

**GOVERNMENT  
ACTION TAKEN  
REPORT**

**SEPTEMBER 2019 – FEBRUARY 2021**

**MINISTER FOR SOUTHERN ITALY AND TERRITORIAL COHESION  
GIUSEPPE PROVENZANO**

# CONTENTS

## **1. THE STRATEGIC FRAMEWORK**

1.1. Foreword

1.2. The 2030 Plan for Southern Italy

1.3. Southern Italy and Territorial Cohesion in the National Recovery and Resilience Plan

## **2. POLICIES FOR DEVELOPMENT, COHESION AND TERRITORIAL REBALANCING**

2.1. Ordinary expenditure: Enhancing the 34% clause

2.2. European cohesion policy: Speeding up EU Funds spending

2.3. The contribution of cohesion to tackle the COVID-19 emergency

2.4. National cohesion policy: Acceleration, simplification, implementation and monitoring of the Development and Cohesion Fund

2.5. Regulation and budget of the 2021-2027 Development and Cohesion Fund

2.6. The new 2021-2027 Partnership Agreement

2.7. The administrative regeneration plan

### **3. MEASURES FOR ENTERPRISES, WORKERS, ECONOMY AND SOCIETY IN SOUTHERN ITALY**

- 3.1. Reduction of labour costs in Southern Italy
- 3.2. Enhanced incentives for employment in Southern Italy
- 3.3. Tax credit extension for tangible investments in Southern Italy
- 3.4. "Enhanced" tax credit for R&D investments
- 3.5. Re-launching the Special Economic Zones (SEZs)
- 3.6. Technological innovation in Southern Italy: Aerospace and the National Innovation Fund
- 3.7. Innovation ecosystems in Southern Italy
- 3.8. "Cresci al Sud" Fund
- 3.9. Memoranda of Understanding with Invitalia and Cassa Depositi e Prestiti
- 3.10. Development and Cohesion engagement in the extraordinary plan for Taranto ("Cantiere Taranto")
- 3.11. Support for internationalisation of enterprises in Southern Italy
- 3.12. Strengthening "Resto al Sud"
- 3.13. The "Network of Talents" for Southern Italy

### **4. MEASURES FOR TERRITORIAL COHESION, LOCAL AUTHORITIES AND THE THIRD SECTOR**

- 4.1. Fund for Social Infrastructures
- 4.2. Fund for supporting marginal municipalities
- 4.3. Re-launching and enhancing the National Strategy for "Inner Areas"
- 4.4. Institutional Development Contracts (CIS) for territorial development
- 4.5. Monitoring and boosting Institutional Development Contracts on railways
- 4.6. Experimenting Municipality doctorates
- 4.7. Supporting earthquake zones
- 4.8. Supporting the Third Sector and countering educational poverty
- 4.9. The National Strategy for "exemplary" assets confiscated from mafias
- 4.10. The Bagnoli Dossier
- 4.11. European and international engagement for Southern Italy and territorial cohesion

# 1

## THE STRATEGIC FRAMEWORK

## 1. THE STRATEGIC FRAMEWORK

1.1

Foreword

*Italy has fractures in several areas. Inequalities and divides build up and become stronger across territories. Bridging territorial gaps is not only an act of justice, it is the essential lever to activate the unspoken development potential of our Country. With this in mind I conducted my government activity over the past seventeen months, and notably during the very hard time of the pandemic, when the risk of further widening inequalities had profound territorial repercussions, and bold decisions were therefore required.*

*The need to tackle an unprecedented emergency – which in fact preceded the pandemic in Southern Italy at economic and social level – could not imply losing sight of the need for a strategic framework in which to place the measures undertaken. This is what we owe to younger generations, whose escape in recent years, primarily from Southern regions, has been a real national emergency. The causes are certainly to be found in the lack of decent employment and quality services (education, healthcare, mobility), but also and above all in the uncertainty and lack of confidence regarding the future prospects of Southern Italy in ten or twenty years' time.*

*The 2030 Plan for Southern Italy, with its strategic missions and priority actions, foreran in several ways the policy lines that characterise the Next Generation EU turnaround, which provides a unique opportunity to make Italy more strong, innovative, fair and cohesive. The National Recovery and Resilience Plan (PNRR) takes the relaunch of Southern Italy and territorial cohesion as a transversal priority, not only because of the urgency of tackling the immediate consequences of the pandemic, but also because of the opportunity to resolve the structural issues that have hindered growth over the last twenty years and to free up the unexpressed potential for development in Southern regions.*

*Across the twenty years of Italy's substantial stagnation, the geography of territorial divides has become more complicated: besides the North-South divide, the divergence between centres and suburbs, cities and deindustrialised countryside, and urban areas and "Inner Areas" has increased throughout the Country. These phenomena provide a further "national" connotation to the issue of territorial cohesion, traditionally associated with the "Southern question". These phenomena have been addressed with initiatives aimed at strengthening cohesion policy in marginalised urban contexts, also involving the Third Sector, and with an extraordinary relaunch of the National Strategy for "Inner Areas".*

*Southern regions' development has been Italy's most difficult historical challenge since its unification, but perhaps the most exciting. Yet, it is not a lost cause. There is great vitality*

*and innovation capacity in social and entrepreneurial forces, in active citizenship expressions, in places that embody possible change, in instances that already perform that model of sustainable development we want to achieve. We endeavoured – through concrete actions – to ensure support, visibility and strength to all these instances.*

*Politics has the task to generate and disseminate well-being conditions, accelerate and support virtuous processes. The prerequisite lies in responding to emergencies and needs, and, whereby necessary, in regaining territories and citizens to legality. It is to this aim that ordinary public action must be directed in the first place. And yet there was a need for credibility and trust in development and cohesion policies to be recovered: we did so, on the one hand, by speeding up spending to make up for the historic delay in the level of absorption of resources, an effort acknowledged at European level; on the other, by making it more efficient and concentrating resources on a few measures that can provide citizens with tangible responses, verifying and monitoring implementation.*

*Development and cohesion are “missions”. They involve not only southerners, but all those engaged in the battle aimed at making Italy a more just and advanced Country. Institutions and citizens, politics and society must fight this battle side by side. Fully aware of the difficulties, of course, but also of the huge array of opportunities that lie ahead.*

*The development and cohesion policy we tried to structure in recent months was inspired to a strongly unifying tension, in the awareness, removed across decades of territorial divergence, of the profound interdependence between the different areas of the Country. Our policy was driven not only by an idea of social equity that, in Italy, has deep territorial connotations. But also by the conviction that to best face the challenges of present times we need free the energies of all people in all places.*

*We tried to start a new page. Below is a report of the work done, of what was started, and of the much that remains to be done. To those who will come after, wishing them good work.*

*Rome, 5 February 2021*

*Giuseppe Provenzano*

### 1.2

### The 2030 Plan for Southern Italy<sup>1</sup>

The “**Piano Sud 2030 – Sviluppo e coesione per l’Italia**” (The 2030 Plan for Southern Italy – Development and Cohesion for Italy) was presented by the President of the Council of Ministers and Minister Provenzano on **14 February 2020**, and subsequently became an integral part of the **2020 National Reform Programme** presented by the Government on 8 July 2020.

The Plan identified the **resources** to be activated and the **missions** to be pursued for **a major public investment action for Southern Italy’s regions**, to be developed over a decade, in line with the new EU and national resources programming activity for the 2021-2027 period.

**EUR 140  
billion**

With regard to **resources** for the decade, the Plan identified overall additional resources for cohesion equal to approximately **EUR 123 billion**; in light of the actual resources allocated since then, the total amount to date has reached approximately **EUR 140 billion, more than 1 per cent of national GDP on an annual average**.

More in detail, the Plan pursued objectives such as rebalancing ordinary expenditure and accelerating additional expenditure, both in terms of accruals and cash. In particular, ordinary resources are rebalanced through effective and renewed application of the so-called “**34% clause**”, complemented with **recovered spending capacity of national cohesion policy** and improved **implementation of the European Structural and Investment (ESI) Funds programming**.

The **missions** pursued by the 2030 Plan for Southern Italy are the “five” national cohesion missions, defined in consistency with the UN 2030 Agenda: **a youth-oriented Southern Italy; a connected and inclusive Southern Italy; a go-green Southern Italy; an innovation-frontier Southern Italy; a Southern Italy open to the world in the Mediterranean**. For each of the five missions, the Plan identifies the medium-term prospects in terms of expected results and first actions activated or to be activated in the 2020-2022 three-year period.

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The **new method** set out in the Plan is the **cooperative method for enhanced implementation**, based on strengthened central control (through steering committees and a Development and Cohesion Plan for each of the five missions), cooperation between central and local administrations, activation of national competence centres, and streamlining of Development and Cohesion Plans management procedures.

The new method is also marked by the **principle of active partnership**, with direct involvement of stakeholder organisations (labour, enterprise, active citizenship) in investment programmes for development and cohesion.

The 2030 Plan for Southern Italy furthermore pursues the objective of "equipping" our public mechanism with an **administrative regeneration plan**, also financed with Structural Funds and complementing the traditional turnover of staffs within public administrations: **10,000 young graduates** to be recruited by administrations to implement development and cohesion policies, both at a local level in Southern Italy and Inner Areas, and within the ad-hoc national task forces. The Administrative Regeneration Plan **started to be implemented** with the 2021 Budget Law (see below).

Finally, the 2030 Plan for Southern Italy also draws upon a **new territorial policy**, which involves re-launching the **National Strategy for "Inner Areas"** and major regeneration of urban contexts, through the renewal and relaunch of Italy's NOP on metropolitan cities (a.k.a. PON Metro).

The 2030 Plan for Southern Italy performed as **strategic "framework"** and guide for the government action implemented by the Minister for Southern Italy and Territorial Cohesion. The Plan was given concrete implementation through the regulations and implementing measures described in this document.

## 1. THE STRATEGIC FRAMEWORK

1.3

### Southern Italy and Territorial Cohesion in the National Recovery and Resilience Plan<sup>2</sup>

Italy's National Recovery and Resilience Plan (PNRR) approved by the Council of Ministers on 12 January 2021 makes use of **strategic synergies** and **complementarities** between the **Recovery and Resilience Facility (RRF)** and the **national and European cohesion policy** for the 2021-2027 programming cycle, in line with the regulatory provisions introduced by the RRF.

In **strategic coherence** with the **2030 Plan for Southern Italy**, the **PNRR** pursues **territorial rebalancing** and development re-launching of Southern Italy as **cross-cutting priorities** for all the missions pursued.

The use of cohesion funds, on the one hand, enables maximising the percentage of resources earmarked for interventions pursuing the objective of social and territorial cohesion, and, on the other, steers the resources coming from the RRF and from national and European cohesion funds in 2021-2027 towards the same objectives and priorities.

The result is an **increase in size** and **intensity of the interventions** planned by the **PNRR** for infrastructure and social endowments in **Southern Italy** and for policies aimed at improving the quality and level of essential public goods and services (education, healthcare, access to new digital technologies, environmental protection and quality).

The involvement of cohesion resources in the PNRR concerned the national programming of EU cohesion funds, React EU resources, and the 2021-2027 national Development and Cohesion Fund (FSC).

#### *The national programming of EU cohesion funds*

The current draft PNRR provides for an initial exercise of **integration** and **coordination** with EU Structural Funds for cohesion (**EUR 6.9 billion**).

The level of complementarity between the PNRR and cohesion policies could grow further, consistently with the progress of their respective programming and coordination with actions and interventions under Regional Operational Programmes, consistently with Next Generation EU objectives.

### React EU programming

React EU complements the PNRR with overall EUR 13 billion (of which **EUR 8.8 billion** for **Southern Italy**), in accordance with the principles of **complementarity** and **additionality** with the RRF.

React EU contributes to financing several interventions across the PNRR missions, contributing to the implementation of interventions for green and digital transitions and simultaneous pursuit of territorial and socio-economic rebalancing and structural strengthening of Southern regions, in line with the objectives defined in the 2030 Plan for Southern Italy: reduction of labour costs in Southern Italy; strengthening active labour policies; investments geared to technological and digital transformation of enterprises; supporting ecological transition (circular economy; enhancing integrated waste cycle); enhancing the right to study at universities located in Southern regions; digital learning in schools.

### Bringing forward the FSC for 2021-2027

Consistently with the Budget Law, the FSC resources for 2021-2027 should be used in line with the sectoral investment and reform policies as per the National Recovery and Resilience Plan (PNRR), based on the principle of **complementarity** of resources. Accordingly, the national programming of the 2021-2027 FSC (EUR 21.2 billion) was brought forward to integrate the PNRR. Compliance with the regulatory constraint to allocate 80% of FSC resources to Southern Italy guarantees full **additionality**. The 2021 Economic and Financial Document (Italy's DEF) will define the timing for reintegrating, within the 2021-2027 programming cycle, the FSC resources brought forward in the PNRR.

The objective is to **increase**, in general and notably in the Southern regions, the volume of **additional investments** financed through RRF **loans**. Within the PNRR, the use of FSC resources is intended exclusively for additional and complementary interventions consistent with the national cohesion policy objectives for territorial rebalancing and development of Southern Italy: construction of high-speed railways and modernisation of local public transport, broadband completion, social infrastructure in Southern Italy's municipalities, and healthcare investments.

Besides pursuing the objective of reducing territorial disparities across all missions, the PNRR also earmarks the "Inclusion and Cohesion" mission to **specific actions** aimed at reducing the impact of the crisis and creating the conditions for just and resilient development in **specific territories**. These actions include, in synthesis:

- Enhancing the National Strategy for "Inner Areas" (SNAI), worth approximately EUR 1.5 billion;
- Interventions in earthquake zones, worth EUR 1.78 billion;
- Financing of Innovation Ecosystems in Southern Italy's marginalised urban contexts, worth EUR 600 million;
- A EUR-300-million programme to recover and re-use assets confiscated from mafias.



# 2

## **POLICIES FOR DEVELOPMENT, COHESION AND TERRITORIAL REBALANCING**

## 1. POLICIES FOR DEVELOPMENT, COHESION AND TERRITORIAL REBALANCING

2.1	<b>Ordinary expenditure: Enhancing the 34% clause</b>
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The 2016 Budget Law established that 34% of national resources earmarked for investment be allocated to Italy's Southern regions. Nevertheless, the provision remained unimplemented.

### **The 34% clause**

The **2020 Budget Law**, on the other hand, considerably **enhanced the "34% clause"**, bringing about a "**Copernican revolution**" versus the previous formula.

As a matter of fact, the system moved from **mere ex-post monitoring of compliance** with the principle of territorial rebalancing, without any real binding force, to a **stringent regulatory constraint** for administrations. In particular, the new rule establishes that any allocation of funds, however named, aimed at growth or support for investments to be allocated throughout the national territory without allocation criteria or indicators shall be arranged **ex ante** in accordance with the objective of providing interventions in the eight regions of Southern Italy with an overall volume of ordinary capital appropriations that is **at least proportional to the reference population**.

The **implementing DPCM** (President of the Council of Ministers Decree) detailing the monitoring and implementation rules **is currently being published** in Italy's Official Gazette. Issued upon proposal of the Minister for Southern Italy and Territorial Cohesion, the Decree involves not only the Ministry of Economy and Finance (MEF) but also the delegated political authority for investments at the Presidency of the Council of Ministers, so as to commit the whole Government to achieving the objectives pursued by the measure.

## 2. POLICIES FOR DEVELOPMENT, COHESION AND TERRITORIAL REBALANCING

### 2.2 European Cohesion Policy: Speeding up EU Funds spending<sup>3</sup>

A valuable effort was accomplished to speed up EU Funds spending on cohesion. The role performed by the Territorial Cohesion Agency and the Department for Cohesion Policy in accompanying and supporting the Managing Authorities in reporting and implementing Operational Programmes (OPs) contributed to this acceleration. The appointment of a **new Director General** started the process of **reforming** the Agency, which aims to bring its action back to its original mission: being closer to Italian territories, to their capacity for intervention and implementation of investments.

**All the 51 Operational Programmes (OPs)** co-financed by the ERDF and the ESF in the 2014-2020 cycle **exceeded their own expenditure targets**.

#### **42.1% of programmed resources**

The total expenditure certified to the European Commission amounted to approximately EUR 21.3 billion, an **increase of EUR 6.1 billion** versus EUR 15.2 billion at 31 December 2019, reaching **42.1%** of the overall programmed resources (EUR 50.5 billion).

As to EU budget resources, their absorption level stood at EUR 15.3 billion, versus the minimum target to avoid automatic decommitment set at EUR 12.1 billion. The results achieved enabled **exceeding the expenditure thresholds set for 31 December 2020 for all the OPs**, despite the extraordinary context triggered by the COVID-19 epidemic, which either halted or slowed down the implementation of planned interventions through a considerable part of 2020.

## 2. POLICIES FOR DEVELOPMENT, COHESION AND TERRITORIAL REBALANCING

2.3	<b>The contribution of cohesion to tackle the COVID-19 emergency<sup>4</sup></b>
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Following the **COVID-19** pandemic that triggered the current serious crisis, the European Commission, also upon the urgent request from the Italian State, introduced **wide margins of flexibility for Structural Funds use** to foster resort to European resources in order to counter the health, economic and social emergency.

To encourage maximum use of available resources, **Articles 241-242 of Italy's "Decreto Rilancio" (Re-launch Decree) No. 34/2020** were introduced, which enable allocating **the national resources of the Development and Cohesion Fund** both to directly **tackle the emergency** and to safeguard and complete those projects as per EU programmes (ROPs and NOPs) that, following reprogramming actions, were replaced by emergency interventions.

Pending the submission of the new Development and Cohesion Plans to the Interministerial Committee for economic planning and sustainable development (CIPESS), the same legislation allows reprogramming, for such purposes, the FSC resources that are not eligible to spending by 2021 (Article 44(7) of the "Re-launch" Decree), i.e., for amounts not related to projects showing an appreciable level of implementation.

**EUR 11.9 billion**

Therefore, in implementing the above provisions, **EUR 5.4 billion** was provided by **central administrations** and **EUR 6.5 billion** by **regional administrations**, respectively, for overall **EUR 11.9 billion made available to tackle the COVID-19 emergency.**

## REPROGRAMMING – FINAL RESULTS: NATIONAL ADMINISTRATIONS

Programme	Reprogramming			Use for Covid-19 emergency
	EU + national co-financing resources (EUR/Million)	ERDF	ESF	
PON per la Scuola	730.95	266.79	115.51	Teacher training for distance education, Devices for students, Book vouchers, School building adaptation
PON Città Metropolitane	653.49	317.44	130.14	Food vouchers, Social work, Medical equipment, Sharing mobility <i>(Expenses paid in advance by the State)</i>
PON Governance	593.09	188.89	256.01	Expenses for medical and healthcare personnel, Health equipment <i>(Expenses paid in advance by the State)</i>
PON Imprese e competitività	1.480	1000	-	Central guarantee fund <i>(Expenses paid in advance by the State)</i>
PON Inclusione	320	-	310	Baby-sitting voucher, Supplementary services for children <i>(Expenses paid in advance by the State)</i>
PON Infrastrutture e reti	279.30	209	-	Funding from “PON Imprese e Competitività” for central guarantee fund <i>(Expenses paid in advance by the State)</i>
PON Legalità	188	80	57.50	Overtime payment for police forces and prefectural staff, Personal protective equipment <i>(Expenses paid in advance by the State)</i>
PON Ricerca	650	108	398	Medical equipment, Reduced university fees, Emergency funds for universities <i>(Expenses paid in advance by the State)</i>
PON SPAO	330	-	330	New skills fund, Active digital policy measures <i>(Expenses paid in advance by the State)</i>
PON IOG	105	-	105	Recruitment of young doctors and healthcare personnel <i>(Expenses paid in advance by the State)</i>
PON Cultura e Sviluppo	104	78	-	Operation of museums and places of culture, Digital platforms, Grants for cultural, creative and tourism enterprises <i>(Expenses paid in advance by the State)</i>
<b>TOTAL</b>	<b>5,433.83</b>			

## REPROGRAMMING – FINAL RESULTS: REGIONS

Programmes	USE FOR COVID-19 EMERGENCY (BROKEN DOWN BY PRIORITY)					TOTAL
	(EUR/MILLION)					
	1) Sanitary emergency	2) Education and training	3) Economic activities	4) Employment	5) Social sector	
Abruzzo	8.00	1.00	88.00	60.00		157.00
Basilicata	6.00	3.79	95.57	32.20	12.85	150.40
Calabria	140.00	45.00	180.00	100.00	35.00	500.00
Campania	330.34	34.00	392.26	105.00	30.51	892.10
Molise	15.77	1.50	21.28	8.99	0.26	47.80
Puglia	59.00		551.00	140.00		750.00
Sardegna	107.60	1.00	151.50	23.20	3.00	286.30
Sicilia	270.00	60.00	555.50	280.00	30.00	1,195.50
<b>SOUTHERN REGIONS</b>	<b>936.71</b>	<b>146.29</b>	<b>2,035.10</b>	<b>749.39</b>	<b>111.61</b>	<b>3,979.09</b>
Emilia Romagna	250.00					250.00
Friuli Venezia Giulia		1.90	6.39	39.80		48.09
Lazio	222.29	8.16	133.42	237.21	45.10	646.18
Liguria	8.00	11.50	38.92	25.50	7.00	90.92
Lombardia	193.50			168.50		362.00
Marche	12.35		19.00	2.40	3.75	37.50
Piemonte	160.00		64.00	121.17		345.17
Toscana	70.00	5.00	141.00	18.70	30.00	264.70
Provincia Autonoma Trento	13.50	1.00	13.00	23.50		51.00
Provincia Autonoma Bolzano				40.00		40.00
Umbria	9.50	24.12	46.75	14.50	3.73	98.60
Valle d'Aosta	7.75		6.35	4.70		18.80
Veneto	75.00		70.00	90.70	18.00	253.70
<b>CENTRAL-NORTHERN REGIONS</b>	<b>1,021.89</b>	<b>51.68</b>	<b>538.83</b>	<b>786.68</b>	<b>107.58</b>	<b>2,506.66</b>
<b>TOTAL</b>	<b>1,958.60</b>	<b>197.97</b>	<b>2,573.93</b>	<b>1,536.06</b>	<b>219.19</b>	<b>6,485.75</b>

Besides contributing resources to deal with the health, economic and social emergency, the reprogramming operation also provided an opportunity for further speeding up EU spending, as well as for firstly "**experimenting**" **the new method introduced by the 2030 Plan for Southern Italy**, based on **central administrations' strengthened control** and **enhanced cooperation**, thanks to the work by the Territorial Cohesion Agency and the Department for Cohesion Policy in accompanying and supporting managing authorities.

The main innovation method applies to regions: while safeguarding their decision-making autonomy, the central government played a strong **strategic coordination** role by identifying a number of **measures on which to concentrate the reprogramming operation** within **guidelines** consistent with Next Generation EU and the 2030 Plan for Southern Italy. All such initiatives enabled strengthening interventions at territorial level, within the framework of precise national guidelines and consistently with the specific local priorities triggered by the Covid-19 emergency, yet avoiding interventions delivered either too thinly or too exclusively.

## 2. POLICIES FOR DEVELOPMENT, COHESION AND TERRITORIAL REBALANCING

2.4	<b>National cohesion policy: Acceleration, simplification, implementation and monitoring of the Development and Cohesion Fund</b>
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Government action involved both speeding up FSC spending and introducing a mechanism that allows for much more extensive monitoring of the Fund's resources.

In terms of **cash**, the FSC had reached its historical minimum (EUR 1.8 billion) in 2018; it then reached EUR 2.9 billion at end-2019 and **EUR 3.7 billion in 2020, above the EUR 3.5 billion target set in the 2030 Plan for Southern Italy**.

In order to **speed up calls for tenders and provide enterprises with liquidity**, the “Cura Italia” Decree-Law provided for a 10-20% increase in the financial advance to be borne by the FSC within the Operational Plans run by central administrations and Development Pacts, for works with approved executive project-designing, or, in the case of interventions in favour of enterprises, with a financing provision allocating. The operation was worth EUR 1 billion.

In implementing **Article 44** Decree-Law No. 34/2019, to improve coordination and quality of investments financed with national cohesion policy resources and accelerate their expenditure, the **FSC programming instruments were reclassified**; consequently, **a single operational plan for each administration** was submitted to the Interministerial Committee for Economic Planning (Italy’s CIPE) for approval. Each plan is broken down by thematic area, in line with the objectives pursued by the Partnership Agreement.

The new Development and Cohesion Plans encompass interventions with executive project-designing or awarding procedure underway, as well as interventions positively assessed by the Department for Cohesion Policy and the Territorial Cohesion Agency based on their consistency with the objectives set forth in the Update to the Economic and Financial Document and with the strategic objectives of the new EU funds programming cycle. In any case, the interventions maintained in the plans are to generate legally binding obligations by 31 December 2021.

**EUR 77 billion** The resources involved in the above analyses amounted to overall **EUR 32 billion for central administrations and EUR 45 billion for regional administrations**, for a total of approximately **EUR 77 billion from the Development and Cohesion Fund** over the **2000-2006, 2007-2013 and 2014-2020** programming cycles.

Through this reprogramming, we managed to **increase the overall monitored resources** from EUR 12.6 billion (31 December 2019) to **EUR 19.6 billion** (31 October 2020).

Through this reprogramming, we managed to accomplish a **major transparency operation**, with an **increase in overall monitored resources** that, at 31 October 2020, almost equalled the total resources programmed at each level of government.

Over those months, our commitment to relaunching national cohesion policy through the Development and Cohesion Fund was highlighted by the intense **activity carried out within CIPE**. In addition to the decisions on reprogramming and new allocations to counter the COVID-19 emergency (see par. 2.3) and reprogramming FSC Operational Plans approved in implementation of Article 44 of Decree-Law No. 34/2019 (see par. 2.4), **FSC resources** were the subject of several decisions upon proposals of the Minister for Southern Italy and Territorial Cohesion.

These include, among major initiatives, the **EUR 750 million** remodulation of FSC resources to construct the **Ragusa-Catania** motorway; the **EUR 200 million** integration of 2014-2020 FSC resources in favour of the Operational Plan for Enterprises and Competitiveness managed by the Ministry for Economic Development (MiSE), to finance the so-called “**energy income**” for subsidised installation of **photovoltaic systems for domestic use**; allocating EUR 10 million to implement the national strategy for recovery and re-use of “**exemplary**” **confiscated assets** (see par. 4.9); reprogramming the **Campania Development Pact**, with additional allocation of EUR 10 million from FSC resources; **reprogramming** FSC resources pertaining to the **Apulia Development Pact**, aimed at restructuring buildings in the **historic centre of Taranto** (see par. 3.10); and, again with reference to Taranto, allocating **EUR 50 million** resources (FSC) to construct the **Green Aquarium** and approximately **EUR 80 million** (FSC) to restructure the **Punta Chiapparo Naval Base** (see section 3.10); allocating EUR 10

million from 2014-2020 FSC resources to finance the activities carried out by the **Italian Institute for Historical and Philosophical Studies of Naples**; allocating EUR 1 million from FSC 2014-2020 resources to the City of Parma, as "**Italian Capital of Culture**" for 2020; in relation to the **Buriano Bridge** (AR), EUR 3.4 million integration (2014-2020 FSC) to the Operational Plan for Infrastructures (2014-2020 FSC) to construct the replacing bridge and alternative provincial roads.

## 2. POLICIES FOR DEVELOPMENT, COHESION AND TERRITORIAL REBALANCING

<b>2.5</b>	<b>Regulation and budget of the Development and Cohesion Fund 2021-2027</b>
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**EUR 73.5 billion**

Unlike the last programming cycle, with 0.5% of GDP allocated to cohesion, the **current Development and Cohesion Fund for 2021-2027** is quantified at **0.6% of GDP in 2018**, equal to **EUR 73.5 billion**.

The 2021 Budget Law provides for an initial allocation of EUR 50 billion, of which 80% to be allocated to Southern Italy and the remaining 20% to Central and Northern Italy, with the following annual breakdown: EUR 4 billion for 2021; EUR 5 billion for each of the years from 2022 to 2029; and EUR 6 billion for 2030.

The resources thus allocated will be used to achieve **strategic objectives** related to the thematic areas of convergence and economic, social and territorial cohesion, with reference to the missions set forth in the 2030 Plan for Southern Italy, primarily to strengthen public administrations. The actions carried out will then be consistent with the objectives and strategies of the 2021-2027 European Structural and Investment (ESI) Funds, as well as with the sectoral policies and investment and reform policies under the National Recovery and Resilience Plan, based on the principles of complementarity and additionality.

The **2021 Budget Law** also regulates the **procedures for using** the new FSC, introducing important elements of **simplification and transparency**. In particular, **Development Contracts** are expected to be **used** not only for complex infrastructure projects, but also for **integrated territorial development measures**. In addition, to accelerate and ensure the spending capacity and compliance with the

obligations undertaken, in the event of cash shortage it will be possible to **reallocate resources** already earmarked for interventions undergoing implementation delays.

A further increase in the 2021-2027 FSC allocation may result from actual use of the resources advanced under the PNRR.

## 2. POLICIES FOR DEVELOPMENT, COHESION AND TERRITORIAL REBALANCING

### 2.5 The new 2021-2027 Partnership Agreement

Italy is one of the few EU countries that benefited from an **increase in EU resources for 2021-2027 cohesion policy** versus the previous programming cycle: **EUR 41.15 billion (+6.8 billion)**. In addition to the funds for cohesion in the strict sense of the term, available resources amount to EUR 1.30 billion for the Just Transition Fund, EUR 935 million for European Territorial Cooperation (ETC), and EUR 13 billion for React EU, whose programming has been integrated into the PNRR (see Section 1.2).

**EUR  
80 billion**

National co-financing will bring the volume of resources for investment over the next seven years to over **EUR 80 billion, more than the share of RRF grants**. This defines the scope of the programming and implementation challenge to be faced.

**The increase in EU funds for territorial cohesion involves all categories of regions:** +18% in less developed regions (+4.6 billion); +20.5% in transition regions (+260 million); +25.7% in more developed regions (+1.9 billion).

**The increase in resources will be concentrated primarily on ROPs**, which will see their resources increase by around 29% versus 2014-2020, **against a yet relevant increase of around 5% for NOPs**. As a result, the share of NOPs in the total resources will be reduced from 38.2% to 33.4% versus the previous programming cycle. The share allocated to ROPs will also increase.

**The advanced state of discussions to finalise the new Partnership Agreement** – the strategic reference framework of the next programming cycle for definition of future Operational Programmes – relies on the **active partnership** method, based on the involvement of socio-economic parties, civil society and citizens.

The partnership meeting was held on 29 December 2020, attended by a very wide range of participants ranging from relevant institutions to associations and third sector, trade unions and sector associations. The meeting was aimed at taking stock of the 2021-2027 Partnership Agreement definition process.

The principles proposed for discussion are aimed at marking strong discontinuity from the past: strong **focus on strategic objectives and actions, reduced number of programmes** and **simplified** procedures.

The first underlying choice concerns the **reduced number of NOPs and the concentration of interventions** envisaged by each NOP on few characteristic recognisable objectives.

A reduction in the number of programmes was proposed to regional administrations through **ESF-ERDF multi-fund programmes** to favour strategic integration between the two Funds. This proposal – incentivised by premiality mechanisms – is aimed at encouraging simplification and concentration of interventions, guaranteeing greater flexibility in reprogramming operations, and fostering synergies and complementarity with the objectives and actions envisaged by Next Generation Italy.

The significant increase in resources versus the previous cycle makes it even more challenging for regional administrations to guarantee the programming required by cohesion policy to produce its effects. To ensure the efficiency and effectiveness of the programming and implementation of the Programmes, it will be crucial **to avoid replicating the experience of Complementary Operational Programmes**, which has so far produced very disappointing results, with non-utilised sets of resources.

The implementation effort for administrations shall be supported by **strengthened technical supervision** to ensure quality and timeliness of expenditure and homogeneous absorption of resources throughout the Country. An objective to be achieved by strengthening the accompanying role of the Territorial Cohesion Agency and the Department for Cohesion Policy, and the introduction of new skills at the various levels of government as per the **Administrative Regeneration Plan** (see below).

## 2. POLICIES FOR DEVELOPMENT, COHESION AND TERRITORIAL REBALANCING

2.5

### The administrative regeneration plan

The 2021 Budget Law launched the implementation of one of the milestones of the 2030 Plan for Southern Italy, the **regeneration plan for Southern Italy's public administrations** to improve EU Funds spending capacity.

**2,800  
new  
recruits**

More specifically, the measure envisages that public administrations with coordination or management roles in the context of development and cohesion policies, intermediate bodies or beneficiaries in Southern Italy can **hire 2,800 young people to fill high-skill roles** by 2023, supported by Cohesion Funds and as an exception to the ordinary hiring capacity.

The recruitment process will be carried out through public competitions tailored on the identified needs for new skills, specifically focused on the implementation of development and cohesion policies, conducted by the Territorial Cohesion Agency.

The maximum authorised expenditure is **EUR 126 million per year**.

# 3

## **MEASURES FOR ENTERPRISES, WORKERS, ECONOMY AND SOCIETY IN SOUTHERN ITALY**

## 3. MEASURES FOR ENTERPRISES, WORKERS, ECONOMY AND SOCIETY IN SOUTHERN ITALY

### 3.1 Reduction of labour costs in Southern Italy

#### **- 30%** **social security** **contributions in** **Southern Italy**

The **30% cut in social security contributions** for employers in **Southern Italy's regions** was established with Decree-Law No. 104 of 14 August 2020 for the period **October-December 2020**, and later confirmed by the 2021 Budget Law **until 2029** (with a 20% cut for 2026-2027 and a 10% cut for 2028-2029).

The resources allocated to cover this measure amount to around **EUR 40 billion**, partially funded by the national budget and partially through the European Structural Funds (React EU).

The measure is **authorised by the European Commission** in the context of the Temporary Framework for State Aid (till June 2021), and will be able to benefit of its latest extension (till December 2021).

The reduction of labour costs in Southern Italy aims at **accompanying the extraordinary re-launch of public and private investments** to strengthen their effects on employment. Based on Bank of Italy's estimates (*Lo sviluppo del Mezzogiorno: una priorità nazionale, Intervento del Direttore Generale della Banca d'Italia F. Panetta, Stabilimento del Poligrafico e Zecca dello Stato, Foggia, 21 settembre 2019*) an increase in public investments equal to 0.5% of Southern Italy's GDP, coupled with a reduction of the tax wedge such to entail a reduction of tax revenues in the same amount, **would increase employment in Southern Italy by around 1%**, against an approx. 0.5% increase if only public investments rose by 1% of Southern Italy's GDP.

After the drop in employment rates caused in 2020 by the effects of the pandemic, which hit an already deteriorated labour market in Southern Italy, the current priority is to **avoid the risk of a jobless recovery**, which would undermine the capacity to reactivate a strong, long-lasting and sustainable development process.

Besides the direct effect of a re-launched job demand, the measure could result in the **indirect effects of favouring the disclosure of informal jobs** and detecting the increasing phenomena of back reshoring of productive activities – due to the pandemic – that had previously delocalised.

Negotiations are ongoing with the European Commission for the measure to be authorised till 2029. After the Minister for Southern Italy and Territorial Cohesion's visit to Brussels in September 2020, technical dialogue began between the Cabinet of the Minister, the Territorial Cohesion Agency, the Department for Cohesion Policy, and the relevant Directorates-General of the Commission.

The bilateral technical meetings held so far were based on the discussion of **two technical non-papers (Annexes 1 and 2)**, produced by the offices of the Minister for Southern Italy and Territorial Cohesion, setting out an analysis of the objectives of the proposal, its coherence with the Government's strategic framework to re-launch investments in Southern Italy, and its compatibility with EU State Aid rules.

### 3. MEASURES FOR ENTERPRISES, WORKERS, ECONOMY AND SOCIETY IN SOUTHERN ITALY

3.2	<b>Enhanced incentives for employment in Southern Italy</b>
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The 2021 Budget Law establishes a **100% exemption** of social contributions for new **permanent** recruitments of **young people up to the age of 36**, for the 2021-2023 period.

In Southern Italy, the exemption is **extended**, with the same conditions, for recruitments that will take place **by 2024**.

## 3.MEASURES FOR ENTERPRISES, WORKERS, ECONOMY AND SOCIETY IN SOUTHERN ITALY

### 3.3 Tax credit extension for tangible investments in Southern Italy

Tax credit for investments in instrumental goods for those enterprises investing in Southern regions, in force since 2016, has **been extended to 2022** through two different regulatory measures (**Budget Laws 2020** and **2021**). Financial coverage for 2021 and 2022 under the 2021-2027 Development and Cohesion Fund was increased from EUR 617 million to around **EUR 1 billion**.

The credit is eligible to being cumulated with other aid and is differentiated according to the size of the enterprises and regions involved:

- 45% for small enterprises up to a maximum of EUR 3 million (30% in Abruzzo and Molise)
- 30% for medium enterprises up to a maximum of EUR 10 million (20% in Abruzzo and Molise)
- 25% for large enterprises up to a maximum of EUR 15million (10% in Abruzzo and Molise).

### 3.4 “Enhanced” tax credit for R&D investments

Introduced by the “Decreto Rilancio” (Re-launch Decree), the **tax credit for R&D** investments was **extended to 2022** by the **2021 Budget Law**, in an **enhanced** version for enterprises operating in Southern Italy and earthquake zones.

The overall **allocation** amounts to around **EUR 600 million** under the 2021-2027 Development and Cohesion Fund.

This measure enables enterprises investing in disadvantaged areas to obtain more benefits than those operating in the rest of the Country, with aid increase **up to maximum 45%** for small enterprises, 35% for medium enterprises and 25% for large enterprises.

## 3. MEASURES FOR ENTERPRISES, WORKERS, ECONOMY AND SOCIETY IN SOUTHERN ITALY

3.5

### Re-launching the Special Economic Zones (SEZs)

Since it took office, the Government worked on re-launching and strengthening Italy's Special Economic Zones (SEZs), concentrating both on the **establishment of new SEZs** (which were four when the Government took office to then become seven with the establishment of the two Sicilian SEZs and the Abruzzo SEZ), and on overcoming the regulatory and organisational issues that have so far slowed down the implementation of Development Plans.

#### THE 2030 PLAN FOR SOUTHERN ITALY

The **2030 Plan for Southern Italy** first reaffirmed the major functions played by SEZs: attracting foreign direct investments; strengthening exports; and improving the infrastructure of Southern Italy's logistic hubs. In line with these objectives, the Government undertook to guarantee **renewed governance of SEZs for simplification** and implementation effectiveness.

In particular, **the 2020 Budget Law** established that each SEZ-related Steering Committee should be chaired by a **government-appointed extraordinary commissioner** to lead and coordinate SEZs – **two such commissioners were meantime appointed** (Prof. Rosanna Nisticò for Calabria SEZ and Giampiero Marchesi for Taranto SEZ, starting in the coming days). Furthermore, the 2020 Budget Law allocated **EUR 100 million** (2014-2020 FSC resources) to renew the **SEZ-related tax credit** initiative.

Opting for “government-appointment” commissioners aimed at two fundamental results: 1) strengthening the specific attention of territories involved in development projects of single SEZs; 2) at the same time, strengthening the central government coordination and boost, to enable each SEZ to grow along development lines consistent with a national strategy, avoiding harmful parochialism.

The “**Decreto Semplificazioni**” (**Simplification Decree**) then **specified** the tasks entrusted to the government-appointed commissioners and the issues they are required to address: identifying the priority areas for new production facilities, to speed up investment attraction; boosting the implementation of Administrative One-Stop-Shops (affected by very serious delays); explicit indication that the Commissioner is the sole reference point for the Steering Committee to the whole productive world that intends to settle within SEZs.

The **2021 Budget Law** also introduces an important tax relief measure for those enterprises that start a new economic activity in Southern Italy's SEZs: a 50% cut in income tax levied on activities implemented in SEZs, starting from the tax period in which the new activity is undertaken throughout the following six tax periods.

As far as **Simplified Logistic Zones (SLZs)** are concerned, the **2020 Budget Law** provided for “**enhanced**” **SLZs** – i.e., in addition to administrative and bureaucratic simplifications established at central level for SEZs and the additional ones established within individual Strategic Plans, the 2020 Budget Law also confirmed the tax credit already applicable within the SEZs located in Southern Italy

(i.e., enhanced tax credit on investments for projects up to EUR 50 million). The tax credit measure may apply, in accordance with State Aid rules, to central-northern regions where SEZs are established, provided they are included in the regional state aid map.

At present, the only proposal for establishment of one SLZ was submitted by Tuscany Region at end-July 2020.

### 3. MEASURES FOR ENTERPRISES, WORKERS, ECONOMY AND SOCIETY IN SOUTHERN ITALY

<b>3.6</b>	<b>Technological innovation in Southern Italy: Aerospace and National Innovation Fund</b>
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The 2030 Plan for Southern Italy identifies **technological innovation** as one of the main "**new frontiers**" towards which Southern Italy's development is to be directed.

The **aerospace** sector is the primary reference. The 2030 Plan for Southern Italy aims to enhance Southern regions' skills, strengthening the space supply chain and boosting national industry capacity, in line with the Space Economy Plan.

#### **Space Economy in Southern Italy**

The new Space Economy Plan, estimated to rely on total EUR 3.6 billion (of which 50-70% public resources), includes a **specific project line linked to the Space Economy in Southern regions**.

Furthermore, investments were approved by the Aerospace and Space Committee in relation to remarkable innovative activities involving Southern Italy and including the development of the "Linea Platino" (Platinum Line) for EUR 240.5 million.

The Minister for Southern Italy and Territorial Cohesion is also called upon to ensure compatibility between cohesion policy and **National Innovation Fund** activities (pursuant to Article 1(121) of Law No. 145 dated 30 December 2018), whose financial allocation is partly composed of FSC resources. With the start of the Fund's operations, the **first investments were therefore made within enterprises located in Southern Italy**. In particular, in 2020, the "Italia Venture II Fund - Fondo Sud" approved **51 operations** for a total value of EUR 36.5 million in 2020. Most of these operations (42 out of 51) are intended to finance start-ups in Southern Italy under the "Seed for Southern Italy" Programme.

### 3. MEASURES FOR ENTERPRISES, WORKERS, ECONOMY AND SOCIETY IN SOUTHERN ITALY

3.7

#### Innovation eco-systems in Southern Italy

In line with the best practice implemented by the university centre of San Giovanni a Teduccio (Naples), the 2030 Plan for Southern Italy provided further support to spread **innovation ecosystems** in Southern regions where large enterprises and start-ups undertake to establish with a view to economic, social and natural regeneration.

**EUR  
150  
million**

The **2021 Budget Law** set off the implementation of the project by allocating **EUR 150 million** to the Ministry of University and Research (MUR) for the 2021-2022-2023 period (2021-2027 FSC resources) aimed at creating the necessary structures in the marginalised urban contexts to be regenerated, by combining technological and social innovation.

As explained, these resources are complemented with the EUR 600 million earmarked for the same purposes under the PNRR.

An initial analysis of the different opportunities and vocations was carried out by the Minister for Southern Italy and Territorial Cohesion and the Minister for Labour and Social Affairs.

## 4. MEASURES FOR ENTERPRISES, WORKERS, ECONOMY AND SOCIETY IN SOUTHERN ITALY

3.8

### “Cresci al Sud” Fund

**EUR  
250  
million**

The 2020 Budget Law allocated overall **EUR 250 million** under the 2014-2020 Development and Cohesion Fund to establish the “**Cresci al Sud**” Fund (“Grow in the South”), devoted to investments by SMEs in the eight regions of Southern Italy, with the specific mission of promoting the dimensional growth of Southern Italian enterprises.

Managed by Invitalia, the Fund aims at **accompanying high-potential Southern Italian SMEs** willing to grow through internal lines or through acquisitions and mergers, entering their capital together with independent private investors.

In July 2020 the Court of Auditors registered the Memorandum of Understanding regulating the relationship between the Department for Cohesion Policy and Invitalia, to ensure that the Fund is fully operational.

3.9

### Memoranda of Understanding with Invitalia and Cassa Depositi e Prestiti “

The Minister for Southern Italy and Territorial Cohesion signed two **Memoranda of Understanding** with Italy’s two main Italian public companies, **Invitalia** and **Cassa Depositi e Prestiti** (CDP) to accelerate the implementation of the 2030 Plan for Southern Italy, also through enhanced collaboration with the relevant operational and institutional interlocutors, mobilising the main competent national institutions.

The Memorandum of Understanding with **Invitalia** regulates the collaboration to reach some of the main objectives established by the 2030 Plan for Southern Italy, such as **new regional industrial policies** and the **positioning** of Southern Italy’s productive system on the **innovation frontier**, consolidating **Invitalia’s** role as a **strategic actor** in the implementation of cohesion policy, starting from its frequent role as implementing body of **Institutional Development Contracts**.

The Memorandum with **Cassa Depositi e Prestiti (CDP)** lays the foundations for **institutional collaboration** in the field of **support to enterprises, infrastructures and public administrations of Southern Italy's Regions and Municipalities**, through implementation of a number of projects and initiatives promoting investments and favouring sustainable development in the area. The collaboration between CDP and the Minister for Southern Italy and Territorial Cohesion includes opportunities deriving from InvestEU (European investment plan) and supports cohesion funds spending.

### 3.MEASURES FOR ENTERPRISES, WORKERS, ECONOMY AND SOCIETY IN SOUTHERN ITALY

<b>3.10</b>	<b>Development and Cohesion engagement in the extraordinary plan for Taranto (“Cantiere Taranto”)</b>
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Since the beginning of his mandate, the Minister for Southern Italy and Territorial Cohesion devoted great attention to the territory of the City of **Taranto**, the main crossroad in the challenge for Southern Italy's development in the name of environmental and socio-cultural sustainability (subject matter of an ad-hoc section in the 2030 Plan for Southern Italy).

#### **Reconverting the former Ilva steel Plant**

The priority, as well known, is to find a **definitive solution to the crisis involving the ex-Ilva steel plant**. The commitment of the Minister for Southern Italy and Territorial Cohesion contributed to obtaining, in constant dialogue with European institutions, that the **Just Transition Fund** could be used for **reconverting steel areas and not only coal areas**, thus enabling Taranto to become the recipient of the main percentage of funds allocated to Italy.

After years of inaction, the mechanism of the dedicated Institutional Development Contract (“**CIS Taranto**”), which had achieved important results when managed by an ad-hoc technical team of the Territorial Cohesion Agency headed by Giampiero Marchesi (appointed by the Minister as Extraordinary Commissioner of the Ionian SEZ), is fully operational again. It should be noted that the **Development and Cohesion Fund (FSC)** is the **main financing source for Taranto CIS**, with overall **EUR 566 million being safeguarded** (out of just over EUR 1 billion resources).

In this framework, the Minister for Southern Italy and Territorial Cohesion agreed, first and foremost, that the Taranto CIS be newly managed by the Presidency of the Council of Ministers. As to the implementation phase, by **reprogramming the FSC resources of the Apulia Pact (Patto Puglia)**, the Minister also ensured the renovation of the **Faculty of Medicine in Taranto**, now located in the former

Bank of Italy building and inaugurated by the President of the Council of Ministers during his visit to Taranto on 12 October 2020. The same reprogramming also allocated resources for **renovation of Palazzi Troilo, Carducci and Garibaldi** in the Old City, key buildings to revitalise the “Città Vecchia”.

Upon proposal from the Minister for Southern Italy and Territorial Cohesion, two major closely interlinked works for revitalising tourism and culture in Taranto were financed via ad-hoc CIPE decisions, namely (i) the **Mediterranean Aquarium**, already provided for in the 2030 Plan for Southern Italy (FSC allocation for overall **EUR 50 million**), to be built in the former “Stazione Cacciatorperdiere” (Mar Piccolo), adjacent to the Archaeological Museum, and (ii) the **renovation of the Punta Chiapparo** naval base (Mar Grande), which will allow the Navy to vacate the aforementioned former Station (preliminary allocation of FSC resources for approximately **EUR 79 million**). In addition to its touristic value, the idea is for make the Aquarium an avant-garde **hub for research into marine ecosystems**, thus assuming an important cultural and educational value. This latest initiative, moreover, set up a **process of institutional cooperation** that the Minister for Southern Italy and Territorial Cohesion launched with the **Italian Navy, the Ministry of Defense** and the local authorities of the Ionian area to create further tourist, cultural and commercial development opportunities for Taranto area.

### 3. MEASURES FOR ENTERPRISES, WORKERS, ECONOMY AND SOCIETY IN SOUTHERN ITALY

#### 3.11

#### Supporting the internationalisation of Southern Italy’s enterprises

The Minister for Southern Italy and Territorial Cohesion set up a close **coordination** activity with the Ministry of Foreign Affairs and International Cooperation to **internationalise Southern Italy’s economic and productive system** and ensure highest synergies between the measures provided for by the 2030 Plan for Southern Italy and the activities promoted in the framework of the “Pact for Export” signed in June 2020.

In the annual meeting of the “Cabina di Regia per l’Internazionalizzazione” (Steering Committee for Internationalisation) held on 15 December 2020, the following **priorities** were identified for structured enhanced **partnership between the Ministry of Foreign Affairs and International Cooperation and the Ministry for Southern Italy and Territorial Cohesion**, including through the network of Italian Embassies, Consulates and ICE (Italian Trade Commission) Offices abroad: **promotion of the Special Economic Zones (SEZs)** and, in broader terms, of Southern Italy’s attractiveness to enhance, in the most adequate manner, its excellences and assets with international partners, also for industrialisation of lagging-behind areas; **ad-hoc projects for internationalisation of enterprises in Southern Italian regions within relevant 2021-2027 National Operational Programmes** via cohesion funds, also in light of the results so far achieved by the “Piano Export Sud 2”. The need to **enhance SMEs’ skills** in the field of enterprise **digitalisation** and **export promotion** was also identified as a priority to favour Southern Italian enterprises’ access to foreign markets

### 3. MEASURES FOR ENTERPRISES, WORKERS, ECONOMY AND SOCIETY IN SOUTHERN ITALY

3.12

#### Strengthening “Resto al Sud”

**More than  
4,000  
enterprises  
funded**

The “**Resto al Sud**” (I’ll stay in Southern Italy) initiative to support small business activities in Southern regions, introduced in the legal system with the so-called Mezzogiorno Decree of 2017, underwent **several strengthening interventions** in view of its great success (over **4,000 enterprises financed**).

Firstly, with the October 2019 “**Decreto Sisma**” (Earthquake Decree), the use of the instrument was **extended** to the municipalities of the **earthquake** crater in central Italy. Then, in November 2019, the number of beneficiaries was **significantly increased** and now includes not only enterprises but also **professionals** up to **46 years** of age residing in Southern Italy. The May 2020 “Re-launch Decree” introduced further non-repayable grants to cover working capital requirements. Finally, the 2021 Budget Law extended the **age limit** for benefiting of the initiative to **56 years**.

### 3. MEASURES FOR ENTERPRISES, WORKERS, ECONOMY AND SOCIETY IN SOUTHERN ITALY

<b>3.13</b>	<b>The Network of Talents for Southern Italy</b>
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The Minister for Southern Italy and Territorial Cohesion promoted the activation of the “**Network of Talents for Southern Italy**”, introduced by the 2030 Plan for Southern Italy with the objective of countering the serious loss of growth potential caused by the emigration of young people from Southern Italy.

The Network aims at favouring the so-called “**knowledge remittances**” and promoting the contribution of nationals abroad to initiatives for socio-economic development in Southern Italy, through a **dedicated digital platform** enabling for interaction between the “talents” and public administrations, enterprises and citizens engaged in innovation projects in Southern Italy.

In view of the activation of the Network early 2021, around **1,000 nationals were selected**, in close coordination with the Ministry of Foreign Affairs and International Cooperation, the General Council for Italians Abroad (CGIE), Southern Italy Universities and Italian Trade Chambers abroad. These citizens selected are active in several sectors (scientific and technological research, private companies, public administration, public and private management, with special attention to social innovation).

# 4

## MEASURES FOR TERRITORIAL COHESION, LOCAL ENTITIES AND THE THIRD SECTOR

## 4. MEASURES FOR TERRITORIAL COHESION, LOCAL ENTITIES AND THE THIRD SECTOR

### 4.1

### Fund for Social Infrastructures

**EUR  
300  
million**

The 2020 Budget Law (followed by the implementing DPCM dated 17 July 2020) allocated **EUR 300 million for social infrastructure investments** in Southern municipalities for the four-year period 2020-2023.

This involves new interventions or extraordinary maintenance for schools, healthcare facilities and residences, social housing, cultural assets, sports facilities, urban furnishings, public parks and gardens, and other social life spaces.

In distributing resources, **priority** was given to **smaller municipalities** (a municipality with 500 inhabitants receives a total contribution of EUR 32,000; a municipality with more than 250,000 inhabitants receives a total contribution of EUR 655,000).

As of 31 January 2021, the following financial resources were provided to Southern municipalities:

**Synthesis of resources issued at 31 Jan. 2021**  
(EUR/Thousand)

REGIONS	TOTAL / REGION
ABRUZZO	41,742.35
BASILICATA	6,610.70
CAMPANIA	20,000.00
MOLISE	33,667.29
APULIA	27,867.50
SICILY	39,853.12
<b>GRAND TOTAL</b>	<b>169,740.96</b>

In line with these interventions, the **PNRR** envisages investments for **EUR 2.5 billion** (plus EUR 100 million from React EU) in **social infrastructures** for minors, non-self-sufficient elderly and persons with disabilities, primarily to prevent families and minors' vulnerability. The project-design is entrusted to local authorities in synergy with the third sector, devoting special attention to territorial equalisation.

## 4. MEASURES FOR TERRITORIAL COHESION, LOCAL ENTITIES AND THE THIRD SECTOR

### 4.2

### Fund to support marginal municipalities

The **2021 Budget Law** established the **Fund aimed at supporting marginal municipalities**, identified based on selection criteria that complement the current classification of Inner Areas' Municipalities (depopulation, socio-economic deprivation below the reference averages), to foster social cohesion and economic development in remarkably unattractive territories due to limited supply of tangible and intangible services to people and economic activities.

**EUR 436  
million**

The Fund relies on **EUR 436 million** for the 2020-2023 period, of which:

- **EUR 210 million** earmarked (via **President of the Council Decree (DPCM) dated 24 September 2020**) to support **commercial and craft activities in Municipalities located in Inner Areas**, also to counter the effects of the pandemic, for the 2020-2022 three-year period (EUR 7 million currently being disbursed as an advance);
- **EUR 90 million** earmarked for the years 2021, 2022 and 2023 for implementation of interventions to support **populations** residing in **disadvantaged municipalities** (beneficiary entities to be identified based on depopulation, social deprivation and income criteria);
- **EUR 136 million** earmarked for the **2021-2023** period for measures supporting economic activities aimed at countering **deindustrialisation** and **impoverishment** of the productive and industrial fabric.

## 4. MEASURES FOR TERRITORIAL COHESION, LOCAL ENTITIES AND THE THIRD SECTOR

### 4.3 Re-launching and strengthening the National Strategies for Inner Areas<sup>5</sup>

The **2030 Plan for Southern Italy** committed to **re-launching the National Strategy for “Inner Areas” (SNAI)** to upgrade it from experimentation to a structural policy, developing the following actions:

- Expanding the scope to those areas currently not involved in the experimentation process;
- Introducing a premiality system for best performing areas;
- Strengthening depopulation and socio-economic hardship among the criteria set for eligibility to resources;
- Simplifying the definition of area strategies (via programme agreements) and procedures for implementing, monitoring and reporting expenditures;
- Enhancing the Technical Committee for Inner Areas, by emphasising its inter-ministerial character (stronger collaboration among central administrations) and inter-institutional character (greater role played by local authorities benefiting from the Strategy);
- Enhancing the Federation of projects and communities of “Inner Areas”, as a place for exchanging experiences and good practices, sharing know-how on SNAI implementation, and spreading its reputation.
- Strengthening the partnership, also through a greater involvement of the Forum of “Inner Areas” citizens, as a meeting place for the “SNAI Community”.

In line with these objectives, the Government's action to re-launch “Inner Areas” undertook multiple directions.

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<sup>5</sup> <https://www.agenziacoesione.gov.it/strategia-nazionale-aree-interne/>

See the note by the Technical Committee for Inner Areas on the procedural progress and work agenda of the Committee dated 2 February 2021 (**Annex 3**).

The Strategy **implementation process was remarkably accelerated**: the number of approved strategies grew to **71**, from **49** in December 2019; in December 2020 the **Framework Programme Agreements signed** amounted to **41**, **more than double the number at end-December 2019** (20)<sup>6</sup>.

This operational strengthening was complemented with a significant **increase in financial resources**.

**Further  
310 million  
EUR**

In particular, **further EUR 310 million** resources were allocated to SNAI in 2020. In addition to guaranteeing a bonus to the pilot areas recording the best performances and proving more consistent with the Strategy's development, these resources will **activate at least two new areas per Region in the first months of 2021** through an expression of interest based on criteria currently being reviewed.

Strengthening the National Strategy for Inner Areas is one of the **actions qualifying** the interventions under the "Inclusion and Cohesion" mission of the **PNRR**, for overall investments equal to approximately EUR 1.5 billion.

## 4. MEASURES FOR TERRITORIAL COHESION, LOCAL ENTITIES AND THE THIRD SECTOR

4.4

### Institutional Development Contracts for territorial development

The 2030 Plan for Southern Italy gives Institutional Development Contracts (so-called CIS) an **absolutely central role** in the implementation of what has been defined as the **new "method" for implementing cohesion policy, revolving on renewed "enhanced cooperation"** (at institutional, technical and administrative level) between central and local administrations in charge of investment programmes.

With reference to **territorial** Institutional Development Contracts, the Plan clarifies they cannot provide a "one-size-fits-all" solution; on the contrary, the perspective is that Institutional Development Contracts should fulfill a **specific territorial development vocation**, or respond to specific needs of an emergency and exceptional nature (as in the mentioned "Taranto CIS").

This also in view of the new role assigned, within the new programming period, to "PON Metro" (Italy's NOP on metropolitan cities), which will be expanded to cover also the needs of medium-sized cities.

This approach is formalised in the 2021 Budget Law, which entitles the Minister for Southern Italy and Territorial Cohesion to promote the use of Institutional Development Contracts for interventions of considerable complexity or for “integrated development interventions relating to particular territories”.

As regards the specific Contracts, the work performed by the Minister for Southern Italy and Territorial Cohesion – supported by the Territorial Cohesion Agency – focused on launching new Contracts (such as Brindisi-Lecce CIS; the related preliminary investigation is being conducted by Invitalia) and continuing the existing initiatives, such as, in particular, **Matera and Ventotene Institutional Development Contracts**.

**MATERA** **Matera Institutional Development Contract** aims to complete the interventions planned when Matera was **European Capital of Culture** and at the same time re-launch investments to enhance the legacy of that event, to consolidate the cultural and economic development of the city.

**2019**

The Institutional Development Contract for recovery and re-operation of the former Bourbon prison on the Island of **Santo Stefano-Ventotene**, besides being a driving force for the Island’s development, provides a **cultural, ethical and symbolic challenge** the Government wanted to strongly re-launch and concretely support. The appeal of the emotional impact and interest aroused by the *panopticon* (unique in the domain of prison construction in Europe and inspired to an Enlightenment architectural concept, which gives the monumental complex great intrinsic value) could become an exemplary project on the Italian cultural scene.

The project pursues important political priorities on the Government's agenda, ranging from environmental protection and biodiversity, to promotion of sustainable economic development, enhancement of cultural and landscape heritage, training and research, creation of a multifunctional centre for European Studies.

Furthermore, following the agreement reached in January 2021 between the Ministry of Cultural Heritage and the Minister for Southern Italy and Territorial Cohesion, the implementation of the **Institutional Development Contract** aimed at developing the **historic centres of Cosenza, Naples and Palermo** has finally resumed, again with an important role for the Territorial Cohesion Agency (which will act as sole contract manager – so-called RUC – for all three contracts).

## 4. MEASURES FOR TERRITORIAL COHESION, LOCAL ENTITIES AND THE THIRD SECTOR

4.5	<b>Monitoring and boosting Institutional Development Contracts on railways</b>
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### **Main railway lines**

As to **Infrastructure-related Institutional Development Contracts**, the Minister for Southern Italy and Territorial Cohesion chairs the relevant Institutional Tables and exercises a supervisory and control function through the Territorial Cohesion Agency. Those activated so far have been operating since 2012 on the **main railway lines**, through the implementing entity (RFI): “**Naples-Bari-Lecce-Taranto**”, “**Salerno-Reggio Calabria**” and “**Messina-Catania-Palermo**”.

The Minister for Southern Italy and Territorial Cohesion promoted meetings with the Institutional Development Contracts’ Coordination Committees, attended by representatives from the Ministries of Economy and Finance, Infrastructure and Transport, Environment, Cultural Heritage, the Italian Railway Network (RFI) and the Regions involved, to take stock of the progress made following the **Implementation and Monitoring Committees** meeting on 28 July 2020 and the subsequent work produced, based on checks and inspections performed by the Territorial Cohesion Agency in its capacity as sole contract manager (RUC) in recent months, in particular on the progress of the 2019 works.

This **inspection** activity made it possible to highlight some significant issues in the progress of interventions, and consequently **urge** the implementing body and the institutions involved to comply with the indications emerged during the meetings in order to overcome the issues identified. As to the Naples-Bari and Salerno-Reggio Calabria routes, the Committee instructed the implementing body to enact the recommendations made in the RUC report.

With regard to the Institutional Development Contract for the Messina-Catania-Palermo railway line, on the other hand, further inspection and stimulus work was necessary, also by means of on-site checks on the execution of works, in order to accelerate implementation, through joint action with the Ministry of Infrastructure and Transport (MIT), and make the completion date declared in the Contract reliable and credible.

## 4. MEASURES FOR TERRITORIAL COHESION, LOCAL ENTITIES AND THE THIRD SECTOR

4.6	<b>Experimenting Municipality Doctorates</b>
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**EUR  
9 million**

The “Decreto Rilancio” (Re-launch Decree) earmarked **EUR 9 million for the years 2021-2023** from the **FSC 2014-2020 programming period** aimed at enabling the Municipalities located within Inner Areas to finance, on an experimental basis, scholarships for “**Municipality doctorates**”, also in associated form.

Municipality doctorates are aimed at definition, implementation, study and monitoring of local strategies for sustainable development in line with the United Nations 2030 Agenda, in particular for goals such as ecological transition, digital transition, fight against social and educational inequalities, strengthening of economic activities and reinforcement of administrative capacities.

4.7	<b>Support for earthquake areas</b>
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**EUR  
100  
million**

The 2021 Budget Law provides (through ad-hoc CIPE decision) for an **Institutional Development Contract** for strategic coordination and integrated implementation of interventions for social and economic development in the **regions hit by the 2016 earthquake** (Abruzzo, Lazio, Marche and Umbria). The Budget Law allocated **EUR 100 million** to such end.

A further EUR 30 million may be allocated to the same interventions for each of the years 2021 and 2022 through a specific provision to be issued by the government-appointed extraordinary commissioner for reconstruction. In addition, a **fund has been set up to support the creation and strengthening of research centres**, also with a view to encouraging technology transfer and the expansion of university education, for the areas hit by the **2016 earthquake**. EUR 5 million resources are allocated to each region for each of the years 2021, 2022 and 2023 (development of earthquake areas: EUR 180 million).

## 4. MEASURES FOR TERRITORIAL COHESION, LOCAL ENTITIES AND THE THIRD SECTOR

4.8	<b>Supporting the Third Sector and countering educational poverty</b>
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**EUR 120 million from FSC**

The “Decreto Rilancio” (Re-launch Decree) allocated overall **EUR 120 million under the Development and Cohesion Fund (FSC) 2014-2020** programming for activities involving **third sector** associations and citizenship networks; EUR 20 million will be dedicated to **counter educational poverty in the regions of Southern Italy**.

The first call for tender for implementation of this measure, for a total amount of EUR 20 million (EUR 16 million for Southern Italian regions and EUR 4 million for Veneto and Lombardy, most heavily hit by the pandemic), was published by the Territorial Cohesion Agency in November 2020. By 1 February 2021 (deadline of the call for tender) 648 projects for countering educational poverty were submitted by the Third Sector; the great interest towards this initiative was confirmed by the overall number of registrations in the dedicated website: 6,088 by third sector entities, schools, institutions, regional education and professional training systems, universities, research bodies and enterprises.

The success of this first call is essential to continue along a strategic intervention line that could also be strengthened with more financial resources (also from the EU). The general call aimed at support to other third sector activities in Southern Italy is currently been published.

## 4. MEASURES FOR TERRITORIAL COHESION, LOCAL ENTITIES AND THE THIRD SECTOR

### 4.9 The National Strategy for "exemplary" assets confiscated from mafias

Based on the proposal by the Minister for Southern Italy and Territorial Cohesion (CIPE decision of 29 September 2020), further EUR 10 million resources were allocated for the years 2021-2022 to implement a **national strategy for recovery and re-use of exemplary assets confiscated from mafias**, i.e. assets with a very high symbolic value.

#### Citadel of Legality

Thanks to the work performed by the Agency for confiscated assets of the Ministry of Interior and the offices of the Ministry for Southern Italy and Territorial Cohesion, it will be possible to support public entities engaged in re-using the assets seized from organised crime. Among these assets, first of all **Palazzo Fienga at Torre Annunziata**, the stronghold of the Gionta clan where heinous killings were decided and committed; this historic residence will be restored and will become a true **"Citadel of Legality"**.

### 4.10 The Bagnoli Dossier

In the framework of the **regeneration of urban areas** provided for in the 2030 Plan for Southern Italy, the Minister for Southern Italy and Territorial Cohesion – Chairs of the Steering Committee established by Decree-Law 133/2014 – promoted the **re-launch of Bagnoli, speeding up the reclamation works** and starting the joint assessment of the results of the international call for ideas launched by Invitalia.

The progress of the works and reclamation interventions in Bagnoli industrial site was approved on the occasion of the Steering Committee meetings held on 19 November 2019 and 11 December 2020. The agreement signed on 2 July 2020 between the government-appointed extraordinary Commissioner and Invitalia, implementing partner of the reclamation works, contracting authority and owner of the former Bagnolifutura assets, was presented at the 11 December 2020 meeting. The main innovation of the agreement lies in the introduction (Art. 4) of the provisional plan (to be updated every six months) that will be complemented with a specific timetable. The main intervention areas in the timetable are the reclamation works on land and at sea, the construction of infrastructures and the international competition launched by Invitalia for the project-designing of Bagnoli's urban landscape. The agreement between the Extraordinary Commissioner, the Municipality of Naples and Invitalia for requalification of the Arena Sant'Antonio and for the related sewage disposal into the sea and primary urbanisation was presented at the 11 December 2020 meeting of the Steering Committee.

The government action was also marked by **dialogue with social partners and civic committees** active in the Bagnoli-Coroglio area. The Extraordinary Commissioner proposed to set up a training&employment mechanism, in particular through the organisation of four training paths for professional profiles coherent with the evolution of the activities carried out in the national interest site (SIN) of Bagnoli and with a preferential criterion for employing those who have benefitted from specific training – funded with EU resources aimed at reducing economic and social disparities and promoting sustainable development.

## 4.MEASURES FOR TERRITORIAL COHESION, LOCAL ENTITIES AND THE THIRD SECTOR

### 4.11 European and international engagement for Southern Italy and territorial cohesion

The Minister for Southern Italy and Territorial Cohesion ensured ongoing **coordination with the European Commission**, notably with the Commissioner for Cohesion and Reforms, thanks to the support of the Permanent Representation to the EU in Brussels, both for the **negotiations on the new cohesion policy in the 2021-2027 Multiannual Financial Framework and for the Coronavirus Response Investment Initiative** adopted in the context of the pandemic emergency (see above, The contribution of cohesion to tackle the COVID-19 emergency).

The latest months were devoted to coordinating the negotiations on the proposal for **reduction of labour costs** in Southern Italy, which involved several offices of relevant Ministries and several Directorates-General of the European Commission, through constant coordination, notably with the Commissioner for Jobs and Social Rights.

Furthermore, the Minister for Southern Italy and Territorial Cohesion contributed to the activities promoted by the EU Presidency in the field of cohesion, primarily to the elaboration of two EU strategic documents for managing towns (Urban Agenda) and territories (Territorial Agenda) – respectively the **“New Leipzig Charter”** and the **“Territorial Agenda 2030”** – adopted on the occasion of the Informal Ministerial Meeting held on 30 November and 1 December 2020.

The two new strategies devote **priority attention** to all those measures that can contribute to the **green and digital transition** over the next decade, also in the framework of the response to the crisis triggered by the pandemic. They are based on a multi-level approach, recognising the effective needs and specificities of territories (in line with the so-called “place-based approach”), to favour the highest degree of expression of the development potential of territories, through policies that ensure full involvement of local populations and institutions.

## **New Leipzig Charter**

The **New Leipzig Charter** identifies the actions linked to three new **priority dimensions for managing urban spaces, for a “just”, “green” and “productive” city**. Acknowledging the key role played by full engagement of citizens, the new strategy examines the needs of the several typologies of towns and cities and devotes special attention to the needs of medium sized-towns.

The **Territorial Agenda 2030** considers the challenges related to the management of all kinds of territories, including “Inner Areas”, enhancing **geographic** and **socio-economic diversities** between and within Member States and focusing its attention on strategic priorities fully shared within the EU.

## **Memorandum of Understanding**

On the occasion of the **XIX Spain-Italy Summit** of 25 November 2020, strong attention was devoted to strengthening the **bilateral cooperation for reduction of territorial divides**. Spain showed great interest, notably in the Italian experience in the framework of the Strategy for “Inner Areas”.

As per the Joint Declaration dated 25 November, a bilateral **Memorandum of Understanding** was drawn up to such end, to favour the exchange of information and experiences in the field of policies and measures for development of marginalised areas in Italy and Spain in order to overcome territorial divides. The bilateral cooperation shall be carried out also within the implementation of the newly adopted EU Territorial Agenda 2030.

# **GIUSEPPE PROVENZANO**

**Minister for Southern Italy and Territorial Cohesion**