

# THE DIGITAL PILLAR OF THE ITALIAN RECOVERY AND RESILIENCE PLAN

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# The Italian RRP in a snapshot

MISSION	Title	Budget (Total)	Digital Tag (in %)	Digital tag (in €)
Mission 1	<b>Digitisation, Innovation, Competitiveness &amp; Culture</b>	<b>€ 40.29 bn</b>	<b>73%</b>	<b>€ 29.41 bn</b>
Mission 2	Green Revolution & Ecological Transition	€ 59.46 bn	3.19%	€ 1.89 bn
Mission 3	Infrastructure for Sustainable Mobility	€ 25.40 bn	13%	€ 3.3 bn
Mission 4	Education & Research	€ 30.88 bn	20%	€ 6.17 bn
Mission 5	Inclusion & Cohesion	€ 19.85 bn	15%	€ 2.97 bn
Mission 6	Health	€ 15.63 bn	47%	€ 7.34 bn
Total		€ 191.51 bn	29%	€ 51.08 bn

# FOCUS: Mission 1 & its 3 components

MISSION 1 COMPONENT	TITLE	ALLOCATED BUDGET	STRUCTURE
First Component (M1.C1)	DIGITISATION, INNOVATION & SECURITY OF THE PUBLIC ADMINISTRATION	€ 9.72 bn	<b>18 initiatives</b> , divided into 3 sub-components: (a) digitisation of the PA (10 initiatives - 7 investments and 3 reforms); (b) innovation of the PA (6 initiatives - 3 investments and 3 reforms); and (c) Innovation of the Judicial System (2 investments).
Second Component (M1.C2)	DIGITISATION, INNOVATION, & COMPETITIVENESS IN THE PRODUCTION SYSTEM	€ 23.89 bn	<b>7 initiatives</b> (6 investments and 1 reform)
Third Component (M1.C3)	TOURISM & CULTURE	€ 6.68 bn	<b>14 initiatives</b> (12 investments and 2 reforms)

# Digital tag in the other 5 missions / 1

MISSION	TITLE	TOTAL BUDGET	DIGITAL TAG	MAIN PROJECTS IN THE DIGITAL FIELD
MISSION 2 (M2)	Green Revolution and Ecological Transition	€ 59.46 bn	<b>3.19%</b> (€ 1.89 bn)	<ul style="list-style-type: none"> <li>• Strengthening smart grids</li> <li>• Battery production</li> <li>• Digitisation of national parks</li> </ul>
MISSION 3 (M3)	Infrastructure for Sustainable Mobility	€ 25.40 bn	<b>13%</b> (€ 3.3 bn)	<ul style="list-style-type: none"> <li>• Upgrading railway network</li> </ul>
MISSION 4 (M4)	Education and Research	€ 30.88 bn	<b>20%</b> (€ 6.17 bn)	<ul style="list-style-type: none"> <li>• Improving recruitment and training for teachers</li> <li>• Capacity building and infrastructure development</li> <li>• Reform and strengthening of PhDs</li> <li>• Creating common research platforms</li> <li>• New PhD positions in relevant fields</li> </ul>

## Digital tag in the other missions / 2

MISSION	TITLE	TOTAL BUDGET	DIGITAL TAG	MAIN PROJECTS IN THE DIGITAL FIELD
MISSION 5 (M5)	Inclusion and Cohesion	€ 19.85 bn	15% (€ 2.97 bn)	<ul style="list-style-type: none"> <li>• Reform of the labour market and professional training</li> <li>• Universal civil service to expand the digital skills on a voluntary base and enhance the link between younger and older citizens</li> </ul>
MISSION 6 (M6)	Health	€ 15.63 bn	47% (€ 7.30 bn)	<ul style="list-style-type: none"> <li>• Renovate and modernise the digital and technological infrastructure of hospitals</li> <li>• Strengthen the technological infrastructure for data collection, processing, analysis and simulation</li> </ul>

In 2021, **Italy was ranked 20<sup>th</sup> out of 27 Member States for its level of digitalisation**, according to the Digital Economy and Society Index (DESI)

In the 2021 edition, the DESI adopted 4 new indicators (replacing the previous 5-area model used until last year). The new indicators are:

**(a) human capital; (b) connectivity; (c) integration of digital technology; (d) digital public services.**

## HOW DID ITALY PERFORM FOR EACH INDICATOR OUT OF THE 27 EU MSs?

- a) **Human capital:** Italy ranks **25<sup>th</sup>** with consistent shortcomings in both basic and advanced digital skills, reducing the possibilities of innovation for enterprises, as well as increasing the risk of digital exclusion for a significant part of the population.
- b) **Connectivity:** Italy ranks **23<sup>rd</sup>**.
- c) **Integration of digital technology:** Italy ranks **10<sup>th</sup>**.
- d) **Digital public services:** Italy ranks **18<sup>th</sup>**.

That said about Italy's weaknesses according to the DESI 2021, it must be underlined that the NRRP lays out a complete roadmap touching on all the areas considered by the DESI index.

### (a) HUMAN CAPITAL

In the Italian RRP, the area of human capital and digital skills is allocated an **overall budget of approximately € 7 bn.**

It covers the issue of digital skills through several measures targeting the public administration and the general population (with a focus on the disabled and those at risk of digital exclusion).

### (b) CONNECTIVITY

The total amount of **funds allocated to this area is € 6.7 bn.**

There are **5 main projects**:

1. **"1 Giga Italy"** (provide at least 1 Gbit/s in download and 200 Mbit/s in upload in grey and black next-generation access (NGA) market failure areas);
2. **"5G Italy"** (boost the deployment of 5G mobile infrastructure in 'market failure areas', 5G corridors, and 5G-ready extra-urban roads);
3. **"Connected schools"** (digitisation of the school system);
4. **"Connected health care facilities"** (digitisation of hospitals and healthcare facilities);
5. **"Connected smaller islands"**.

### (c) INTEGRATION OF DIGITAL TECHNOLOGY

With a **total budget of approximately € 18.9 bn.**

Resources are allocated to digitalisation of businesses (€ 12.8 bn), development and deployment of advanced technologies (€ 5.1 bn) and ICT-related R&D (€ 1 bn).

### (d) DIGITAL PUBLIC SERVICES

Here several areas of intervention in the NRRP can be identified totalling approximately € 10 bn.

Among the most noteworthy: **(a)** a national cloud-based hybrid infrastructure (***Polo Strategico Nazionale***) and the migration of local and central public administration IT systems to a cloud-based system; **(b)** a National Digital Data Platform (***Piattaforma Digitale Nazionale Dati***); **(c)** the ‘**National Hyper Security Operations Centre (SOC)**’ ; and **(d)** the new national **cybersecurity agency**.



### 2021 IN A SNAPSHOT

- By December 2021, Italy had achieved **all the 51 objectives** set in the NRRP.
- Almost **half of the goals set and achieved last year** (25 out of 51) were **part of Mission 1**.
- A consistent part of the objectives achieved last year concerned **the entry into force of relevant legislation to Mission 1**.

### “MOSTLY LEGISLATIVE MEASURES”

- This legislation concerned the following areas: **ICT purchasing process; cloud and interoperability**; civil and criminal justice reforms, insolvency reform, public procurement system, public administration reform; spending review and strengthening of the Ministry of Finance.
- Other measures concerned: the special recruitment of **experts for enacting the NRRP**; the initial steps of **the Digital Tourism Hub; Transition 4.0** providing tax credits to the private sector, and other resources connected to the tourist sector.

### FIRST HALF OF 2022

- Among the objectives to be achieved in **the first half of 2022, Mission 1 numbers 13.**
- The main goal is the procurement of all public contracts for fast, ultrawideband and 5G networks (M1C2-16).
- Other objectives to **be completed by June 2022**, include 4 reforms and 7 investments:
  - a) reforms** concern the legislation for the civil servant reform and the revised code for public procurement, the tax system reform and the public expenditure review framework;
  - b) investments** focus on the recruitment procedures for the administrative courts and the promotion of tourism.

### SECOND HALF OF 2022

- The achievement of the digital goals planned for the end of 2022 appears to be **more complex** as Italy will have to **achieve 24 objectives in the digital field, divided into 8 reforms** (11 objectives) **and 5 investments** (12 actions of milestones and targets).
- The most important investment objective of the year concerns the completion of **the National Strategic Hub (PSN).**
- Other objectives include the launch of the **National Digital Data Platform** and the "One click by design" portal of the INPS; the improvement of ICT skills of INPS employees; and 4 activities relating to cybersecurity.

## KPIs & the Italian RRP: increasing level of specification

- Some KPIs of the Italian plan appear slightly generic compared to those at the EU level (e.g. some measures refer only to the “Publication in the Official Gazette” as an indicator)
- In other cases there are more detailed requirements, such as ongoing monitoring (e.g. Reform 1.9 refers to a “year-end monitoring of uptake in 2023 compared to 2019 baseline”)
- Overall, the KPIs found at national level vary according to the specific objective they are connected to.

### COMPARING EUROPEAN & ITALIAN KPIs:

- Achieving the level of detail required by the most complicated KPIs at EU level could be a difficult task in some circumstances;
- This would be especially true for small local administrations with few employees, many of whom lack specific digital training;
- The measures foreseen by the NRRP are, for the most part, interventions meant to activate the digital transition, rather than a full revolution.

## SMEs & DIGITISATION LEVELS

Italy's industrial sector consists largely of SMEs, which represent the core of the economic system.

Covid-19 was a strong driving force behind the adoption of digital tools by SMEs, but, in Italy, they are in many cases lagging far behind their larger European counterparts.

- 60.3% of Italian SMEs have reached at least a basic level of digital intensity (compared to an EU average of 56%)
- 80% of Italian companies with at least 10 employees were still at a 'low' or 'very low' level of ICT uptake in 2021

## MEASURES TO HELP SMEs IN THE ITALIAN RRP

- I. Support of “Made in Italy” products, and **internationalisation of Italian SMEs**;
- II. **Transition 4.0**;
- III. **Indirect measures**: innovation of the public administration, boost of broadband and connectivity and easier access to credit for businesses

1. **Some of the measures (reforms and investments alike) appear to be quite generic.** More specifically, while some targets are well detailed, both in their objectives and how they will be carried out, others do not present the same level of precision or information.
2. Another element that could hinder a swift and successful outcome of the Italian RRP is the **excessive fragmentation** in the enforcement of the plan.
3. A third critical aspect that should be considered, when assessing the enforceability of the Italian RRP, is **the lack of digital competences**. The shortage of digital skills across citizens, workers and, most importantly, the PA could **be a huge obstacle for the effective execution of all the measures that are expected to be carried out**.
4. **For the plan to succeed, it is crucial to prevent the so-called procedural "bottlenecks"** that could delay investments, affect the performance of the reforms, and ultimately put at risk the success of the entire plan. Within the digital field, the risk of bottlenecks is especially high concerning the investments for **upgrading the country's telecommunication networks**.