



10.1.2022

NOTICE TO MEMBERS

Subject: Petition No 1482/2020 by Giancarlo Chiari (Italian), on an adequate allocation of the NextGenerationEU fund to the benefit of southern Italy

Petition No 0470/2021 by Salvatore Lanza (Italian), on behalf of the ‘Movimento per il Nuovo Sud’ association, on the management of the Recovery Fund and the funds allocated to southern Italy.

Petition No 0515/2021 by Davide Carlucci (Italian), on behalf of ‘Rete dei Sindaci del “Recovery Sud”’, bearing 39 signatures, on the fair distribution of the NextGenerationEU fund within the National Recovery and Resilience Plan for Italy

1. Summary of petition

Petition No 1482/2020

The petitioner claims that the distribution in Italy of grants from the ‘NextGenerationEU’ fund, as part of the European recovery plan, must take account of regional circumstances, in accordance with criteria such as GDP, existing unemployment and the resident population, so that southern Italy can catch up with the other, more economically developed, Italian regions. To that end, the petitioner is calling on the European Parliament to apply a percentage of around 68% to the appropriations earmarked for the eight southern regions, to be distributed on the basis of resident population, dividing the sums available (under the above percentage) between grants (around 68%) and loans to be repaid with interest (around 32%).

Petition No 0470/2021

The petitioner explains how the NextGenerationEU (NGEU) plan was established and how the funds are to be distributed in Italy, stating that it was introduced by Council Regulation (EU) 2020/2094. 70% of this funding is to be distributed among the Member States, on the basis of

their population, gross domestic product (GDP) per capita and unemployment rate. The unemployment and GDP per capita parameters in Italy are very negative, particularly in the southern regions. The petitioner stresses that if Italy were to apply the same parameters as the EU, the southern regions ought to be allocated around 65% of the funds.

On the basis of these considerations, the petitioner points out that the Italian Government drew up its plan and had it approved by the Parliament on 27 April 2021, and it would appear that only 40% of the funds are to be allocated to the southern regions. He is therefore calling on the European Parliament to take action to check or amend the Italian Government's plan so that the southern regions are not penalised when it comes to the allocation of funds.

Petition No 0515/2021

The petitioners call on the institutions of the European Union to ensure a fair territorial distribution of the NextGenerationEU fund in the framework of the National Recovery and Resilience Plan (PNRR) for Italy, which should be based on the criteria established for the achievement of the highest levels of economic, social and territorial cohesion. The petitioners claim that, under Articles 174 and 175 TFEU and Regulation (EU) 2021/241, the priority in the allocation of EU funds should be accorded to the most disadvantaged regions, in order to ensure the reduction of development gaps in the implementation of the overall strategic plan aiming at alleviating the socio-economic impact of the Covid-19 pandemic. In this respect, the petitioners argue that the percentage of resources that should be allocated to the southern regions of Italy should be approximately 70% of the total amount. The petitioners, therefore, criticize the current PNRR, which allocate only 40% of the available resources to the southern regions. According to the petitioners, this approach would entail the risk of widening territorial disparities in Italy to the detriment of socio-economically depressed areas, such as the southern regions, whose conditions have further deteriorated due to the impact of the pandemic.

2. Admissibility

Petition No 1482/2020 - Declared admissible on 13 April 2021. Information requested from Commission under Rule 227 (6)

Petition No 0470/2021- Declared admissible on 5 August 2021. Information requested from Commission under Rule 227 (6)

Petition No 0515/2021- Declared admissible on 22 June 2021. Information requested from Commission under Rule 227 (6)

3. Commission reply, received on 10 January 2022

The petitions

The petitions urge the Commission to ensure an allocation to the less developed regions of Italy of around 70% of the total resources of the recovery and resilience plan for Italy. The petitioners are founding this request on the allocation key of Article 11 of Regulation (UE) 2021/241¹ (Recovery and Resilience Facility Regulation) and that the legal basis for this is Title VIII of the Treaty on the Functioning of the European Union ('Economic, social and territorial

¹ Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility, OJ L 57, 18.2.2021, p. 17–75.

cohesion'). The petitioners also refer to the significant regional disparities within Italy and the spill-over effect that investments in the South may have to the rest of the country.

The Commission's observations

The Commission would like to recall that the allocation key determines the maximum amount of the Recovery and Resilience Facility (RRF) financial contribution to be allocated to each Member State; from this does not derive any obligation on the part of the Member State or the Commission to ensure that a certain proportion of funds is attributed to specific regions. The non-repayable financial support under the Facility is a Union contribution made available directly to the Member State. There is no provision in the RRF Regulation that requires allocating a minimum share to specific regions.

The Commission has taken note of the allocation, of each recovery and resilience plan, to the objective of territorial cohesion, which forms an element of the third assessment criterion foreseen in the RRF Regulation². The Commission considers that the recovery and resilience plan of Italy addresses the objective of territorial cohesion in a sufficient manner. Particularly, in the area of infrastructure, the plan envisages major investments in the more disadvantaged regions of the south of Italy in areas for which this part of the country has been lagging behind, such as major investments in rail, in waste and water facilities or in connections to ports (last-mile). The plan thereby also responds to the country-specific recommendations, which call upon Italy to address the infrastructural gap taking into account regional disparities. In addition, the Italian authorities have indicated their intention to invest at least 40% of the resources of the plan in the eight regions of the south of Italy, which is well above the share of those regions in terms of both population and gross domestic product (GDP).

Furthermore, in addition to measures specifically targeting southern regions, a number of investments and reforms at national level are expected to have a significant impact on social cohesion, growth, and productivity potential in the south of Italy. As part of its recovery and resilience plan, Italy committed to a set of reforms in areas where weaknesses are particularly concentrated in the south of the country, including improvements in administrative capacity, measures to speed up the implementation of infrastructure projects, measures to improve the functioning of the waste and water sectors, as well as targeted investment to fight early school leaving, expand the supply of nurseries, and full-time education.

Finally, the regions of the south of Italy will remain significant beneficiaries of the European cohesion policy in the programming period 2021-2027, with opportunities for investments both in terms of eligible thematic areas and with intensity of aid. When selecting the priorities to be covered by the recovery and resilience plan, both the Commission and the Italian authorities have placed significant focus on ensuring coordination and avoiding duplication and risk of double financing with other Union funds and programmes.

At this point, the Italian recovery and resilience plan has been assessed by the Commission and this assessment has been approved by the Council. The Commission has further disbursed a pre-financing to Italy and the Italian authorities have begun implementing the measures included in the plan.

Conclusion

The Commission has carefully assessed the Italian plan in line with the assessment criteria included in the RRF Regulation and deems that the plan does fulfil these criteria, including that it addresses the challenges of territorial disparities and territorial cohesion in Italy in a satisfactory manner. The Commission's analysis is publicly available³. At this point in time,

² <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32021R0241#d1e32-56-1>

³ https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility/italys-recovery-and-resilience-plan_en

the Commission's assessment of the plan has been adopted by the Council, and the Italian authorities have begun implementing the measures and reforms foreseen in the plan. There is therefore no legal or practical possibility for the Commission to impose additional requirements or request specific changes to the plan.