EUROPEAN
COMMISSION

Brussels, 28.7.2023
COM(2023) 477 final

2023/0295 (NLE)

Proposal for a

COUNCIL IMPLEMENTING DECISION

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

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THE COUNCIL OF THE EUROPEAN UNION,

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

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

Having regard to the proposal from the European Commission,

Whereas:

(1) Following the submission of the national recovery and resilience plan ('RRP') by Italy on 30 April 2021, the Commission has proposed its positive assessment to the Council. The Council has approved the positive assessment by means of the Council Implementing Decision of 13 July 2021[2] .

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

Amendments based on Article 21 of Regulation 2021/241

(3) On 11 July 2023, Italy made a reasoned request to the Commission to propose to amend the Council Implementing Decision in accordance with Article 21(1) of Regulation (EU) 2021/241, considering the RRP to be partially no longer achievable due to objective circumstances. On this basis, Italy has submitted an amended RRP.

(4) The amended RRP submitted by Italy because of objective circumstances affects eight measures.

(5) The first amendment concerns Investment 4 Satellite Technology and Space Economy under Component 2 Mission 1. The investment consists of developing satellite connections in view of the digital and green transition and to contribute to the development of the space sector, enabling services such as secure communications and

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

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

monitoring infrastructure for various sectors of the economy. It encompasses four sub-measures: (i) Satcom, (ii) Earth Observation, (iii) Space Factory and (iv) In-Orbit Economy. Italy explained that the Satcom sub-measure is no longer partially achievable considering recent market developments related to satellite connections. In particular, the development of several commercial initiatives for Internet of Things based on small satellites, at the European and global level, discourages a public investment of public resources in this domain and makes it necessary to avoid overlaps with private investments of the initially planned activities. Furthermore, there is the need to align the Satcom sub-measure with the EU IRIS² "Secure Connectivity" initiative, which foresees the development of a state-of-the-art space-based connectivity system to offer enhanced communication capacities, increasing Italy's contribution to this initiative. On this basis, Italy has requested to amend description of the Satcom sub-measure of Investment 4 Satellite Technology and Space Economy to refocus it on the development of dual-use technologies and systems for the provision of highly secure innovative satellite communication services for governmental use and the Council Implementing Decision should be amended accordingly.

(6) The second amendment concerns Investment 3.2 Development of the film industry (Cinecittà project) under Component 3 Mission 1. The objectives of the investment are to enhance the competitiveness of the Italian film and audiovisual sector, mitigating the social and economic impact of the Covid-19 crisis and supporting economic growth, employment and competitiveness. Italy explained that the measure is no longer achievable as originally described in the Council Implementing Decision because the original implementing entity ''Istituto Luce'' was renamed as ''Cinecitta' S.P.A'' in 2021. On this basis, Italy has requested to change the name of the implementing entity for the film industry development project, from the previous "Istituto Luce" to "Cinecittà S.p.A in the title of the measure and milestone M1C3-20 and the Council Implementing Decision should be amended accordingly.

(7) The third amendment concerns Investment 3.4 Hydrogen testing for railway mobility under Component 2 Mission 2. The investment consists of building at least 10 refuelling stations for railway based on hydrogen along at least six railway lines. In addition, the hydrogen train refuelling stations shall be realised near local green hydrogen production sites and/or motorway hydrogen refuelling stations. Italy explained that the measure is no longer partially achievable, notably, because of the limited response of market players as regards the location of the refuelling stations and that, as a consequence, only some of them could be located near to the place of hydrogen production. Moreover, in light of revised legal framework related to hydrogen and, in particular, the adoption of the Commission Delegated Regulation (EU) 2023/1184 of 10 February 2023 supplementing Directive (EU) 2018/2001 of the European Parliament and of the Council "establishing a Union methodology setting out detailed rules for the production of renewable liquid and gaseous transport fuels of non-biological origin", as well as, setting out specific criteria under which hydrogen would qualify as renewable, the authorities have clarified that, in line with the RED II directive 2018/2021, renewable hydrogen will be used as it offers a more clear framework for the implementation of the measure. On this basis, Italy has requested to change the description of the measure in the Council Implementing Decision.

(8) The fourth amendment concerns Investment 4.3 Installation of charging infrastructures under Component 2 Mission 2. The investment consists in building rapid re-charging stations for electric vehicles along freeways and in urban areas. Italy explained that a part of the measure is no longer achievable within the indicative timeline because the

expression of interest for the call for re-charging stations for “freeways” was extremely limited, which resulted in a very limited uptake of the investment in that respect. On this basis, Italy has requested to modify the description of the intermediate target M2C2-27 by postponing the construction of re-charging infrastructure on freeways, thus removing the constitutive element related to the award of (all) public contracts for the installation of 2500 freeway electric vehicle fast charging infrastructures, and by increasing the number of re-charging infrastructure in urban areas to at least 4700 from the original 4000. The Council Implementing Decision should be amended accordingly.

(9) The fifth amendment concerns Investment 2.1 Strengthening of the Ecobonus and Sismabonus for energy efficiency and building safety under Component 3 Mission 2. The investment consists in financing the renovation of buildings for energy efficiency and anti-seismic purposes, also to contribute to the achievement of the energy saving and emission reduction targets and provide counter-cyclical support for the construction sector to offset the effects of economic downturn. The support is provided through a tax deduction or, alternatively, through a credit transfer or invoice discount. Italy explained that the intermediate target of this measure is no longer partially achievable due to the need to prioritize energy efficiency interventions in the current geopolitical context, which has changed significantly compared to the time of the initial planning of the project. Accordingly, the interventions related to anti-seismic purposes had to be reduced and could not be completed in the expected timeframe. In addition, the option of the credit transfer and invoice discount in the Superbonus was removed in February 2023 because of eligibility concerns and the higher-than-expected uptake which resulted in an excessive increase of government expenditure. On this basis, Italy has requested to amend the description of the measure and to increase the intermediate target M2C3-2 for energy efficiency interventions to offset the removal of the part related to seismic risk interventions. The Council Implementing Decision should be amended accordingly.

(10) The sixth amendment concerns Investment 1.1 Plan for nurseries, and preschools and early childhood education and care services under Component 1 Mission 4. The objectives of the investment are to increase the supply of childcare facilities by building, renovating and ensuring the safety of nurseries and preschools, and to ensure an increase in the educational offer. Italy explained that milestone M4C1-9 related to the award of contracts is no longer partially achievable because of objective circumstances. In particular, problems related to the uptake led to the need of futher tenders to reach the objectives within the agreed timeline. Given the existence of that objective circumstances, , additional measures such as additional tenders will have to be adopted in order to ensure the effective implementation of the measure and to reach target M4C1-18 in Q4 2025. On this basis, Italy has requested to revise the description of the measure, which initially referred to the award of all the contracts for admissible interventions to launch subsequent tenders in 2023 and 2024, and to amend milestone M4C1-9 to adjust the first set of eligible interventions in awarding contracts for nurseries and preschool facilities, as well as of early childhood education and care services. The Council Implementing Decision should be amended accordingly.

(11) The seventh amendment concerns Reform 1.7: Reform of student housing regulation and investment in student housing under Component 1 Mission 4. The objective of this measure is to encourage private entities to set up student accommodation facilities while increasing the supply of accommodations for students. Due to objective circumstances, further tenders are needed to reach the objectives of the measure within

the agreed timeline. On this basis and in order to ensure effective implementation of the measure, Italy has requested to change target M4C1-28 into a milestone covering the first set of calls for additional student housing and to modify target M4C1-30. The Council Implementing Decision should be amended accordingly.

(12) The eighth amendment concerns Investment 5 Creation of women's enterprises, under Component 1 Mission 5. The objectives of the investment are to increase women's participation in the labour market and, in particular, to support women's participation in business activities. Italy explained that companies presented a smaller than expected number of requests for advance payments and that there has been a slowdown in payment requests by firms, thus affecting the disbursement schedule, due to the changed economic context in terms of cost and availability of bank guarantees, as well as, longer time needed to procure raw materials and capital goods. On this basis, Italy has requested to change the name of target M5C1-18 from "*Enterprises have received financial support through the Fund Impresa donna*" to "*Financial support to enterprises has been committed*". This change is also reflected in the description of target M5C1-18. Moreover, Italy has proposed, as a better alternative emerged during the implementation of the measure, to keep the two existing instruments (Nito-ON and Smart&Start) and the new fund (Fondo imprese femminili) separate. Therefore, creating an overarching funding structure (Fondo impresa donna) was deemed unnecessary, as it would have caused unnecessary administrative burdens. Finally, Italy has proposed to remove a specification included in the description of target M5C1-18 related to the contribution of the three instruments covered by the measure to the achievement of the target, as these instruments are demand-driven and the new fund proved more attractive for the market. On this basis, the Council Implementing Decision should be amended accordingly.

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

Corrections of clerical errors

(14) Eight clerical errors have been identified in the text of the Council Implementing Decision, affecting five milestones and targets and eight measures. The Council Implementing Decision should be amended to correct those clerical errors that do not reflect the content of the RRP submitted to the Commission on 30 April 2021, as agreed between the Commission and Italy. Those clerical errors relate to the description of Investment 4 "Satellite technology and space economy" under Component 2 of Mission 1; to the description of Investment 3.2 " Development of the film industry (Cinecittà project)" and of milestone M1C3-20 under Component 3 of Mission 1; to the description of Investment 3.4 "Hydrogen testing for railway mobility" under Component 2 Mission 2 and of milestone M2C2-16 to the description of Investment 4.4.2 – "Strengthening of the regional public transport railway fleet with zero emission trains and universal service" and of milestone M2C2-33; to the description of "Investment 3.2 - Hydrogen Use in hard-to-abate industry"; to the description of Investment 2.1 "Strengthening of the Ecobonus and Sismabonus for energy efficiency and building safety" under Component 3 Mission 2; to the description of Investment 1.1: "Plan for nurseries and preschools and early childhood education and care services"; to the description of the Reform 1.7 ''Reform of student housing regulation and investment in student housing'' and to the target M4C1-30; to the description of Investment 3: "Structured socio-educational interventions to combat educational poverty in the South supporting the Third Sector" and of milestone M5C3-

8; and to milestone M5C1-18. Those corrections do not affect the implementation of the measures concerned.

(15) Taking into account that the final results related to the implementation of the eleven measures subject to the abovementioned modifications do not change, the Commission considers that the amendments put forward by Italy do not affect the positive assessment of the RRP set out in the Council Implementing Decision of 13 July 2021 on the approval of the assessment of the recovery and resilience plan for Italy regarding the relevance, effectiveness, efficiency and coherence of the RRP against the assessment criteria laid down in Article 19(3).

(16) With regard to the assessment criterion set out in Article 19(3), point (e), of and Annex V, criterion 2.5, to Regulation (EU) 2021/241, taking into account the increased allocation of the amended RRP, the measures that effectively contribute to the green transition amount to 37,5 % of the amended RRP's total allocation, which is the same share as in the initial RRP. Those figures have been calculated in accordance with the methodology set out in Annex VI to Regulation (EU) 2021/241. Given that, the amended RRP is considered to continue containing measures that contribute to a large extent (Rating A) to the green transition, including biodiversity, or to addressing the challenges resulting from it. With regard to the assessment criterion set out in Article 19(3), point (f), of and Annex V, criterion 2.6, to Regulation (EU) 2021/241, taking into account the increased maximum financial contribution and the updated RRP, the measures that effectively contribute to the digital transition amount to 25,1 % of the updated RRP's total allocation, which is the same share as in the initial RRP. Those figures have been calculated in accordance with the methodology set out in Annex VI to Regulation (EU) 2021/241. Given that, the amended RRP is considered to continue containing measures that effectively contribute to a large extent (Rating A) to the digital transition or to addressing the challenges resulting from it.

(17) With regard to the assessment criterion set out in Article 19(3), point (h), of and Annex V, criterion 2.8, to Regulation (EU) 2021/241, Italy amended the multi-level governance system related to the RRP (Decree-Law No. 13 of 24 February 2023, converted into Law No. 41 of 21 April 2023) including by enhancing the role of the Presidency of the Council of Ministers in the coordination and monitoring of the RRP. Given the operational nature of the changes and the preservation of the principles underpinning the governance system, the arrangements are considered to remain adequate (Rating A) to ensure effective monitoring and implementation of the RRP, including the envisaged timetable, milestones and targets, and the related indicators.

(18) With regard to the assessment criterion set out in Article 19(3), point (j), of and Annex V, criterion 2.10, to Regulation (EU) 2021/241, the amendments to the RRP governance framework (as referenced in the previous recital) did not affect the Audit Body in charge of RRP monitoring and the unitary repository system Regis. Italy adopted legislation concerning the remit of the Court of Auditors in relation to the RRP (Decree-Law No. 44 of 22 April 2023, converted into Law No. 74 of 21 June 2023). Given that the overall ex-ante and ex-post verifications remain in place and have not been affected by the adopted legislation, the arrangements are considered to remain adequate (Rating A) to prevent, detect and correct corruption, fraud and conflicts of interest when using the funds provided under that Regulation, and they are expected to effectively avoid double funding under that Regulation and other Union programmes. This is without prejudice to the application of other instruments and tools to promote and enforce compliance with Union law, including for preventing, detecting and correcting corruption, fraud and conflicts of interest, and for protecting

the Union budget in line with Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council[3].

(19) With regard to the assessment criteria set out in Article 19(3), points (a), (b), (c), (d), (g), (i), and (k) of Regulation (EU) 2021/241, the limited modifications of the RRP do not affect the positive assessment of the initial plan.

(20) Following Commission's assessment that Italy's amended RRP satisfactorily complies with the criteria for assessment set out in Regulation (EU) 2021/241, in accordance with Article 20(2) of and Annex V to that Regulation, this Decision should set out the amendments to the reforms and investment projects necessary to take account of the amended RRP.

(21) Beyond this targeted amendment, Italy has confirmed that it intends to request a comprehensive modification of the Council Implementing Decision including an update in accordance with Article 18(2) of Regulation (EU) 2021/241 to take into account the updated maximum financial contribution calculated in accordance with Article 11(2).

(22) The estimated total costs of the amended RRP is EUR 191 499 177 889. In particular, the estimated costs of the measures financed by the Union financial contribution in the form of non-repayable support amounts to EUR 68 897 310 054 and the estimated costs of the measures financed by the loan support amounts to EUR 122 601 867 835. As the amount of the estimated costs of the measures in the amended RRP financed by the Union financial contribution is lower than the updated maximum financial contribution available for Italy, the financial contribution calculated in accordance with Article 11 allocated for Italy's amended RRP should be equal to the amount of the estimated costs of the measures in the amended RRP financed by the Union financial contribution.

(23) Council Implementing Decision 10160/21 of 13 July 2021 on the approval of the assessment of the recovery and resilience plan for Italy should therefore be amended accordingly.

HAS ADOPTED THIS DECISION:

Article 1

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

(1) Article 1 is replaced by the following:

"*Article 1*

Approval of the assessment of the RRP

The assessment of the updated RRP of Italy on the basis of the criteria provided for in Article 19(3) of Regulation (EU) 2021/241 is approved. The reforms and investment projects under the RRP, the arrangements and timetable for the monitoring and implementation of the RRP, including the relevant milestones and targets, the relevant indicators relating to the fulfilment

[3] Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget (OJ L 433I, 22.12.2020, p. 1).

of the envisaged milestones and targets, and the arrangements for providing full access by the Commission to the underlying relevant data are set out in the Annex to this Decision.

(2) In Article 2, paragraph 1 is replaced by the following:

1. The Union shall make available to Italy a financial contribution in the form of non-repayable support amounting to EUR 68 897 310 054.[4] An amount of EUR 47 925 096 762 shall be available to be legally committed by 31 December 2022. A further amount of EUR 20 972 213 292 shall be available to be legally committed from 1 January 2023 until 31 December 2023.

(3) The Annex is amended as follows:

(a) Section 1: Reforms and Investments under the Recovery and Resilience Plan; 1. Description of reforms and investments;

(i) in point B3. Mission 1; Component 2: Description of the reforms and investments for the loan; Investment 4 Satellite technology and space economy; is replaced by the following:

The objective of the investment is to develop satellite connections in view of the digital and green transition and to contribute to the development of the space sector. The investment has also the aim to enable services such as secure communications and monitoring infrastructure for various sectors of the economy and, to this effect, it includes both upstream (launch services, production and operation of satellites and infrastructure) and downstream (generation of enabled products and services) activities. The investment includes the award of tenders and encompasses four projects: 1. Satcom, which consists of activities for the development of dual-use technologies and systems to be used for the provision of highly secure innovative satellite communication services for governmental use. 2. Earth Observation (EO), which consists of (i) upstream activities: including specification, design, development of a constellation for remote sensing (Synthetic Aperture Radar (SAR), hyperspectral) and the procurement of launches focused on monitoring land, sea and atmosphere; (ii) downstream activities: the realization of the CyberItaly Project encompassing the creation of a digital replica of the country. 3. Space Factory, consisting of two sub-projects: (i) Space Factory 4.0: the specification, design and building of digital manufacturing, assembly and testing facilities for small satellites and the implementation of a cyber physical system of production and satellite digital twinning aimed at establishing a bidirectional link between the digital model and its physical counterpart; (ii) Access to Space: research, development and prototyping for the realization of green technologies for future generation of thrusters and launchers, including in-flight demonstration of selected technologies. 4. In-Orbit Economy, which consists of the implementation of a demonstrator for in orbit servicing technologies for in orbit interoperability; the increase of the national Space Surveillance and Tracking (SST) capacity including a network of ground-based sensors for the observation and tracking of space debris; design, development, commissioning of assets for the acquisition and management and provision of the data service in support of Space Traffic Management activities.

It is envisaged that the investment does not have military or defence objectives and implications.

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

(ii) in point C3. Mission 1; Component 3: Description of the reforms and investments for the loan; The title “Investment 3.1 Development of the film industry (Cinecittà project), is replaced by the following:

Investment 3.2: Development of the film industry (Cinecittà project)

(iii) in point E1. Mission 2; Component 2: Description of the reforms and investments for non-repayable financial support; Investment 4.4.2 Renewal of the regional public transport railway fleet with clean fuels trains and universal service, is replaced by the following:

“Investment 4.4.2 Strengthening of the regional public transport railway fleet with zero emission trains and universal service”. This investment consists of the procurement and entry into service of at least 53 zero emission passengers’ trains[5] (whereby a train is composed by at least one locomotive and includes passengers’ carriages) and additional 100 carriages for universal service. Overall, the investment shall provide at least a total of 471 units, out of which at least 53 shall be locomotives.

(iv) in point E1. Mission 2; Component 2: Description of the reforms and investments for non-repayable financial support; Investment 3.4 Hydrogen testing for railway mobility, is replaced by the following:

This investment consists in building at least ten refuelling stations for railway based on renewable hydrogen along at least six railway lines. The hydrogen train refuelling stations shall be realised preferably near local renewable hydrogen production sites and/or motorway hydrogen refuelling stations.

(v) in point E3. Mission 2; Component 2: Description of the reforms and investments for the loan; Investment 3.2 Hydrogen Use in hard-to-abate industry, is replaced by the following:

This investment consists in supporting R&D&I on industrial processes to develop initiatives to use hydrogen in industrial sectors that use methane as an energy source for thermal energy (cement, paper mills, ceramic, glass industries, etc.). In the context of this investment, a specific tender shall be launched to support steel R&D&I for steel production process through the increasing use of hydrogen. No natural gas shall be used for the production of hydrogen to be used in the direct reduction of iron. This measure shall support hydrogen production based on electrolysis using renewable energy sources as defined in the Directive (EU) 2018/2001 (renewable Directive) or grid electricity.

(vi) in point F1. Mission 2; Component 3: Description of the reforms and investments for non-repayable financial support; Investment 2.1 Strengthening of the Ecobonus and Sismabonus for energy efficiency and building safety, is replaced by the following:

The Superbonus measure finances the energy and seismic renovation of residential buildings, including social housing as specified in Article 119 of the so-called ‘Decreto Rilancio’ adopted to address the adverse economic and social effects of the pandemic. The goal is twofold: 1) to make a significant contribution to the achievement of the energy saving and emission reduction targets set by the Integrated National Plan for Energy and Climate of Italy (PNIEC) for 2030, and 2) to provide counter-cyclical support to the construction sector and to private demand to offset the effects of economic downturn. The support is provided in the form of a tax deduction over 5 years. Until 16 February 2023, it is provided that the beneficiaries, as an alternative to the instrument of tax deduction, may, instead of the direct use of the deduction, choose to use financial instruments (so-called "credit transfer" and

[5] In line with intervention field 72 bis of Annex VI to the RRF Regulation, it also applies to bi-mode trains.

"invoice discount"), to address the problem of the high initial investment costs. These alternative instruments provide that the tax deduction accrued by the beneficiary is made for an equal amount in: 1. a contribution in the form of a discount on the prepayment price from the supplier (i.e. construction companies, designers, or more generally the general contractor) who discounts it directly on the invoice and recovered in the form of a tax credit reducing the cost of the initial investment; 2. a tax credit to be ceded to a financial institution, which will pay upfront the necessary capital. This mechanism offsets the possible disincentive to making the renovation because of the high initial investment costs. The choice of the general contractor or the financial institution will be left to the beneficiary.

Condominiums, single-family buildings, undivided housing cooperatives, non-profit organizations and voluntary associations, amateur sports associations and clubs and social housing may benefit from this tax incentive. To be eligible, the renovation must be classified as "deep renovation" (that is, a medium renovation according to Commission Recommendation (EU) 2019/786), thus entailing an improvement of at least two energy classes (corresponding on average to primary energy saving of 40%). The scope of eligible interventions covered by this measure is wide, including for instance driving interventions, towed interventions, thermal insulation of opaque surfaces, and interventions on air conditioning systems (condensing boilers; heat pumps; connection to efficient district heating networks under specific conditions; solar thermal; biomass boilers under specific conditions), PV systems with related storage systems or infrastructure for charging electric vehicles. Interventions to reduce the seismic risk of buildings are also part of this instrument and are expected to account for around 14% of the budget allocated. Two ministerial decrees of 6 August 2020 have already defined the technical requirements of the interventions and the procedures to certify compliance with the specific maximum requirements and costs. The Superbonus has already been active since 1 July 2020 and s hall remain in force until 30 June 2022 (for social housing until 31 December 2022). Access to the benefit may be required for a further period of six months, in the case of works on condominiums or social housing, when at least 60% of the works has been carried out before the dates indicated above. To give more time to more complex interventions it is planned to extend the application of the measure for condominiums until December 31, 2022 and for social housing until June 30, 2023, regardless of the completion of at least 60% of the works. It is expected that this measure does not do significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852, taking into account the description of the measure and the mitigating steps set out in the recovery and resilience plan in accordance with the DNSH Technical Guidance (2021/C58/01). In particular, the cost of installing gas-condensing boilers shall represent at most 20% of the overall renovation programme cost. In those cases where gas-condensing boilers are installed as the chosen replacement of existing inefficient gas, coal and oil-based boilers, they shall have an A performance. Additionally, the installation of natural-gas boilers shall be compliant with the conditions set up in the DNSH Technical Guidance (2021/C58/01).

(vii) in point J1 Mission 4 Component 1: Description of the reforms and investments for non-repayable financial support; Investment 1.1. Plan for nurseries and preschools and early childhood education and care services, is replaced by the following:

The investment plan for the 0-6 age group is aimed at increasing the supply of childcare facilities by building, renovating and ensuring the safety of nurseries and preschools, to ensure an increase in the educational offer and the available slots for the 0-6 age group, and thus improve teaching quality. The measure is expected to encourage women’s participation in the labour market and support caregivers in reconciling family and professional life. 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.

(viii) in point J3 Mission 4; Component 1: Description of the reforms and investments for loans; reform 1.7 Reform of student housing regulation and investment in student housing, is replaced by the following:

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. The aim is to increase available places for out-of-school students by 2026.

The envisaged investment aims at ensuring a widespread access to housing facilities so that a reasonable number of students may afford advanced education in their preferred field and location regardless of their socio-economic background. It aims to add 60,000 sleeping accommodations, thus significantly reducing Italy's gap with the EU average regarding the share of students provided with housing facilities (18% against the current 3% in Italy). The investment shall not include the procurement of natural gas boilers.

Accommodations already used for student housing purposes before the launch of the relative call for projects cannot be accounted for the targets. To reach the final target of beds created and assigned, calls for projects shall be launched between 2021 and 2025.

(ix) in point N1 Mission 5; Component 3: Description of the reforms and investments for non-repayable financial support; Investment 3 Structured socio-educational interventions to combat educational poverty in the South supporting the Third Sector, is replaced by the following:

The measure aims at fostering the third sector in Southern regions (Abruzzo, Basilicata, Campania, Calabria, Molise, Puglia, Sardinia and Sicily) and at supplying socio-educational services to minors in connection with the provisions of the Partnership Agreement for the 2021-2027 programming period of European cohesion policies.

The socio-educational interventions to combat educational poverty and support the Third sector is expected to take place in one of the following areas:- Interventions for children aged zero to six aimed at strengthening the conditions of access to nursery and kindergarten services and at supporting parenthood;- Interventions for children aged five to ten aimed at guaranteeing effective educational opportunities and early prevention of school dropout, bullying and other phenomena of distress; - Interventions for children aged 11-17, which aim at improving education supply and preventing the phenomenon of early school leaving. The interventions shall ensure the following key elements of the tender: - Public notices shall account at least for EUR 50 000 000 each; - The third sector entities projects shall last at least one year and up to two years.

(x) in point C4. Mission 1; Component 3: Milestones, targets, indicators, and timetable for monitoring and implementation for non-repayable financial support, row M1C3-20 is replaced by the following:

M1C3-20	Investment - 3.2	Milestone		Signature of the	-	-	-	Q2	2023	Signature of the contracts between the implementing

	Development of the film industry (Cinecittà project)		Signature of the contracts between the implementig entity Cinecitta' SPA and the companies in relation to the construction of nine studios	contracts						body, Cinecitta' SPA and the companies in relation to the construction of nine studios. This intervention includes the construction of new studios, recovery of existing studios, investments in new digital technologies, systems and services aimed at strengthening the Cinecittà film studios managed by Cinecittà SPA. The contract between the implementing entity Cinecittà SPA and the companies shall contain selection/eligibility criteria for compliance with the DNSH Technical Guidance (2021/C58/01) of supported assets/activities and/or companies. Commitment/target to invest 20% in assets/activities and/or companies compliant with the selection criteria for digital tracking and 70% with selection criteria for climate tracking

(xi) in point E2. Mission 2; Component 2: Milestones, targets, indicators, and timetable for monitoring and implementation for non-repayable financial support, row M2C2-16 is replaced by the following:

M2C2-16	Investment 3.4 Hydrogen testing for railway mobility	Milestone	Allocation of resources for hydrogen testing for railway mobility	Notification of the allocation of resources	N/A	N/A	N/A	Q1	2023	Allocation of resources according to the procedures and criteria established to build ten refuelling stations for railway based on hydrogen along six railway lines.

(xii) in point E2. Mission 2; Component 2: Milestones, targets, indicators, and timetable for monitoring and implementation for non-repayable financial support, row M2C2-27 is replaced by the following:

M2C2-27	Investment 4.3 Installation of charging infrastructures	Milestone	Award of all public contracts for the installation of charging infrastructures M1	Notification of the award of all the public contracts for the installation of charging				Q2	2023	Notification of the award of all public contracts to build at least 4 700 re-charging stations in urban areas (all municipalities). The project may also include pilot re-

				infrastructures					charging stations aimed at storing energy.

(xiii) in point E2. Mission 2; Component 2: Milestones, targets, indicators, and timetable for monitoring and implementation for the non-repayable financial support, row M2C2-33 is replaced by the following:

M2C2-33	Investment 4.4.2: Strengthening of the regional public transport railway fleet with zero emission trains and universal service carriages	Milestone	Award of all public contracts for the strenghthening of regional public transport railway fleet with zero emission trains and universal service carriages	Notification of the award of all the contracts for the regional public transport railway fleet with zero emission trains and universal service	N/A	N/A	N/A	Q2	2023	Notification of the award of all public contracts for the acquisition of zero emission trains[6]

(xiv) in point F2. Mission 2; Component 3: Milestones, targets, indicators, and timetable for monitoring and implementation for non-repayable financial support, row M2C3-2 is replaced by the following:

M2C3-2	Investment 2.1-Strengthening of the Ecobonus and Sismabonus for energy efficiency and building safety	Target	Building renovation Superbonus and Sismabonus T1	N/A	Number	0	17 000 000	Q2	2023	Complete building renovation for, at least 17 000 000 square meters which result in primary energy savings of at least 40% and increasing at least two categories in the energy efficiency certificate, .

(xv) in point J2. Mission 4; Component 1: Milestones, targets, indicators, and timetable for monitoring and implementation for non-repayable financial support, row M4C1-9 is replaced by the following:

M4C1-9	Investment 1.1: Plan for nurseries and preschools and early childhood education and care services	Milestone	Award of contracts for building, renovating and ensuring the safety of nurseries, preschools and early childhood education and care services	Notification by the local authorities beneficiaries of the financing of award of public contracts for the first set of eligible interventions	N/A	N/A	N/A	Q2	2023	Award of contracts and territorial distribution, for the nursery, preschool, early childhood education and care services. The award shall be done 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

[6] In line with intervention field 72 bis of Annex VI to the RRF Regulation, it also applies to bi-mode trains.

										environmental legislation.

(xvi) in point J4 Mission 4 Component 1: Milestones, targets, indicators, and timetable for monitoring and implementation for the loan, row M4C1-28 is replaced by the following,

M4C1-28	Reform 1.7: Reform of student housing regulation and investment in student housing	Milestone	Awards of initial contracts for the creation of additional sleeping accommodation units (beds)	Publication of the awards in the Ministry's website	N/A	N/A	N/A	Q2	2023	Awards of initial contracts for the creation of additional sleeping accommodation units (beds)

(xvii) in point J4 Mission 4 Component 1: Milestones, targets, indicators, and timetable for monitoring and implementation for the loan, row M4C1-30 is replaced by the following,

M4C1-30	Reform 1.7: Reform of student housing regulation and investment in student housing	target	Student sleeping accommodation units created and assigned following the existing or the new legislative scheme	N/A	Number	0	60 000	Q2	2026	At least 60 000 additional sleeping accommodation units (beds) created and assigned following either Law no. 338/2000 as revised in August 2022 or the new legislative scheme adopted under milestone M4C1-29, Reform 1.7: Reform of student housing regulation and investment in student housing.

(xviii) in point L4 Mission 5; Component 1: Milestones, targets, indicators, and timetable for monitoring and implementation for the loan support, row M5C1-18 is replaced by the following:

M5C1-18	Investment 5 - Creation of women's enterprises	Target	Financial support to enterprises has been committed	N/A	Number	0	700	Q2	2023	Financial support has been committed to at least 700 additional enterprises compared to the baseline. The implementation of support to female entrepreneurship is undertaken through instruments already active (nito, smart & start) and the new fund established by the Budget Law for 2021. (Women's enterprises supported until November 2020 by existing financial instruments as the baseline).

(xix) in point N2. Mission 5; Component 3: Milestones, targets, indicators, and timetable for monitoring and implementation for the non-repayable financial support, row M5C3-8 is replaced by the following:

M5C3-8	Investment 1.3: Structured socio-educational interventions to combat educational poverty in the South supporting the Third Sector	Target	Educational support to minors (first batch)	N/A	Number	0	20 000	Q2	2023	At least 20 000 minors aged up to 17 years shall receive educational support. The projects of educational support shall focus on one of the following areas: • Interventions for children aged zero to six aimed at strengthening the conditions of access to nursery and kindergarten services and at supporting parenthood; • Interventions for children aged five to ten aimed at guaranteeing effective educational opportunities and early prevention of school dropout, bullying and other phenomena of distress; • Interventions for children aged 11-17, which aim at improving education supply and preventing the phenomenon of early school leaving. Key elements of the tender: - Public notices shall account for at least EUR 50 000 000 each; - The third sector entities projects shall last at least one year and up to two years. The actions shall take place in the regions of Abruzzo, Basilicata, Campania, Calabria, Molise, Puglia, Sardegna and Sicilia.

(b) Section 2: Financial Support, point 1. Financial contribution, is amended as follows:

(i) in point 1.4 Fourth Instalment (non-repayable support), the instalment of ‘EUR 2 298 850 575’ is replaced by ‘EUR 2 315 646 882’

(c) Section 2: Financial Support, point 2. Loan, is amended as follows:

(i) in point 2.3 Third Instalment (loan support), row M4C1-28 is deleted;

(ii) in point 2.3 Third Instalment (loan support), the instalment amount of 'EUR 10 344 827 586' in the final row and column is replaced by 'EUR 9 825 328 389';

(iii) in point 2.4 Fourth Instalment (loan support), the following new row is inserted after row M2C4-21;

M4C1-28	Reform 1.7: Reform of student housing regulation and investment in student housing	Milestone	New student sleeping accommodations in student housing

(iv) in point 2.4 Fourth Instalment (loan support), the instalment amount of 'EUR 16 091 954 023' in the final row and column is replaced by 'EUR 16 611 453 220';

(d) Section 3: Additional arrangements is replaced by the following:

(1) Arrangements for monitoring and implementation of the recovery and resilience plan

The monitoring and implementation of the recovery and resilience plan of Italy takes place in accordance with the following arrangements.

As provided under Decree-Law No. 77 of 31 May 2021 as amended by Decree-Law No. 13 of 24 February 2023, a number of coordinating structures are created for the monitoring and implementation of the plan. These include in particular: (i) a high-level steering committee ("cabina di regia") established at the Presidency of the Council of Ministers, with the main task to steer and coordinate the implementation of the plan; (ii) a mission structure established at the Presidency of the Council of Ministers, at least for the duration of the plan, empowered to act as a central coordination structure for the implementation and monitoring of the plan; (iii) a technical structure at the Ministry of Economy and Finance, performing the operational monitoring of the implementation of plan, the control of the regularity of procedures and expenses and the reporting, and the technical and operational support to the implementation phase. The mission structure at the Presidency of the Council of Ministers acts as a single point of contact at national level for the European Commission. The Ministry of Economy and Finance ensures the evaluation of the results of the plan. Social partners and other stakeholders participate to dedicated meetings of "cabina di regia" to ensure their involvement in the implementation of the plan. Moreover, coordination structures are identified at the level of each central administration responsible for measures included in the plan, tasked with the management, monitoring, reporting and control on the relevant interventions, including in relation to the supervision of implementation and progress towards the achievement of milestones and targets. Finally, enforcement mechanisms in case of implementation issues, including through the activation of substitution powers vis-à-vis the administrations responsible for the measures of the plan, are envisaged with the aim to guarantee a timely and effective delivery of projects and ex-ante mechanisms for the resolution of conflicts are put in place.

In order to strengthen administrative capacity for the monitoring and implementation, the recruitment of temporary personnel is envisaged, including in relation to central administrations responsible for plan's interventions and the Ministry of Economy and Finance (including concerning the central coordinating structure and the State Accounting Department), as provided under Decree Law of 9 June 2021, n. 80, as well as in relation to administrations of the South of Italy, which are expected to reinforce human capital involved in the planning and spending of EU funds, as provided in particular under Law n. 178 of 2020. In addition, resources are allocated to the mission structure established at the Presidency of the Council of Ministers to ensure its effective functioning, as provided under

Decree-Law No. 13 of 24 February 2023. Finally, technical and operational support to central and local administrations is envisaged in the implementation of projects, including through the use of public capital companies, a pool of experts for technical assistance, and the possibility to resort to external expertise. These actions shall be accompanied by the implementation of measures to cut red tape and simplify administrative procedures, as provided for under Decree Law No. 77 of 31 May 2021 and Decree-Law No. 13 of 24 February 2023.

The arrangements also provide for the use of an integrated IT system ("ReGiS"). The existing audit service Inspectorate General for Financial Relations with the European Union (IGRUE), within the Ministry of Economy and Finance, is tasked with the coordination of the audit systems and conducting the controls with the support of the State Territorial Accounts Office (RTS). Enhanced arrangements with Guardia di Finanza and relevant independent authorities such as the national anti-corruption agency ANAC shall remain in place, thus reinforcing the role that the Italian legal system already attributes to these authorities in relation to the protection of public finances, including those from the EU.

(2) Arrangements for providing full access by the Commission to the underlying data

The Ministry of Economy and Finance acts as a technical structure for monitoring, including on progress on milestones and targets, and, where appropriate, implementing control and audit activities, and for providing reporting and requests for payments. It coordinates the reporting of milestones and targets, relevant indicators, but also qualitative financial information and other data, such as on final recipients. The data encoding is taking place at the level of the central administrations responsible for the plan's measures, which shall report the required data to the Ministry of Economy and Finance. In accordance with Article 24(2) of Regulation (EU) 2021/241, upon completion of the relevant agreed milestones and targets in Section 2.1 of this Annex, Italy shall submit to the Commission a duly justified request for payment of the financial contribution and, where relevant, of the loan. Italy shall ensure that, upon request, the Commission has full access to the underlying relevant data that supports the due justification of the request for payment, both for the assessment of the request for payment in accordance with Article 24(3) of Regulation (EU) 2021/241 and for audit and control purposes

Article 2

This Decision is addressed to the Italian Republic.

Done at Brussels,

For the Council
The President