



Recovery and Resilience Plan Italy

Budget

The estimated total cost of the recovery and resilience plan of Italy¹ is € 191 499 177 889 to be spent in the period 2021-2026. Out of these, 68.9 billion are grants.

The financial contribution allocated for Italy's recovery and resilience is equal to the total amount of the financial contribution available for Italy.

Governance

A 'steering committee' for the Plan was set up within the Presidency of the Council of Ministries. However, the operational coordination, including the monitoring and control over the Plan's implementation, are carried out by the Ministry of Economics and Finance, which also acts as liaison with the European Commission for all matters concerning the Plan.

Relevant parts

The Plan consists of 6 priority areas or 'missions':

1. Digitalization, innovation and competitiveness
2. Green revolution and ecological transition (€ 70.9 billion)
3. Infrastructures for mobility
4. Education, training, research and culture
5. Social, gender and territorial equity
6. Health

Out of these six for a total, mission number 2 and 5 are particularly relevant for our sector and to a lesser extent mission 4, as detailed below.

¹ [Piano Nazionale di Ripresa e Resilienza or PNRR](#)

M2C3. Energy efficiency and buildings renovation

Point 2.: Energy refurbishment and seismic strengthening of private and public residential buildings, allocated budget 13.81 billion – which will go to investment 2.1: ‘ecobonus’ and ‘sismabonus’ measures.

This means basically extending the measure “Superbonus 110%”² which has been active since 1 July 2020, so that the deadline is now December 2022 for privately owned buildings and June 2023 for public housing companies. It consists of a tax deduction that can be used to support energy retrofit, anti-seismic renovation, photovoltaic panels or installing structures/chargers for electric cars and it gives the possibility to **deduct 110% of expenditure incurred for the type of works mentioned above from income taxes** (in 5 yearly instalments). To qualify for funding, the works must result into an upgrade by at least two energy classes, with a foreseen minimum energy saving 30-40%

Investments under the PNRR will allow for the renovation of about 50,000 buildings per year.

The Superbonus programme foresees additional options (instead of tax deduction):

- a discount from contractors/services providers
- ‘cessione del credito’ which means that the household can decide if instead of getting a tax discount they ask the State to give a tax credit for the corresponding amount to contractors, credit institution/financial intermediary or other subjects/companies

Beneficiaries include private households (businesses are excluded), condominiums, cooperatives of individual property houses, public providers, IACP (Autonomous Institute of Popular Housing) and other entities with the same social purpose, entities of the 3rd sector (voluntary organisations, NGOs/associations), amateur sport associations and clubs. Luxury properties cannot benefit from the measure.

Regarding the requirements for the Condominiums, reference is made only to the expenses relating to the **common parts**. It is not necessary that the housing units inside them are used as the main residence of the condominium.

In terms of the private households, the benefit is recognised for interventions carried out on a maximum of 2 housing units.

Critics of the European Commission, the aim of the measure, in terms of CO2 reduction should be clearer.



M5C2. Social infrastructures, families, communities and third sector

Point 2. Urban regeneration and social housing, allocated budget 9.02 billion

- *Investment 2.1 urban regeneration projects aimed at tackling social exclusion and decay, allocated budget 3.30 billion*

Beneficiaries are municipalities with more than 15,000 inhabitants and the range of activities that can be financed is quite broad aimed at improvement and revitalization of urban areas

² <https://www.mise.gov.it/index.php/en/incentivi/energia/superbonus-110>

- *Investment 2.2 integrated urban plans, allocated budget 2.9 billion*

This programme targets the 'peripheries' of metropolitan areas. Interestingly it should include a specific stream dedicated to housing solutions for workers in industry and agriculture

- *Investment 2.3 Housing quality innovation programme 2.8 billion*

This is potentially the most interesting for our sector under mission M5C2. It reinforces with new funding allocation a pre-existing programme set up in 2019. The objective is to foster construction of new public housing and requalification of existing stock and degraded areas (with focus on sustainability and green innovation). It can also include temporary housing solutions for the homeless and/or social housing at affordable rents.

Interestingly, funding proposals will be evaluated and selected using indicators of environmental, social, cultural, urban/territorial, economic/financial and technological impact. Includes strengthening public housing but

Finally, it should be mentioned that there are opportunities to finance student housing under '**M4C1. Strengthening education services**' and in particular *Investment 1.7 supply of student housing, which is allocated 0.96 billion.*



Reforms

Key for our sector are some of the reforms included in the Plan, namely:

- simplification of public contracts (public procurement and concessions regulation)
- simplification with regards to construction and urbanism and urban regeneration (removal of bureaucratic barriers)

Analysis of the European Commission

The assessment finds that Italy's plan devotes 37.5 % of total expenditure on measures that support climate objectives.



Link with the NECP

Italy sets **sufficiently ambitious targets for energy efficiency** in the NECP and the building sector has a central role in meeting the energy efficiency targets. In the context of the 2030 building renovation objectives, Italy aims at an annual deep renovation rate of 2,9% in the non-residential sector, excluding hospitals, and to accelerate by 0,7% for the residential sector.

The Recovery Plan includes reforms and investments that will facilitate reaching climate and energy targets for 2030. Notably, the "Green Transition" pillar of the Plan supports the transition towards a low-carbon energy system, with increased participation of Renewable Energy Sources in energy consumption, improved energy efficiency of the domestic building stock.

As per the European Commission, **reducing administrative burden** attached to national incentives for energy efficiency renovations can make these more accessible and attractive to citizens and SMEs.³

The Plan envisages also to update and strengthen the National Fund for Energy Efficiency and to accelerate the implementation phase of projects financed by the PREPAC programme. Furthermore, the Plan envisages **€ 6 billion to improve energy efficiency of municipalities**.

Despite the significant investment, **substantial amounts of additional public funding** will be needed to mobilise the total volume of investments necessary to deliver on the objective of the national energy and climate plan, in particular once the Superbonus 110% will expire.⁴



Link with the Semester

The Plan rolls out ambitious investments on renewables, clean and efficient energy. The measures are in line with the 2020 guidelines issued by the Commission to Italy on the key climate and energy priorities in view of the implementation of its national energy and climate plan. It envisages important investments in renewables (hydrogen, biomethane, offshore, photovoltaic), smart grids and **energy efficiency (renovation through the Superbonus 110%, energy-efficient municipalities)**.

This tax deduction in the plan represents a significant share – around 26% - of the public budget support envisaged in the National Energy and Climate Plan 2021- 2030 (NECP) for the energy renovation of residential buildings.

In the years 2022 and 2023, the Superbonus 110% will achieve approximately one third of the annual energy savings efforts from the residential sector set in the NECP, as well as one third of the annual renovation efforts in m2 set on Italy's Long-Term Renovate Strategy (LTRS).

Lastly, the plan also contains important investments in water and wastewater infrastructure, soil re-use and adaptation to climate change. These investments are accompanied by important reforms of concessions and local public services (cf. business environment reforms), the reduction of the fragmentation of water utilities and the adoption of an ambitious **National Circular Economy Strategy**.⁵



Social and territorial cohesion

The Plan foresees the provision of public services and social housing for **the low-income groups and also to disadvantaged groups with specific projects for instance for people with disabilities**, for youth and for the non-self-sufficient elderly and to improve the **regeneration and affordable housing**.⁶

³ Page 17, Assessment of the European Commission https://ec.europa.eu/info/system/files/com-2021-344_sw_d_en.pdf

⁴ Page 63, Assessment of the European Commission https://ec.europa.eu/info/system/files/com-2021-344_sw_d_en.pdf

⁵ Page 47, Assessment of the European Commission https://ec.europa.eu/info/system/files/com-2021-344_sw_d_en.pdf

⁶ Page 42, Assessment of the European Commission https://ec.europa.eu/info/system/files/com-2021-344_sw_d_en.pdf



Housing First

In frame of the new Social Services Action plan (2021-23) **€175 million** will be invested in housing first projects.

The aim is to carry out 250 interventions for a unit value of over € 700,000 euros. This housing first related investment will be financed by the RRF during the first 3 years, and then covered by other national funds as well as the ESF+.⁷



Energy communities

Important investments are envisaged to **promote renewables for energy communities** and jointly acting renewables self-consumers, as well as to **develop offshore power production**.

Italy proposes to use the Facility to invest **€ 2,2 billion** in energy communities **in municipalities of less than 5 000 inhabitants**, thus supporting the economy of small municipalities, often at risk of depopulation, and reinforcing social cohesion towards the most vulnerable population groups through the action of the local authority.

Finally, the Plan also aims at investing **€ 600 million** to promote Italy's efforts to develop offshore multipower systems, combining wind, **floating photovoltaic and wave motion power**.⁸



Independent living, healthy ageing

A range of important dimensions of the European Pillar of Social Rights are addressed, such as the increase in the provision of **social housing, the improvement of access to social services, particularly for persons with disabilities and non-self-sufficient elderly people**, the **extension of home care services or the support to disadvantaged communities** through urban regeneration plans.

Those interventions are accompanied by reforms which should simplify the access to some social services, such as the **Framework Law for persons with disabilities** or the reform related to the **extension of telemedicine and the proximity network**.⁹

⁷ Page 100, Social Services Action Plan, <https://www.lavoro.gov.it/priorita/Documents/Piano-Nazionale-degli-Interventi-e-dei-Servizi-Sociali-2021-2023.pdf>

⁸ Page 64, Assessment of the European Commission https://ec.europa.eu/info/system/files/com-2021-344_sw_d_en.pdf

⁹ Page 7, Proposal for Council decision https://ec.europa.eu/info/system/files/com-2021-344_en.pdf

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