivered at least one project in relation to the renovation of home spaces and/or provision of ICT devices to disabled people, accompanied by training on digital skills			
Quantitative Indicator: Number	Baseline: 0	Target: 500	Time: Q4 2022
Context:			
<p>The measure aims to increase the autonomy of people with disabilities by promoting access to housing and job opportunities, including new possibilities offered by information technology.</p> <p>Target M5C2-7 concerns the delivery of at least one project by social districts (at least 500) in relation to the renovation of home spaces and/or provision of ICT devices to disabled people. The latter will be accompanied by trainings on digital skills.</p> <p>Target M5C2-7 is the first step of the implementation of the investment and will be followed by target M5C2-8 related to at least 5,000 disabled people having received renovation of home space and/or provision of ICT devices. The investment has the final expected date for implementation in Q1 2026.</p>			
Evidence Provided:			
<p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i) Summary document duly justifying how the target, including all the constitutive elements, was satisfactorily fulfilled; ii) Report by the Ministry of Labour and Social Policies, including justification that the technical specifications of the projects are aligned with the description of the investment and target under the Council Implementing Decision; iii) List of recipients of projects delivered by social districts as well as list of social districts involved. <p>The authorities also provided:</p>			

- i) 769 projects delivered by social districts to individual recipients, complemented by project fiches at district level and declarations confirming the interventions delivered to individual recipients where necessary;
- ii) Dataset with information on the disability status of the beneficiaries, accompanied by an explanatory note, and certificates of disability status where necessary;
- iii) Evidence of districts acting in association (such as minutes of local assembly) where necessary;
- iv) Directorial Decree No. 450 of 9 December 2021 setting out the Operational Plan for the implementation of Investments 1.1, 1.2 and 1.3 of Mission 5, Component 2 of the National Recovery and Resilience Plan;
- v) Directorial Decree No. 1 of 28 January 2022 modifying some elements of the Operational Plan adopted by Directorial Decree No. 450 of 9 December 2021;
- vi) Directorial Decree No. 5 of 15 February 2022 launching the call for proposals for the implementation of Investments 1.1, 1.2 and 1.3 of Mission 5, Component 2 of the National Recovery and Resilience Plan;
- vii) Directorial Decree No. 98 of 9 May 2022 approving the list of projects selected following the call for proposals launched by Directorial Decree No. 5 of 15 February 2022;
- viii) Directorial Decree No. 117 of 20 May 2022 rectifying Directorial Decree No. 98 of 9 May 2022 in relation to the projects selected in the region Abruzzo for Investment 1.2 (“Autonomy patterns for people with disabilities”);
- ix) Directorial Decree No. 249 of 5 October 2022 approving additional projects following the call for proposals launched by Directorial Decree No. 5 of 15 February 2022;
- x) Directorial Decree No. 276 of 20 October 2022 re-opening the call for proposals launched by the Directorial Decree No. 5 of 15 February 2022 in the regions under-represented;
- xi) Directorial Decree No. 320 of 11 November 2022 updating the list of projects selected following the re-opening by Directorial Decree No. 276 of 20 October 2022 of the call for proposals launched by Directorial Decree No. 5 of 15 February 2022;
- xii) Guidelines on autonomy patterns for disabled people published in the Official Journal No. 28 of 4 February 2020;
- xiii) Template of project fiche provided as an Annex to the call for proposals launched by the Directorial Decree No. 5 of 15 February 2022;
- xiv) Template by the Ministry of Labour and Social Policies of the individualised project to be signed by the social district and the disabled person.

Analysis:

The Commission considers that there is a clerical error in the text of the further specifications of the Operational Arrangements and has undertaken the assessment on a revised basis. In those specifications, it is mentioned that **“The actions envisaged under the four dimensions and the relevant requirements are those defined in the operational Plan, set to be approved in Q3-2021. Territorial distribution will be on the entire national territory. All social districts will be solicited to participate, the strategy being that such project open the path to stabilize services through formal recognition of essential level of social assistance to be granted on the entire territory.”** These specifications do not refer to the present target, but instead to target M5C2-6 as shown by their inclusion under the said target and the description of the target itself, which makes reference to the dimensions included in the further specifications.

Against this background, the justification and substantiating evidence provided by the Italian authorities cover all constitutive elements of the target.

- **At least 500 projects in relation to the renovation of home spaces and/or provision of ICT devices to disabled people, accompanied by training on digital skills is delivered by social districts.**
 - As required under the description of the target in the Council Implementing Decision, the Italian authorities provided individualised projects delivered by social districts to individuals demonstrating that at least 500 projects in relation to the renovation of home spaces and/or provision of ICT devices to disabled people (with the latter accompanied by training on digital skills) have been delivered by social districts, meaning that the individualised projects were signed by both the social district and the disabled person. Reasonable reassurance has been also provided on the disability condition of recipients at stake through the provision of a dataset of the national social security institute (INPS) and certificates confirming the status of disability where necessary.
 - More specifically, the Italian authorities have provided 769 individualised projects delivered by social districts. The Commission verified that the content of at least 506 projects confirms that each of them concerns either the renovation of home spaces, including the provision of new housing solutions (such as co-housing) in line with the objective of the measure to provide access to housing as stated in its description in the Council Implementing Decision, or the provision of ICT devices to disabled people. The latter is accompanied by training on digital skills with the exception of some instances where the renovation of home spaces is however provided, and thus suffices for the purpose of the satisfactory fulfilment of the target. In cases where the wording included in the individualised projects could leave margins of interpretation, it was possible to ascertain through additional evidence (notably, a project fiche adopted at district level) and a signed declaration confirming the delivery of said eligible interventions to the beneficiaries at stake that eligible interventions were delivered.
 - The projects were delivered by social districts, meaning "*ambiti territoriali sociali*" (acting alone or in association) and municipalities, which have the capacity to act as social districts and providers according to the Italian framework.

- **The satisfactory fulfilment of the target also depends on the satisfactory fulfilment of a secondary target: at least 500 social districts have delivered at least one project in relation to the renovation of home spaces and/or provision of ICT devices to disabled people, accompanied by training on digital skills. Delivery of at least one project from at least 500 social districts, which have participated in the non-competitive procedure.**
 - The Council Implementing Decision required that at least 500 social districts have delivered at least one project. The evidence provided by the Italian authorities on the projects delivered shows that [480] social districts have delivered at least one project in relation to the renovation of home spaces and/or provision of ICT devices to disabled people, with the latter accompanied by training on digital skills (for a total of at least 506 projects, as explained under the requirement above). Whilst this constitutes a minimal numerical deviation of 4.0% from the requirement of the Council Implementing Decision, the overall objective of this target is considered

met notwithstanding this minor deviation. On this basis, it is considered that this constitutive element of the target is satisfactorily fulfilled.

- The evidence provided by the Italian authorities (such as minutes of local assemblies) allowed to ascertain that when districts acted in association, all relevant districts were involved in the project.
- The Council Implementing Decision required the delivery of at least one project from at least 500 social districts, which have participated in the non-competitive procedure. In that respect, some evaluation criteria out set out by Article 11 of the Directorial Decree No. 5 of 15 February 2022 are non-competitive as they are based on certain exogenous characteristics of the proposing social districts, such as resident population, with respect to which the districts themselves have no direct control. However, the overall procedure is a competitive one as it is a call for projects. Whilst this constitutes a minimal substantive deviation from the requirement of the Council Implementing Decision, the approach used does not change the nature of the measure which is to ensure the delivery of projects by social districts across the national territory. As of this, this minimal deviation does not change the nature of the measure and does not affect the progress towards achieving the investment that the target represents. On this basis, it is considered that this constitutive element of the target is satisfactorily fulfilled.

- Furthermore, in line with the description of the measure, **the measure shall promote access to housing and job opportunities, including new possibilities offered by information technology. Furthermore, the scope of the investment is to accelerate the process of de-institutionalization by providing community and home-based social and health services in order to improve the autonomy of people with disabilities.**
- The projects delivered **contribute to accelerate the process of de-institutionalization by providing community and home-based social and health services** through access to equipped housing and ICT devices accompanied by training on digital skills in order to **increase the autonomy of people with disabilities**, taking into account a comprehensive assessment of the individual needs by a multi-disciplinary team as well as social and health services to accompany the autonomy path. In light of the projects scope, as explained above, the measure **promotes access to housing** through home solutions and **job opportunities, including new possibilities offered by information technology**, through the provision of ICT devices and trainings on digital skills.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M5C2-13	M5C2-13, Related Measure: Investment 5 - Urban Integrated Plans – general projects	
Name of the Milestone: Entry into force of the investment Plan for urban regeneration projects in metropolitan areas.		
Qualitative Indicator: Provision of the law indicating the entry into force of the Plan for urban regeneration projects in metropolitan areas.		Time: Q4 2022
Context:		

The objective of the investment is to regenerate and revitalize large degraded urban areas, with particular attention to the creation of new services for the person and the requalification of accessibility and inter-modal infrastructures, allowing the transformation of vulnerable territories into smart and sustainable cities. The investment encompasses three sub-investments, with the aim to support urban regeneration: i) general projects on urban integrated plans; ii) specific projects to overcome illegal settlements in agriculture, and iii) the creation of a thematic Fund in collaboration with the European Investment Bank (EIB).

Milestone M5C2-13 relates to the first sub-investment and concerns the entry into force of the investment plan for urban regeneration projects in metropolitan areas. The projects should concern three types of interventions: re-use and maintenance of public areas, improvement of urban décor and social and environmental quality, improvement of the digital and environmental quality of urban areas.

Milestone M5C2-13 is the first milestone for this sub-investment. It will be followed by target M5C2-14, related to the completion of planning actions in 14 metropolitan areas covering 3 000 000 square meters. Milestone M5C2-15 and target M5C2-16 relate to the second sub-investment on projects to overcome illegal settlements in agriculture. Milestone M5C2-17 and target M5C2-18 concern the third sub-investment related to the Fund of Funds. The investment has a final expected date for implementation in Q22026.

Evidence provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) Summary document duly justifying how the target, including all the constitutive elements, was satisfactorily fulfilled;
- ii) Ministerial Decree of 6 December 2021 and its attachments on the selection criteria of projects presented by metropolitan areas, published in the Official Journal No. 295 of 13 December 2021;
- iii) Inter-ministerial Decree of 22 April 2022 approving the final list of selected projects, published in the Official Journal No.102 of 03 May 2022;
- iv) Inter-ministerial Decree of 28 April 2023, published in the Official Journal No. 103 of 4 May 2023;
- v) Mapping linking the selected projects to the three areas of interventions included in the measure;
- vi) Circular No. 96 of 22 December 2021 of the Ministry of Interior and attachment on Frequently Asked Questions, also available at: <https://dait.interno.gov.it/finanza-locale/faq-piani-integrati-pnrr>.
- vii) Decree-Law No. 152 of 6 November 2021, converted into law No. 233 of 29 December 2021, which assigns the financial resources to the metropolitan cities as implementation bodies of this measure, published in the Official Journal No. 310 of 31 December 2021.

Analysis:

The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the milestone.

- **The investment Plan shall establish set of criteria in line with the RRF objectives, including the Do No Significant Harm Principle.**

- The Inter-ministerial Decree of 22 April 2022 published in the Official Journal No. 102 of 3 May 2022 adopted the Investment Plan and therefore entered into force in line with the national legal framework. The Investment plan was partially amended by the Inter-ministerial Decree of 28 April 2023 published in the Official Journal No. 104 of 4 May 2023 and therefore the modification entered into force in line with the national legal framework. Annex 2 to the inter-ministerial decree of 28 April 2023 provides the detailed and final list of approved projects with the allocation of resources and this annex constitutes the investment plan.
- The Ministerial Decree of 6 December 2021 gives the faculty to the 14 metropolitan cities to select projects to contribute to the measure and provides the criteria for their selection. Article 1 recalls the scope of the measure (see section on the description of the measure below) and Article 2 lays out the types of eligible interventions (Article 2(1), see more in the section below) and Article 2(2) lays out the criteria to fulfil in order for projects to be eligible. They include criteria to identify degraded urban areas where interventions can take place (see more in the section on the description of the measure) and other criteria in line with the objectives of the environmental transition of the Recovery and Resilience Facility, such as the requirement on the improvement in energy performance of renovated buildings and the ratio between construction and green areas. Other criteria are also in line with the objectives of the Recovery and Resilience Facility such as the requirement to strengthen social inclusion and accessibility for people with disabilities and their autonomy. These criteria are also recalled in the initial considerations of the Decree of 22 April 2022 which approves the final list of eligible projects.
- The obligation for the implementing bodies, which are the 14 metropolitan cities, to respect the Do No Significant Harm principle is laid down in the Ministerial Decree of 6 December 2021. Article 2(2) letter e) specifies that the projects selected must assess compliance with the Do No Significant Harm principle. Article 3 (2) states that the proposals submitted by the metropolitan areas must include a self-declaration signed by the legal representative as indicated in Annex 2 of the Ministerial Decree. Additionally, Annex 2 includes the obligation of compliance with the Do No Significant Harm Principle (paragraph 4). Article 3 (2) of the Inter-Ministerial Decree of 22 April 2022 recalls the obligation for all implementing bodies to comply with the Do No Significant Harm Principle while Article 3 (3) excludes the installation and purchase of gas boilers as required by the description of the measure. In addition, Article 3(4) provides for the obligation to spell out the elements which ensure the compliance with the Do No Significant Harm principle in all implementation phases, such call for tenders, planning and implementation works, including mechanisms for the suspension of financing in case of breach. Furthermore, Article 2 of the Inter-Ministerial Decree of 22 April 2022 binds metropolitan cities to sign an obligation act (Annex 3 to the Decree, *Atto di adesione e obbligo*) which includes compliance with the Do No Significant Harm Principle.

- **The projects shall refer to the following type of interventions: a) Maintenance for the reuse and re-operation of public areas. b) Improvement of the quality of urban décor and the social and environmental fabric. c) Improvement of the environmental quality and digital profile of the urban areas.**

- The Ministerial Decree of 6 December 2021 (Article 2(1)) provides for the description of the only eligible interventions which must correspond to the three types of interventions in the description of the milestone. This is also recalled in the section “premises” of the same Decree. The Ministerial Decree of 22 April 2022 selecting the eligible projects recalls this obligation regarding the content of the projects in its section “premises”. The authorities have also provided a complete mapping that assigns each project to one or more of the types of intervention mentioned in the milestone further confirming that all the selected projects respect this criterion.
- Furthermore, in line with the description of the measure, the **objective to regenerate, revitalize and enhance large degraded urban areas, with particular attention to the creation of new services for the person and the requalification of accessibility and inter-modal infrastructures, allowing the transformation of vulnerable territories into smart and sustainable cities:**
 - Ministerial Decree of 6 December 2021 (Article 2(1)) provides for the objectives of eligible projects with wording fully aligned with the description of the measure. In line with the description of the measure, Ministerial Decree of 6 December 2021 (Article 1(1)) that appoints metropolitan cities as the implementing bodies also lays out the obligation for them to identify and propose projects focusing on **maintenance and reuse of public areas and buildings**, on the improvement of urban décor and social and environmental fabric and supporting smart cities in line with the description of the milestone as mentioned above. These requirements are also specified in Decree-Law No. 152 of 6 November 2021 (Art. 21(6)) that assigned financial resources to metropolitan cities.
 - Regarding the objective of addressing degraded urban areas, Decree-Law No. 152 of 6 November 2021 (Art. 21(7(a))) and Ministerial Decree of 6 December 2021 (Article 2(2)) provides for an operationalisation based on the application of the vulnerability index (Indice di Vulnerabilità Sociale e Materiale): eligible projects must take place in areas where the index is above 99 or above the median of the local area considered, under penalty of ineligibility. This index is calculated by the National Institute of Statistics relying on seven basic indicators that capture different aspects of social and material vulnerability (accounting for, for instance, households’ composition, education levels, occupation status and housing density). The methodology to be applied for the selection of projects is further operationalised by the Ministry of the Interior via a website section addressed to metropolitan cities (the link was included in the summary document and is the following <https://dait.interno.gov.it/finanza-locale/faq-piani-integrati-pnrr>): there it is stated that for projects concerning the main metropolitan cities only the median level of reference is calculated at sub-municipal level while for projects involving several municipalities the median level is calculated at municipal level. Projects in areas derogating from the definition of vulnerable areas are allowed but only if they are functional to other projects in vulnerable areas. Such derogations were highlighted in detail and the justifications for their eligibility due to their functional link with other projects in vulnerable areas are provided in the mapping exercise and its attachments.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M5C2-17	M5C2-17, Related Measure: Investment 5 - Urban Integrated Plans - EIB Fund-Of-Fund
Name of the Milestone: The Fund's investment strategy is approved by the Ministry of Finance (MEF).	
Qualitative Indicator: Fund's Investment Strategy is approved by the Ministry of Finance (MEF)	Time: Q3-2022
Context: <p>The investment encompasses three sub-investments, with the aim to support urban regeneration: i) general projects on urban integrated plans; ii) specific projects to overcome illegal settlements in agriculture, and iii) the creation of a thematic Fund in collaboration with the European Investment Bank (hereinafter referred to as "EIB"). Milestone M5C2-17 refers to the latter, which aims to mobilise private capital through a Fund of Funds scheme, implemented via the EIB.</p> <p>Milestone M5C2-17 concerns the approval of the Fund's investment strategy. It is the first step of the implementation of the sub-investment at stake and will be followed by a target, envisaged in Q2-2026, related to the projects supported.</p>	
Evidence provided: <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none">i) Summary document duly justifying how the milestone, including all the constitutive elements, was satisfactorily fulfilled;ii) Decree-Law No. 152 of 6 November 2021, published in the Official Journal No. 265 of 6 November 2021 and converted into Law No. 233 of 29 December 2021, published in the Official Journal No. 310 of 31 December 2021, authorising the creation of the Fund of Funds and the management assignment to the EIB;iii) Investment Strategy signed by the Ministry of Economy and Finance, and the EIB on 22 December 2021;iv) Integration to the Investment Strategy signed by the Ministry of Economy and Finance, and the EIB on 22 December 2021, and proof of approval by the Ministry of Economy and Finance, and the EIB dated 27 April 2022. <p>The authorities also provided:</p> <ul style="list-style-type: none">v) Signed protocol agreement between the Ministry of Economy and Finance, the Ministry of Tourism and the Ministry of Interior dated 8 June 2022 on the operational implementation;vi) Call for interest for the selection of the financial intermediaries launched by the EIB on 24 May 2022, and the related press release;vii) Funding agreement between the Ministry of Economy and Finance, and the EIB concerning the first tranche to be disbursed to the Fund of Funds.	
Analysis: <p>The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the milestone.</p>	

- **The Fund’s investment strategy shall define as a minimum:**
 - **The nature and scope of the investments supported, which shall promote sustainable urban regeneration and development projects and be in line with the RRF objectives, including in relation to compliance with the Do No Significant Harm principle, as further specified in the Commission guidance note of 12 February 2021.**
 - Sections A and C of the Integration to the Investment Strategy, **approved by the Ministry of Economy and Finance on 27 April 2022 as required by the milestone**, define the nature and scope of the investments supported by the Fund, identifying objectives related to sustainable urban regeneration and development projects, which are translated into priority policy themes in line with the objectives of the RRF (for instance, it provides that particular focus should be given to promoters that contribute to the green transition, digitalization and/or socio-economic development in the country, or were particularly affected by the crisis following the COVID-19 pandemic). Section C of Appendix E.2 of the Investment Strategy, **approved by the Ministry of Economy and Finance on 22 December 2021 as required by the milestone**, provides that eligibility criteria have to ensure compliance with the rules and guidelines set out in the in the Recovery and Resilience Facility regulatory framework, and any other applicable EU and National Law, including the Commission’s technical guidance on the Do Not Significant Harm (DNSH) principle (2021/C58/01).
 - **The operations supported.**
 - Sections D and E of the Integration to the Investment Strategy identify the type of financial support to be deployed in terms of product specifications and amounts to be mobilised.
 - **The targeted beneficiaries, which shall be private promoters of financially self-sustainable projects for which public support is justified by a market failure or the risk profile, and their eligibility criteria.**
 - Section C of the Integration to the Investment Strategy identifies as targeted beneficiaries, promoters of private nature (encompassing fully private promoters and public-private partnerships to the extent that the public partnership remains equal or below 50%, in line with common practise), specifying the conditions set out in the Council Implementing Decision concerning financial self-sustainable projects for which public support is justified by a market failure or the risk profile (Section C.1). Under the same Section, eligibility criteria are specified, including in relation to the need to participate in/promote projects coherent with Integrated Plans presented by metropolitan cities pursuant to Article 21 of Decree-Law No. 152 of 6 November 2021, converted into Law No. 233 of 29 December 2021.
 - **The eligibility criteria of financial beneficiaries and their selection through an open call.**
 - Section D of the Integration to the Investment Strategy provides for the selection of financial intermediaries through an open call for expression of interest, defining the relevant eligibility criteria, for instance in terms of relevant experience with the implementation of financial instruments

under shared management funds, and presentation of an investment strategy. The Commission considers that there is an evident clerical error in the text of the Council Implementing Decision as the requirement should refer to “financial intermediaries”, as opposed to “financial beneficiaries”, in line with the nature of the financial instrument at stake. Therefore, the Commission has undertaken its assessment on this basis.

- **The inclusion of a specific line for decent housing solutions for the workers in the agriculture and industrial sector.**
 - Section C of the Integration to the Investment Strategy identifies the targeted sectors. These include interventions dedicated to the recovery of decent housing solutions for workers in the agricultural and industrial sector.
- **Provisions to re-invest potential reflows for the same policy objectives, also beyond 2026.**
 - Section D of the Integration to the Investment Strategy provides that proceeds may be reinvested exclusively for the same objectives and strategic priorities inherent to the thematic Fund.
- **The contractual agreement with entrusted entity requiring shall require the use of the DNSH guidance.**
 - The entity entrusted by the Ministry of Economy and Finance with the implementation of the thematic Fund through the Fund of Funds mechanism is the EIB. Hence, the Investment Strategy signed by the two parties constitutes the relevant contractual agreement. As mentioned above, Section C of Appendix E.2 of the Investment Strategy requires the use of the Commission’s technical guidance on the Do Not Significant Harm (DNSH) principle (2021/C58/01).
- In line with the description of the measure, **a thematic Fund (Fund of Funds) has been created in collaboration with EIB**, as provided by Article 8 of Decree-Law No. 152 of 6 November 2021, converted into Law No. 233 of 29 December 2021, published in the Official Journal No. 310 of 31 December 2021 and entered into force on 1 January 2022 in accordance with Article 1. **The Fund targets support of private intervention in urban regeneration initiatives**, as provided by the integrated Investment Strategy and explained above. As provided under Section C of the Integration to the Investment Strategy concerning the targeted sectors, **the Fund supports the climate and digital transition of urban areas**. The embedding of the Commission’s technical guidance on the Do Not Significant Harm (DNSH) principle (2021/C58/01) in the Investment Strategy contributes to **the expectation that this measure does not do significant harm to environmental objectives**. Finally, as required under the Council Implementing Decision, Section C of the Integration to the Investment Strategy considers **gas-condensing boilers not eligible** for financing.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M5C3-1	M5C3-1, Related Measure: Investment 1.1.1: Inner Areas: Enhancement of community social services and infrastructures
Name of the Milestone: Award of the tender for the interventions to improve social services and infrastructures in Inner Areas and for the support to pharmacies in municipalities of less than 3000 inhabitants	

Qualitative Indicator: Notification of the award of all public contracts for the interventions	Time: Q4 2022
<p>Context:</p> <p>The objective of this investment is to reduce social exclusion and marginalization in remote and peripheral areas (namely, “Inner Area”). The intervention shall envisage either the creation of new social services and infrastructures provided by local authorities or the improvement of existing ones through an increase in the number of recipients or in the quality of supply.</p> <p>Milestone M5C3-1 concerns the notification of the award of the public contracts for the intervention aimed at enhancing the provision of social services and infrastructures in Inner Areas.</p> <p>Milestone M5C3-1 is the first step of the implementation of the investment 1.1.1 and it will be followed by target M5C3-2 related to the provision of new and improved social services and infrastructures to at least 2 000 000 recipients.</p>	
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> i) Summary document duly justifying how the milestone was satisfactorily fulfilled in line with the requirements set out in the Council Implementing Decision Annex; ii) Copy of the call for projects No. 100 of 30 March 2022 on the creation and enhancement of social services and infrastructures; iii) Copy of the Decree of the Directorate General of the Agency of Territorial Cohesion No. 440 of 9 December 2022, partially modified by the Decree of the Directorate General of the Agency of Territorial Cohesion No. 51 of 16 March 2023, approving the final ranking list of the projects and Annex I to the Decree including the detailed final ranking list of the awarded projects for the creation and enhancement of social services and infrastructures; iv) Copy of the notifications of the award of all public contracts. <p>The authorities also provided:</p> <ul style="list-style-type: none"> i) Copy of the template of the grant agreement to be signed by the Agency for Territorial Cohesion and the implementing bodies; ii) Decrees postponing the deadline for the validity of the public notice as well as the composition of the commission to evaluate the project proposal; iii) Technical specifications of the projects awarded and not awarded under the call for projects No. 100 of 30 March 2022; iv) Additional specifications and clarifications on the measure. 	
<p>Analysis:</p> <p>The Commission considers that there is a clerical error in the text of the Council Implementing Decision as regards the name of milestone M5C3-1 and has undertaken the assessment on a revised basis. The name includes reference to rural pharmacies, namely, “<i>and for the support to pharmacies in municipalities of less than 3000 inhabitants</i>”. The Commission considers also that there is a clerical error in the text of the Council Implementing Decision as regards the description of milestone M5C3-1. In the description, it is stated that “<i>Rural Pharmacies are defined on the basis of Law. 27 March 1968, n.221</i>”,</p>	

However, milestone M5C3-1 concerns social services and infrastructures, while interventions to support rural pharmacies are included under a different investment, namely Investment 1.1.2: Inner Areas – Territorial proximity health facilities. Therefore, reference to rural pharmacies is not relevant for the satisfactory fulfilment of milestone M5C3-1.

Against this background, the justification and substantiating evidence provided by the Italian authorities cover all constitutive elements of the milestone

- **Notification of the tender for the interventions to improve social services and infrastructures in inner areas.**
 - The call for projects No. 100 of 30 March 2022 was launched to finance interventions for the creation and enhancement of social services and infrastructure in inner areas. In total, 803 projects were selected as evidenced by the Decree of the Directorate General of the Agency of Territorial Cohesion No. 440 of 9 December 2022, as partially modified by the Decree of the Directorate General of the Agency of Territorial Cohesion No. 51 of 16 March 2023. The awards of projects were all notified as evidenced by the screenshots of certified emails sent by the Agency of Territorial Cohesion to the applicants on 19 January and 20 March 2023.
- **The intervention shall create new services and infrastructures or shall improve the existing ones through an increase in the number of recipients or in the quality of supply.** In addition, the description of the investment 1.1.1, requires that **“The intervention aims at tackling the issues of social exclusion and marginalisation, by intensifying the provision of services through the increase of funds for public services delivered by the local authorities (the delivery mechanism consists in providing grants to the municipalities)”**.
 - Article 1 of call for projects No. 100 of 30 March 2022 states the scope of interventions to be financed under the call. Article 1 also specified that such interventions will be aimed at promoting social inclusion through the creation of new social services and infrastructure or the improvement of the existing one, favouring the increase in the number of recipients and/or the quality of the service provision.
- **Inner Areas are those identified in the Strategia Nazionale Aree Interne.**
 - Article 3 of the call for projects No. 100 of 30 March 2022 states that Inner Areas are those identifies in the National Strategy for Inner Areas as over the period 2021-2017.
 - Article 6 of the call for projects No. 100 of 30 March 2022 identifies the eligible grant beneficiaries (including municipalities) and clearly states that they shall be located in Inner Areas.
- **The launch of all competitive calls shall be done with terms of reference including eligibility criteria that ensure that the selected projects comply with the ‘Do no significant harm’ Technical Guidance (2021/C58/01) through the use of an exclusion list and the requirement of compliance with the relevant EU and national environmental legislation.**
 - The Council Implementing Decision required that the launch of all competitive calls shall be done with terms of reference including eligibility criteria that ensure that the selected projects comply with the ‘Do no significant harm’ Technical Guidance (2021/C58/01) through the use of an exclusion list and the requirement of compliance with the relevant EU and national environmental legislation. Art. 7(4) of the call for projects No. 100 of 30 March 2022 specifies the need to respect the Do No Significant Harm and the compliance with the EU and Italian environmental legislation are eligibility criteria of the projects. However, the exclusion list set out in the Council Implementing Decision was not included in the call. Whilst this constitutes a minimal substantive deviation from the requirement of the Council Implementing

Decision, according to Article 3 (2) of the Decree No. 440 of 9 December 2022 awarding the projects, the respect of the DNSH exclusion list has been included as a specific condition to be respected by implementing bodies during project implementation, specifying that in case of non-compliance funds will be recovered. As confirmed by the authorities and evidenced by the template of the grant agreements, the same provision will be also replicated in the contracts to be signed with the implementing bodies. As compliance with the exclusion list will be ensured during projects implementation, the lack of inclusion of the DNSH exclusion list in the call represents a minimal deviation that does not change the nature of the measure and does not affect the progress towards the achievement of the investment that the milestone represents. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled.

- Among the projects financed under the call for projects No. 100 of 30 March 2022, 17 projects envisage road works (construction and renovation) of about 11.3 kilometres in total that have an ancillary link to services and infrastructure in the Inner Areas so as to facilitate the use of the financed social service and infrastructure. Given the negligible proportion that these road works represent with respect to the cost of the entire measure, and with respect to other road transport measures in the Italian Recovery and Resilience Plan for which appropriate safeguards for climate change mitigation have been put in place, the relevance of the ancillary link, and the existence of appropriate environmental safeguards for other environmental objectives beyond mitigation, notably in the field of circular economy, such projects have been considered in line with the DNSH principle and therefore eligible under the Recovery and Resilience Facility.
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This milestone is further specified in the Operational Arrangements, which requires:

- **Financed projects may concern one of the following areas: (i) home care services for the elderly; (ii) community nurses and midwives; (iii) strengthening of small hospitals (those without first aid, basic services – ie. Radiology, cardiology, gynecology – or outpatient centres); (iv) infrastructures for helicopter rescue; (v) strengthening centres for the disabled; (vi) counselling centres, cultural services, sports services and migrant reception.**
 - Article 7 of the call for projects No. 100 of 30 March 2022 establishes the eligibility criteria of the interventions.
 - In line with the Council Implementing Decision, Article 7 of the call for projects No. 100 of 30 March 2022 provides that the interventions in the following areas will be prioritized in the selection process: (i) home care services and infrastructure for elderly people; (ii) community nurses and midwives; (iii) strengthening of small hospitals (those without first aid, basic services – for example radiology, gynaecology – or outpatient centers); (iv) infrastructures for helicopter rescue; (v) strengthening centers for people affected by disability; (vi) counselling centers, cultural services, sports services and migrant reception.
 - The Decree of the Directorate General of the Agency of Territorial Cohesion No. 51 of 16 March 2023 awards the projects for the creation and enhancement of social services and infrastructures included under milestone M5C3-1.
- **The call is expected to target potential beneficiaries based on needs. It is expected that the deployment of measures related to technical assistance would contribute to this aim.**
 - Article 7 of the call for projects No. 100 of 30 March 2022 mentions that interventions described as an example in the Annex of the Council Implementing Decision will be

prioritized during the selection process, given their relevant for the needs of the beneficiaries, namely, the inhabitants of Inner Areas. With respect to the further specification on the expectation of the deployment of technical assistance, the Agency for Territorial Cohesion mentions that it made use of support and the technical assistance provided by Cassa Depositi e Prestiti and Invitalia, under the coordination of the Ministry of Economy and Finance.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: M6C2-1	M6C2-1, Related Measure: Revise and update the current legal framework of the Scientific Institutes for Hospitalisation and Care (IRCCS) and research policies of the Ministry of Health to strengthen the link between research, innovation and healthcare	
Name of the Milestone: Entry into force of the legislative decree envisaging the reorganisation of the regulations governing the Scientific Institutes for Hospitalisation and Care (IRCCS)		
Qualitative Indicator: Provision in the decree indicating the entry into force		Time: Q4 2022
<p>Context:</p> <p>The measure that aims to reorganise the network of Scientific Institutes for Hospitalisation and Care (hereinafter referred to as “IRCCS”) to improve National Health system (NHS) quality and excellence shall be implemented by the Ministry of Health.</p> <p>M6C2-1 consists of two points: i) revision and update the current legal framework of the IRCCSs and the research policies of the Italian Ministry of Health to strengthen the link between research, innovation and healthcare; ii) improvement of the governance of the public IRCCSs by enhancing the strategic management and better defining the powers ad areas of competence.</p> <p>Milestone M6C2-1 is the only milestone of this reform. Following the completion of this milestone, in line with the description of the measure in the Council Implementing Decision, Italy will reorganise the network of IRCCSs. This is a further step of this reform that is not linked to any other milestone and/or target in the Council Implementing Decision.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> i) Summary document duly justifying how the milestone was satisfactorily fulfilled in line with the requirements set out in the Council Implementing Decision; ii) Enabling Law No. 129 of 3 August 2022, published in the Official Journal No. 204 of 1 September 2022 “Delegation to the Government for the reorganisation of the legislation of the Scientific Institutes for Hospitalisation and Care, of the Decree Law No. 288 of 16 October 2003” (http://www.gazzettaufficiale.it/eli/id/2022/09/01/22G00139/sg); iii) Legislative Decree No. 200 of 23 December 2022, published in the Official Journal No. 304 of 30 December 2022 “Reorganisation of the legislation of the Scientific Institutes for Hospitalisation and Care” (http://www.gazzettaufficiale.it/eli/id/2022/12/30/22G00208/sg). As part of the Legislative Decree No. 200 of 23 December 2022 are included also the following Annexes: 		

- a. Annex 1 – Thematic areas of the Legislative Decree No. 200 of 23 December 2022 published in the Official Journal No. 304 of 30 December 2022;
- b. Annex 2 – Minimum catchment area of the Legislative Decree No. 200 of 23 December 2022 published in the Official Journal No. 304 of 30 December 2022;
- c. Annex 3 – Evaluating indicators and thresholds for the scientific recognition of the Legislative Decree No. 200 of 23 December 2022 published in the Official Journal No. 304 of 30 December 2022.

The authorities also provided:

- i) Legislative Decree No. 288 of 16 October 2003, published in the Official Journal No. 250 of 27 October 2003 “Reorganisation of the Legislation of the Scientific Institutes for Hospitalisation and Care, under article 42, paragraph 1, of Law No. 3 of 16 January 2003;
- ii) Document A – Feedback from the Ministry of Health to European Commission’s questioning of 23 November 2022;
- iii) Document B – Feedback from the Ministry of Health to European Commission’s questioning of 16 December 2022.

Analysis:

The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the milestone.

In particular:

- **To reorganize the network of IRCCSs:**
 - The Legislative Decree No. 200 of 23 December 2022 (hereinafter referred to as "IRCCS Decree") – entered into force on 31 December 2022 (Art. 14) – restructures the legal framework of Scientific Institutes for Hospitalisation and Care (IRCCSs) integrating IRCCSs themselves within the National Health System (NHS). As explained in Document A pp. 2-3, article 1 (1) sub-paragraph *a* of the IRCCS Decree aims to clarify the legal status of IRCCSs overcoming potential interpretative instances.
- **In line with the description of the measure in the Council Implementing Decision “to improve NHS quality and excellence, improving the relationship between Health and Research”**
 - article 1 (1) sub-paragraph *b* of the IRCCS Decree establishes that IRCCSs advance innovation, and technology transfer consistently with the thematic area internationally recognised. As expressed in Document A pp. 2-3, article 1 (1) sub-paragraph *b* of the IRCCS Decree emphasises the tight bond between IRCCSs’ research activities and health care. Article 4 (1) sub-paragraph *a*(3-bis) of the IRCCS Decree strengthens such relationship setting that IRCCSs shall pursue specific scientific research aiming to try out innovation models, as well as to improve the operational capacity of the NHS and regional networks collaborating with additional bodies of the NHS, universities, and public research institutions. Article 4 (1) sub-paragraph *a*(3-quinquies) of the IRCCS Decree further improves the relationship between Health and Research specifying that research shall be carried out within a four-year plan concerning primary health topic.
- **Revisiting the legal regime of the IRCCS and the research policies within the competence of the Italian Ministry of Health:**

- Article 7 (1) sub-paragraph *a* of the IRCCS Decree establishes that the newly established IRCCSs shall be consistent with the EU legal regime of research organisations, as well as with the healthcare planning of the Region concerned. Article 12 (4) of the IRCCS Decree stipulates that Article 7 of the IRCCS Decree will enter into force 180 days after the entry into force of the Legislative Decree itself (31 December 2022). The limited delay between the entry into force of the IRCCS Decree and the entry into force of Article 7 is considered both proportional and appropriate, notably as the delay is limited and is considered warranted given the time necessary for the IRCCS to prepare for the implementation of the new provisions.
- Article 6 (1) of the IRCCS Decree sets that IRCCSs adapt their organisational documents to guarantee the coordination between their General Director and the Scientific Director. Furthermore, article 6 (1) of the IRCCS Decree establishes that private IRCCS shall transmit to the Ministry of Health specific information to allow the supervision of IRCCS themselves to guarantee transparency of the management of public funding within 31 March 2023.
- **Improve the governance of the public IRCCSs by enhancing the strategic management and better defining the powers and areas of competence:**
 - Article 3 (1) sub-paragraph *b* of the IRCCS Decree establishes that both public and private IRCCSs shall identify instruments of governance – which includes both general management and scientific management – to enhance potential impact, as well as quality of the healthcare research. In addition to this, article 4 (1) sub-paragraph *b* of the IRCCS Decree not only sets that IRCCSs shall guarantee that research and care activities would respect the principles of fairness, transparency, equity, responsibility, integrity, and completeness internationally recognised, but also that IRCCSs shall make available public data, as well as sources of the research in a truthful and objective way. With respect to the powers – as also pointed out by the Italian authorities in Document B – article 4 (1) sub-paragraph *b* of the IRCCS Decree establishes that, in pursuing their statutory objectives IRCCSs have a degree of flexibility in promoting the development of start-up and spin-off companies, and in conducting licencing and industrial collaboration activities concerning biomedical and biotechnological research. With respect to the areas of competence, Article 1 (2) sub-paragraph 1-bis of the IRCCS Decree requires that IRCCSs conduct their research activities on one or more of the following biomedical specialties listed in Annex 1 (Thematic Areas) to the IRCCS Decree. The thematic areas listed in Annex 1 to the IRCCS Decree are the following: Cardiology-Pneumology, Dermatology, Diagnostics, Haematology and Immunology, Endocrinology, Gastroenterology, Geriatrics, Infectious diseases, Nephrology and Urology, Neurology, Ophthalmology, Oncology, Orthopaedics, Obstetrics and Gynaecology, Otorhinolaryngology, Paediatrics, Psychiatry, Transplantology, Rehabilitation.
- **Furthermore in line with the description of the measure, comprehensively define the rules on the status of the Scientific Director of the public IRCCSs and of research staff:**
 - Article 3 (1) sub-paragraph *b*) of the IRCCS Decree specifies the qualifications that the Scientific Director should possess, it also states that each IRCCS's articles of association should clearly define the roles of the Director General and Scientific Director and how these coordinate for guaranteeing the integration between care

and research activities of the IRCCS. In addition, it envisages the creation of an administrative structure supporting the Scientific Director. Finally, article 5 (1) of the IRCCS Decree establishes that the status of Scientific Director is incompatible with any other public and private working relationship except for non-paid training and research activities relevant for IRCCS itself.

- Article 7(1) sub-paragraph *b* of the IRCCS Decree clarifies the status of IRCCSs' research staff setting that IRCCSs shall hire at least the 35 percent of its researchers through a collective labour agreement. As also further pointed out in Document A p. 3, the hiring of 35 percent of researchers with a national standard contract is supposed to guarantee a stable organisation which is a prerequisite for the recognition of research institutes as IRCCS. Article 10 (2) of the IRCCS Decree requires that IRCCSs set reserved shares of the organization chart for research staff with fixed-term work contract within ninety days from the entry into force of the IRCCS Decree itself, as well as reserved shares for research staff with permanent work contract within 120 days from the entry into force of the IRCCS Decree itself. Furthermore, Article 10 (1) sets that the transition period from fixed-term contract to permanent work contract for a researcher in a public IRCCS (according to the procedure established by Article 1 (422-434) of Law 205 of 27 December 2017) should be minimum five years (compared to the ten years period previously in place).
- **Furthermore, in line with the description of the measure, differentiating IRCCSs on the basis of their activity (single-specialist or generalist), creating an integrated network of IRCCSs and facilitating the exchange of expertise between the IRCCSs themselves and the other structures of the Italian NHS.**
 - Article 1 (2) sub-paragraph 1-bis of the IRCCS Decree requires that IRCCSs choose their research activities on the basis of one (single specialist) or more (generalist) subject areas listed in Annex 1 (Thematic Areas) to the IRCCS Decree (see above) and to communicate the selected thematic area (or areas in case of generalist) to the Ministry of Health.
 - Article 4 (1) sub-paragraph *a(3-bis)* of the IRCCS Decree defines the nature and objectives of the integrated network of IRCCSs as a research excellence network in the thematic areas listed in Annex 1 to the IRCCS Decree and aimed at conducting research, including translational research, at fostering research progress, and experimenting various innovation models in the thematic areas. Such integrated network is expected to strengthen the operational capacity of the National Health System and it is open to collaboration with other actors, included other bodies of the NHS, universities, industrial and scientific partners, etc. In addition, to this end, article 4 (1) sub-paragraph *a(3-ter)* of the IRCCS Decree defines the modality of creation of the network and what the network's charter needs to specify: the legal representative, the scientific coordinator, the procedures and functioning of the concerning partners' meeting ("assemblea dei soci") and the procedures for pooling scientific instruments and researchers. This is expected to facilitate the exchange of expertise among IRCCSs, regional and other bodies of the National Health System, as well as universities (including international ones) avoiding, among many others, the duplication of activities, as well as dispersal of research fundings.

Commission Preliminary Assessment: Satisfactorily fulfilled
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Number: M6C2-7	M6C2-7, Related Measure: Investment 1.2: Digital update of hospitals' technological equipment
Name of the Milestone: Award of all public contracts	
Qualitative Indicator: Notification of all awarded public contracts.	Time: Q4 2022
Context: <p>This investment consists in the improvement of the digitalization of healthcare facilities. The investment follows three main lines of interventions, which are: modernisation of large healthcare equipment by substituting obsolete models with technological advanced ones; informatization of the processes of emergency and reception departments ("Dipartimenti Emergenza e Accettazione"-DEA) 1st level and DEA 2nd level hospitals and increase in the number of beds in intensive and semi-intensive care units.</p> <p>Milestone M6C2-7 concerns the award of all public contracts related to informatization of DEAs, including all ancillary works and purchases possibly needed.</p> <p>Milestone M6C2-7 is the third milestone or target of the digital update of hospitals' technological equipment. It has been preceded by milestone M6C2-4 (Q4-2021) concerning the approval of the reorganization plan of National Health System (NHS) hospitals meant to increase the number of beds in intensive and sub-intensive care units and by milestone M6C2-5 (Q2-2022) concerning the approval of the Institutional Development Contract for the Digital update of hospitals' technological equipment. The following target (M6C2-6) requires the entry into operation of 3100 units of new large sanitary equipment, indicatively by Q4 2024. Target M6C2-8 requires the completion of digitization of 280 hospitals, indicatively by Q4 2025. The final target for the measure requires the installation of 7700 additional beds in ICUs and semi-intensive care, indicatively by Q2 2026.</p>	
Evidence provided: <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none">i) Summary document duly justifying how the milestone, including all the constitutive elements, was satisfactorily fulfilled;ii) Copies of 174 contracts concluded with service providers relative to 22 Framework Agreements subdivided in 85 Lots;iii) List, in excel format, of all active Framework Agreements relevant for the measure with date of award, date of contract signature, amount allocated, weblink to contract documentation, fulfilment of milestone's conditionalities in the Council Implementing Decision and other relevant information. <p>The authorities also provided:</p> <ul style="list-style-type: none">i) Proof of signature documents for contracts for which digital signature wasn't embedded in the pdf documents (mostly for contracts in native format p7m);	

- ii) The 21 institutional development contracts (one for each Region and Autonomous Province) concerning the RRP investments of the health component. Each contract has an annexed “Operational Plan” (Piano Operativo) detailing the financial needs of each region for the health measures of the Recovery and Resilience Plan, following an assessment by the regions;
- iii) Email from COM services to Italian authorities clarifying an interpretative doubt on milestone M6C2-7;
- iv) Decree Law No. 13 of 24 February 2023 published in the Official Journal No. 47 of 24 February 2023, on urgent measures for the implementation of the Recovery and Resilience Plan, as converted into law by Law No. 41 of 21 April 2023 published in the Official Journal No. 94 of 21 April 2023.

Analysis:

- The justification and substantiating evidence provided by the Italian authorities covers all constitutive elements of the milestone. **Publication of tendering procedures (Consip framework agreement) and conclusion of contracts with service providers and digitisation of hospitals classed as DEA I and II level).**
 - The Italian authorities have provided 174 contracts considered relevant for the objectives of the milestone. All the above mentioned contracts have been concluded by Consip, the procuring body of the Italian public administration, through the tendering for 22 Framework Agreements subdivided into 85 lots. Italian authorities have provided copies of the contracts while the documents concerning the tendering procedures can be downloaded from the website of Consip (<https://www.consip.it/>) at the various links present in the list, in excel format, of all active Framework Agreements.
- **Notification of all awarded public contracts.**
 - The framework agreements were all signed by successful tenderers between 12 November 2019 and 27 December 2022 and were therefore notified. Article 17 of the Decree Law No. 13 of 24 February 2023 has postponed the expiry date of the currently active Framework Agreements and it has increased by 50% the financial envelope available for those Framework Agreements for expenditures related to investment 1.2 (of M6C2).
- **Contracts shall include the purchase of: a) Data Processing Centre (DPC), including ICT and any ancillary works, necessary to achieve the computerization of the entire hospital structure.**
 - The list in excel format of all active Framework Agreements provided by Italian authorities shows that for the purchase of services and equipment necessary for the set-up of hospitals’ Data Processing Centers, including ICT and ancillary works, the following Framework Agreements are relevant: Digital Healthcare 1 (lots 1 to 4), Digital Healthcare 2 (lots 1 to 4), remote Cybersecurity, Public Cloud IaaS & PaaS, Systems’ Services 2 and 3, Cloud-based Application Services (lots 4 and 5), Digital services 2, Pc Desktop and Workstation 2. From previous iteration between COM and Italian authorities (COM email of 17 March 2022 in the documentation), COM made clear to the Italian authorities that, for the completion of the measure (Investment 1.2: Digital update of hospitals’ technological equipment), only (framework) contracts signed before the date of payment submission would have been considered as acceptable. In addition to the two Framework Agreements launched expressly for this measure (Digital Healthcare 1 and 2), Italian authorities have provided also a list of Framework Agreements currently in place, that can be used toward the completion of the measure, in order to increase flexibility in the availability and use of resources.

- **Publication of tendering procedures (Consign framework agreement) and conclusion of contracts with service providers and digitisation of hospitals classed as DEA I and II level). Contracts shall include the purchase of: b) acquisition of hardware and / or software information technology, electromedical technologies, as well as additional technologies and any ancillary works, necessary to achieve computerization of hospital departments.**
 - The list in excel format of all active Framework Agreements provided by Italian authorities shows that the following Framework Agreements are relevant for the acquisition of hardware and/or software: Digital Healthcare 1 (lots 1 to 4), Digital Healthcare 2 (lots 1 to 4), Cybersecurity 1 and 2, Public Cloud SaaS (Princo, Business Intelligence and CRM), Cloud-based Application Services (lots 4 and 5), Printers, Multibrand Software Licenses 4 and 5, Server Technologies 4, Application Services 2, Microsoft Enterprise Agreement 7, Telephone Exchanges 8, Printers 19bis, Local Networks 7, Pc Desktop and Workstation 2.
 - The list in excel format of all active Framework Agreements provided by Italian authorities shows that the following Framework Agreements are relevant for the acquisition of electromedical technologies: Digital Healthcare 1 (lots 1 to 4), Cloud-based Application Services (lots 4 and 5), Application Services 2.
 - The list in excel format of all active Framework Agreements provided by Italian authorities shows that the following Framework Agreements are relevant for the acquisition of additional technologies and ancillary works: Digital Healthcare 1, Digital Healthcare 2, Cybersecurity 1 and 2, remote Cybersecurity, Public Cloud IaaS & PaaS, Systems' Services 2 and 3, Cloud-based Application Services, Application Services 2, Telephone Exchanges 8.
 - All the 85 Lots of the Framework Contracts provided by the Italian authorities (as indicated in the list, in excel format, of all active Framework Agreements) can be considered relevant to the task since they all envisage the purchase of IT software or hardware that could be necessary for the digitisation of hospitals. All the 174 contracts related to the 22 Framework Agreements have been awarded and signed before 31 December 2022.

- **The assessment of the current digitizing level, preliminary to the implementation of the intervention, shall allow to fine-tune this evaluation, according to the real needs of each region/hospital.**
 - Each Region/Autonomous Province has provided an assessment of financial needs for investment in the various Recovery and Resilience Plan measures of the health component, which is detailed by the Operational Plans in Attachment of the Institutional Development Contracts provided by Italian authorities. In addition, the Framework Agreements, provided for in the current milestones, specify the maximum financial envelope available, leaving to the specific contracts/orders derived from the Framework Agreements to calibrate the amount needed to execute the works, therefore allowing some flexibility on facing changing needs.

Commission Preliminary Assessment: Satisfactorily fulfilled