

EU aid package

Political infighting threatens Italy's Covid recovery plan

'We struggle with every single €1m project. Imagine what will happen with billions at play?'

SILVIA SCIORILLI BORRELLI — MILAN

When Italy commissioned its Covid-19 recovery plan from a group of experts led by former Vodafone chief Vittorio Colao last spring, businesses were confident they would play a leading role in shaping an investment strategy that would help restore prosperity.

Their hopes were soon shattered in the face of the country's notorious political instability.

Italy is set to be the main beneficiary of the EU's Covid-19 recovery fund, receiving 28 per cent of a total €750bn in grants and loans over the next six years.

Mr Colao's detailed 53-page plan for spending it, outlining 100 investment proposals divided according to complexity, timing and funding needs, was delivered in June. But it was immediately sidelined by political infighting.

The fractious coalition government, led by Giuseppe Conte, spent months arguing about priorities and resource allocation.

In December, it published a 13-page rough draft that largely ignored Mr Colao's recommendations, instead envisaging aid to businesses and families and with few funds for new investment projects or health.

But Matteo Renzi's small Italia Viva party, a junior coalition partner, opposed the plan and attacked Mr Conte's decision-making, triggering a political crisis that led to Italia Viva's withdrawal from government and Mr Conte's resignation last week.

"[Mr] Colao's plan was a good one, which is why I knew it would end up in a dusty drawer," said Valerio Andreoli Bonazzi, chief executive of renewable energy company Hydrowatt.

According to the government draft, Italy will receive €81bn in grants and €127bn in loans from the EU's Covid-19 recovery fund, plus an additional €20bn in cohesion funds.

It identified digitalisation, energy transition, health, infrastructure, education and social equality as priorities. Investment would be targeted at off-

shore wind energy, floating solar, high-speed rail expansion across the country, internet upgrades, and the renovation of school and hospital infrastructure.

But many business leaders, voicing concern through Confindustria, Italy's industry lobby group, said the draft plan lacked crucial reforms or detail on governance and procedure. Unions complained they were excluded from the discussions.

"The plan's draft is completely disconnected from the reality [for small and medium-sized enterprises], and, as entrepreneurs, we are dismayed by what is going on because we were never involved," said Mr Andreoli.

"Many of the futuristic energy infrastructure projects will never be greenlighted because of the various environmental restrictions and other authorisation requirements. We see our authorisation requests rejected on a daily basis. We struggle with every single €1m project. Imagine what will happen with billions at play?"

Angelica Donati, chief executive of construction group Donati, said that while the draft was an improvement on an initial version, bureaucracy was likely to hinder investment. "It takes on average 15 years to complete a large infrastructure [project] in Italy, and none of the [recent] emergency legislation to simplify tender rules and administrative procedures improved the situation."

Ms Donati said many of the projects indicated in the draft plan, including several high-speed rail links, had been approved and funded but went unrealised because of red tape.

Italy has always struggled to spend EU funds. In 2019 it only absorbed 30 per cent of the structural funds it received.

Roberto Gualtieri, finance minister, said last week that the government would streamline tender procedures and bypass bureaucracy through special commissioners.

According to the first Covid recovery plan draft, Mr Conte had intended to hand the plan's management to a task force of chief executives and business managers. But the idea was rejected by other members of the coalition and pulled from the latest draft, which offers no detail on who will be in charge of implementation.

Le schermaglie politiche interne mettono a rischio il piano di spesa dell'Italia per il recovery fund

