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**Critical profiles in the execution of the PNRR: mission 1 component 1 -
Digitalization, Innovation and security of the Public Administration**

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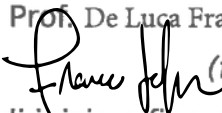


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Abstract

This doctoral dissertation examines the critical aspects of the implementation of Italy's National Recovery and Resilience Plan (PNRR), with a specific focus on Mission 1, Component 1: Digitalization, Innovation, and Security in Public Administration. The research investigates the governance structure of the PNRR, its evolutions, and its impact on Italian municipalities, which serve as the plan's primary executors.

Adopting a multidisciplinary approach, the study integrates documentary analysis, quantitative investigations, and qualitative assessments. It explores the transformations in PNRR governance, with particular attention to the changes introduced by Decree Law 13/2023, and evaluates the effectiveness of coordination structures such as the Cabina di Regia and the Permanent Steering Committee. The research aims to assess the challenges faced by public administrations in utilizing PNRR funds, analysing three key variables: quality of expenditure, planning capacity, and reporting quality.

Special emphasis is placed on the impact of digitalization on municipal performance and the role of the ReGiS monitoring system. The findings provide valuable insights for optimizing PNRR implementation, enhancing the administrative capacity of local authorities, and fostering effective multi-level governance. This dissertation contributes to the academic and policy debate on European fund management and the modernization of Italian public administration.

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Introduction

This research project configures a series of analyses focused on the different methods used in the implementation of the PNRR, in particular those related to mission 1, Digitalization, innovation, competitiveness, culture and tourism, component 1 Digitalization, innovation and security in the PA.

The main objective of the project is to analyze both the design phase and the absorption phase of resources through the most effective computational tools, in order to model complex and articulated decision-making systems. In this regard, an example involves studying the impact of PNRR funds on final beneficiaries and on the improvement of the operational machine of the PA, in a second phase, any non-linear and unexpected results relating to the use of the funds will be evaluated and the reasons for them will be identified.

The focus is on mission 1 component 1 and therefore the research aims to study the digital innovation introduced in the PA thanks to funding related to the PNRR. Secondly, through questionnaires, the degree of satisfaction of the PAs regarding the aforementioned funding, and their ability to manage them, will be specifically assessed, both in the initial design phase and during the implementation and subsequent reporting in the specific ad hoc platforms set up.

The PNRR, during the first two years of implementation, has undergone changes in the programming of resources, while maintaining the overall financial amount. These revisions have led to a delay in the expenditure planned for the three-year period 2020-2022 of more than 20 billion in total, with a recovery expected from 2023 and an estimated peak expenditure for the two-year period 2024-2025 of more than 45 billion per year.

Regarding the impact on public debt, the effect of PNRR spending has led to an increase in Italy's net borrowing of 0.3 and 1 percentage point in 2022 and 2023 respectively and is estimated to grow progressively to 4.3 percentage points of output in the three-year period 2024-2026. In monitoring the implementation of the PNRR, 14 common indicators have been introduced to assess the effectiveness of the measures, with particular attention to the impact on the six European pillars.

However, it should be noted that the choice of indicators favours only certain aspects of the effects of the plan, neglecting geographical representation and other important aspects. Only a part of the measures is currently linked to indicators, and the integration of the indicator system with the sustainable development framework is still to be developed. Furthermore, the relationship between the measures of the PNRR and the Sustainable Development Goals appears not yet fully integrated, suggesting the need for greater synergy between the two scoreboards (Court of Auditors, 2023).

The 55 objectives of the second half of 2022 have all been achieved. As a result of this progress, 38 initiatives have exhausted the European objectives set for them: these are 31 reforms, marking a progress of 49 percent on the total category, and 7 investments, equal to over 3 percent of the total. These 38 measures in question cannot of course be considered completed, as they may require further implementation steps, with respect to the objectives agreed at European level. For the 52 national objectives, the survey carried out by the Court of Auditors shows a lower achievement rate (62 per cent, no. 32); At the end of the year, the activities

relating to 7 targets had only started, 5 targets were still being defined, while for a further 8 objectives there were delays compared to the scheduled deadline.

It is also significant that more than 53% of the projects and 42% of the financing of the distributed measures see the municipalities as the implementing party. Their massive presence among the implementers of the Plan has motivated a particular in-depth study of the projects under their competence. Almost all municipal bodies are involved in the initiatives of the Plan, and that is why this research has as its main focus precisely the assessment of the resources of the PNRR on these entities, which in the Italian panorama have many peculiarities that vary according to the geographical conditions in which they are located, whether they are tourist municipalities or not, whether they are villages with a high cultural heritage or municipalities with more or less than a thousand inhabitants, etc. For this reason, the research question will focus on municipal entities, taking into account this great heterogeneity of situations, aiming to understand whether municipalities, although they have been the primary executors of the PNRR, have actually absorbed these funds and these interventions have contributed to a qualitative improvement in governance.

Research Question

The focus of the research is on mission 1 component 1 because it is the mission with the most impact in relation to the performance of municipalities. Digitalization could in fact be the exoskeleton that allows the PA to perform better and at relatively low costs as once a process has been developed, it can be replicated. Therefore, the aim of the research is to assess the critical issues encountered by the PA regarding the PNRR funds, analyze the changes in its governance and find any correlations between the two elements. The analysis of the critical issues in the execution of the PNRR funds will focus on three variables: the quality of spending, the ability of the PA to plan, and the quality of reporting.

Governance changes of the PNRR

From a structural point of view, the Italian PNRR is based on three strategic axes (digitalisation and innovation, ecological transition, social cohesion) and is divided into six missions, developed in 16 components and distributed over 48 lines of intervention (Fantini, M. G. 2022).

The general governance of the National Recovery and Resilience Plans has been described by the European Commission, which has outlined its guidelines (European Commission, 2021). Specifically, however, each government has organized the governance of the PNRR in its own way, while maintaining the three transversal priorities that must be pursued whatever the area of intervention, i.e. gender equality, the protection and enhancement of young people and territorial rebalancing with a particular focus for Italy on the development of the South. At the national level, the governance of the PNRR was initially governed by Legislative Decree No. 77/2021 (Italian Government, 2021), which designs a reticular structure that has several centers of attribution of implementation, management, monitoring and coordination responsibilities of a general and operational nature (Sciortino, 2021). In the architecture of the PNRR, the Presidency of the Council of Ministers assumes centrality, acting as a junction point between different institutional subjects (Stancanelli, R., & Zaccarelli, F, 2022).

According to the design outlined by Legislative Decree No. 77/2021, converted into Law No. 108/2021, the Presidency of the Council of Ministers is equipped with special structures, intended to operate for five years, regardless of the duration of the government and the legislature. In particular, within these structures, the Steering Committee for the implementation of the PNRR, chaired by the President of the Council of Ministers and equipped with a special technical secretariat, which is responsible for guiding, impetus and coordinating the implementation of the PNRR interventions, is worth mentioning.

Pursuant to the aforementioned Decree, the control room is defined as "the body with powers of political guidance, impetus and general coordination on the implementation of the interventions of the PNRR", is chaired by the President of the Council of Ministers, composed of competent Ministers and Undersecretaries and exercises powers of guidance, impetus and coordination on the implementation of the PNRR (Italian Government, 2021).

The control room is also responsible for monitoring the PNRR, as it submits a six-monthly report on the implementation of the Plan to Parliament. Despite the large presence of government components in the control room, it is important to underline that both the President of ANCI and the President of UPI have recognized the possibility of participating as members by right in the meetings of the Control Room pursuant to Law No. 108/2021 converting Legislative Decree No. 77/2021, in order to ensure greater involvement of local instances, in line with the recommendation of the European institutions that the implementation of the PNRR must be a widely shared commitment (Ronga, 2022). Therefore, the construction of a heterogeneous Control Room was specifically designed to develop over time and with the resources of the PNRR an increasingly autonomy and responsibility of local authorities, especially in the center-south (Trapani M., 2021). Therefore, with this in mind, elements have been introduced that contribute to fueling multi-level governance, as enshrined in European regulations on the principle of subsidiarity. In fact, it is also important to mention in this speech the establishment of the State-Regions PNRR Nucleus. This is a structure that will be

operational until 31 December 2026 and which is aimed at ensuring the Department for Regional Affairs and Autonomies technical support in the activities under its competence in the implementation phases of the set of reforms and investments envisaged by the PNRR, in conjunction with the other state implementing entities (Ronga, 2022).

A second central structure in the governance of the PNRR is **the Permanent Table for Economic, Social and Territorial Partnership**, established by Prime Ministerial Decree of 14 October 2021 (Treu T, 2023). The table performs an advisory function on matters related to the implementation of the PNRR and can report to the Control Room any profile deemed relevant for the implementation of the PNRR, also to encourage the overcoming of obstructive circumstances and facilitate the effective and rapid implementation of the interventions. The Permanent Table is attended by representatives of the social partners, the Government, the Regions, the Autonomous Provinces, the Local Authorities, the City of Rome, the productive and social categories, the university and research system, civil society and active citizenship organizations.

Therefore, the governance approach of the PNRR was immediately articulated on several levels, placing the Presidency of the Council as the central node, which coordinates all the actors and ensures the implementation of the PNRR interventions. Other structures that ensure the proper functioning of governance are the *Central Service for the PNRR* – established at the State General Accounting Office and the *Unit for the Quality of Regulation*, established at the Presidency of the Council (Department for Legal and Legislative Affairs) (Ronga, 2022).

This initial governance approach has been significantly disrupted by the Meloni government. Decree-Law No. 13/2023, in fact, introduced significant changes in the governance previously outlined by Decree-Law No. 77/2021. Specifically, the most important are:

a) Establishment of the PNRR Mission Structure:

The PNRR Mission Structure is created at the Presidency of the Council of Ministers and assumes the tasks and functions previously assigned to the Technical Secretariat for the PNRR. This Structure will provide support to the Minister for European Affairs in guiding and coordinating the Government's strategic action for the implementation of the PNRR. It will have the role of national contact point for the implementation of the PNRR in relations with the European Commission. The Structure will be responsible for verifying the consistency of the results and will propose any corrections. It will have a coordinator and four directorates-general, with a contingent of nine managerial units and fifty non-managerial staff.

b) New Inspectorate General for the PNRR:

The General Inspectorate for the PNRR is established at the State General Accounting Office, which takes over from the Central Service for the PNRR. This office is responsible for operational coordination on the implementation, financial management and monitoring of the PNRR. To reduce the administrative burden, measures to rationalise and simplify the PNRR control procedures are promoted.

c) Suppression of the Permanent Table:

The Permanent Table for economic, social and territorial partnership is abolished. The consultation of the social partners is now guaranteed through the stable participation of their representatives in the meetings of the Steering Committee for the PNRR.

d) Reorganization of the PNRR Mission Units:

It will be possible to reorganize the managerial level structures or mission units in charge of the central administrations for the coordination of the implementation phase of the PNRR, transferring functions to other existing management structures. Central administrations can stabilize non-managerial level staff assigned to the PNRR Mission Units in their role.

Therefore, in the light of what has been said so far, it is evident that governance, being of direct political emanation, undergoes, has undergone and is undergoing numerous and continuous changes. Since its establishment, this aspect has undergone continuous reorganization activities, where the solutions of continuity have created distances from the organizational structures that have taken shape over the years, just think of the progressive evolution of the governance of the National Recovery and Resilience Plan from the draft of the Conte II government, to the architrave outlined by the Draghi government, to reach the amendments made to it by the Meloni Government through the approval of Decree-Law No. 13/2023 (Acierno A. M, 2023). This has produced a significant slowdown in organizational and management activity. An example above all is the change of governance activated by the new Meloni-led executive. The change, preceded by a statement on the requests for remodulation of the plan, led to a stop of 6 months and the same requests remained blocked and will therefore only be applied in the first half of 2024 (Lauro A, 2023).

In fact, it is interesting to note that some studies have focused precisely on the willingness of the PNRR to bind the government to the choices of its predecessors (Colapietro, 2022). Other studies show that the PNRR is the result of a hasty decision-making process, which leaves some relevant aspects typical of programming in the shadows. What emerges is that the PNRR identifies the problems of our production system but seems lacking in the explication of a long-term strategic horizon (Bellandi, M., Giannini, V., & Iacobucci, D, 2022).

In conclusion, the PNRR, although it is a unique and unmissable opportunity for the country, is, to date, a demanding program of reforms and investment spending which, through its 6 Missions, fails to explicitly design a path capable of fully exploiting the country's potential. The centralization recently decided by the Government of the PNRR, Complementary, REPowerEU and Cohesion Funds offers the opportunity to shift the center of gravity of the PNRR and the entire economic policy in a direction that makes clear the *common thread* of the development that can arise for the country (Acierno A. M, 2023).

Governance in 2024 (after d.l. 13/2023)

The review and strengthening of governance are fundamental elements to ensure the success of the Plan and compliance with future deadlines. For this reason, during 2024, the governance of the PNRR has been the protagonist of new and profound changes, aimed at improving the effectiveness and efficiency in the implementation of the measures envisaged. These amendments were introduced starting from Legislative Decree 19/2024.

Among the novelties, the President of CNEL (National Council of Economy and Labour) joins the members that make up the Control Room for the management of the Plan. This amendment aims to further strengthen cooperation with the Economic and Social Partnership in the monitoring and implementation of the PNRR.

The Mission Structure has been strengthened, with an increase in the number of managers, from 9 to 12, and of non-managerial staff, from 50 to 65. This increase in components should make it possible to improve efficiency and transparency in the implementation of the plan, strengthening inter-institutional coordination.

In addition, in order to make the monitoring of the PNRR interventions **on a territorial basis more effective** and to promote synergies between the various administrations operating in the same territory, a Coordination Cabin has been established at each prefecture. It is responsible for defining the action plan for the effective implementation of the programmes and interventions envisaged by the PNRR at the provincial level. This body is chaired by the Prefect and composed of representatives of the national and local institutions involved. The action plan and the results of the monitoring are then communicated by the Prefect to the PNRR Mission Structure and to the Inspectorate General for the PNRR, which on the basis of this information and only in the event that the achievement of the objectives is at risk, can propose to the Control Room the activation of substitute powers (Openpolis, 2024).

In addition, with Legislative Decree 19/2024, the executive provided for the appointment of three new extraordinary commissioners, who were entrusted with the completion of as many specific measures provided for in the original text of the PNRR. The following have been appointed:

- Extraordinary Commissioner for the construction of new beds for university students, in office until 31 December 2026 and operating at the Ministry of University and Research;
- Extraordinary Commissioner for the recovery, re-functionalization and enhancement of assets confiscated from organized crime, in office until 31 December 2029 and operating at the Ministry of the Interior;
- Extraordinary Commissioner for the overcoming of illegal settlements and for combating the exploitation of workers in agriculture, in office until 31 December 2026 and operating at the Ministry of Labour and Social Policies.

Each commissioner, therefore, works at the dicastery to which the respective measure was assigned. However, a special support structure is provided for each of them, established by decree of the President of the Council of Ministers and active until the end of the commissioner's office. In addition, the allocation of the resources envisaged for the completion of the measures

is envisaged, separating them from those under the responsibility of the administrations previously responsible (Openpolis, 2024).

As far as institutions are concerned, with Decree-Law 13/2023, the Meloni Government has decided to centralize the management of the PNRR at the Ministry led by Raffaele Fitto, responsible for European Affairs, PNRR, Cohesion Policies and Southern Italy. This decision arose from the need to provide the competent institutions with a single political interlocutor in the context of relations with the bodies of the European Union (David, D'Arrigo, 2023). 2024 was a year of novelty in this case too: Fitto was appointed Executive Vice-President of the European Commission, in office since 1 December 2024, and thus resigned from the Ministry of competence. Taking his place is Tommaso Foti, Leader of the Fratelli D'Italia group in the Chamber of Deputies, who takes over from Fitto all the proxies, except for the South, which passed to Prime Minister Giorgia Meloni.

Finally, it is worth noting the fourth request to amend the PNRR, submitted by Italy to the EU on 10 October 2024, and aimed at adapting the Plan to the new implementation needs. The request concerns 21 measures, of which 13 have been amended *"to implement better alternatives in order to achieve their original level of ambition"* and another 8 *"in order to implement better alternatives that allow for the reduction of administrative burden, while ensuring that the objectives of these measures are achieved"*. These include, for example, the "Transition 4.0" measure and the "Growing Green" measure, the latter provided for by the RePowerEU chapter, the European energy plan in turn introduced in the third amendment to the PNRR dating back to December 2023 (Petrachi, 2024). On the most recent request, the Council of the Union approved on 28 November the European Commission's positive assessment of these amendments. According to the Commission, in fact, the changes proposed by Italy do not affect the relevance, effectiveness, efficiency and coherence of the Plan (Italia domani, 2024). It should be noted, in fact, that according to EU Regulation 2021/241, a Member State can submit a request to amend the plan only if this is justified by objective circumstances. This is the case with the inclusion of RePowerEU, the need to correct clerical errors or if better alternative solutions are identified to achieve the objectives set out in the Plan itself.

Governance considerations

With regard to the first approach to the PNRR governance, it is important to remember that this was carried out by a fundamentally "technical" government. The system set up, in fact, did not take into account what should have been the political components, which allow or hinder the implementation of investment plans. The political dimension of a territory and more generally of a nation is fundamental for the management of development plans and investment projects. In this sense, the consultations on the affiliation of projects and the possibility of building effective spending processes represent variables that have been powerfully underestimated. Already from the signing of the plan it could be deduced that the numbers were largely unfeasible through the spending methodologies adopted. To this must be added the system of defensive bureaucracy historically very strong precisely in the peaks of expenditure and finally the various internal regulations of the PA that often go against national legislation: if, for example, a university regulation indicates an amount of € 5,000 for direct awards, it does not matter whether the national law sets this ceiling at € 40,000 or even at € 139,000 for assignments for supply services. The official will maintain himself on the basis of the € 5,000 established by the internal regulations. All facilitated by the law which provides for possibilities and not obligations for these thresholds. In other words, the Ministry of Infrastructure and Transport (MIT) has clarified several times, as in the circular of 20 November 2023, how contracting authorities can adopt ordinary procedures in order to comply with the principles of non-discrimination, transparency and free competition, even if the code provides for simplified forms of award such as direct award or negotiated procedures in specific cases of contracts below the threshold (MIT, 2023).

This management complex, which we could define as "technical-social", especially in the presence of a monstrous plan that has rightly been defined on several occasions as a Marshall Plan for Europe, had to be presented and implemented in a much more incisive way.

There are other issues that should have been considered in the governance aspects at first glance that were, in the writer's opinion, more or less deliberately ignored:

- Technical assistance, excluded from the calculation of funds;
- The lack of involvement of local authorities, at least in the first instance entities that should have been the first beneficiaries, despite the fact that the ANCI president and the UPI president were admitted as members by right to the meetings of the control room;
- The experienced staff, found with recruitment activities that proved to be highly inefficient both in terms of methods and content.

As far as the political-social issue is concerned, the control room, headed by the President of the Council of Ministers, should have lasted at least five years in its functions; this was a resounding blunder: thinking of creating a governance that did not provide for the involvement of ministerial structures directly, without even considering that it is precisely those structures, together clearly with the regional ones, that are the most experienced in the spending of structural funds, to which the PNRR funds, although not definable as such, could be equated in the spending mechanism. The control room, in fact, provided for a special technical secretariat that was not the ministerial one. It was precisely this control room that should have had the tasks of political direction that in reality are partly the responsibility of the ministry. The booth,

therefore, would have followed the political direction of the Prime Minister and the Ministers and Undersecretaries, but with a technical activity disconnected from the ministries themselves. In this case, it was not considered that the Ministers and Undersecretaries do not have the ability to build development policies and above all spending and on these they are guided by ministerial officials. These, structured, often for years on the issues and experts in solving problems, would have endured the "competition" of external consultants with great difficulty. This integration between the PNRR control room and the structured structures was clearly impossible to achieve, especially in a short time and without specific support for this coordination. In fact, two impermeable structures were created in which the new structure was destined to get the worst of it in a short time. In fact, as soon as the control room was established, an assessment and recognition of the existing projects was carried out. The simplest thing, in fact, seemed to be to take the projects in progress, de-finance them from previous resources and re-finance them with PNRR resources. But only for the recognition of the projects should the ministerial organizational structures have been asked for help! It was clear that the issue could only work in the presence of the government that had conceived it. The structures would have taken revenge on the constitution of the new government.

And so it was with a substantial change in governance starting with the suppression of the permanent table. Recall that the change in governance wanted by the Meloni government resulted in a six-month stop due to the approval of Decree-Law 13/2023. It is also worth mentioning the simultaneous abolition of the Agency for Territorial Cohesion and the transfer of its functions to the Department for Cohesion Policies of the Presidency of the Council of Ministers. The transfer of these functions with a view to efficiency has also produced a significant slowdown.

Ultimately, there has been a stratification of situations that have delayed the implementation of the plan at different levels: The government that wrote and grafted the plan has tried to bind successive governments to its choices. To do this, it has decided to set important boundaries and structure a governance complex that is not hinged on the structures traditionally appointed for the purpose. To make corrections, successive governments have had to unhinge entire apparatuses, wasting time and resources, with the result of increasing delays, duplication and certainly problems related to absorption.

As far as local authorities are concerned, the establishment of the permanent table, where everyone was represented but with merely advisory functions, saw the participation of ANCI and UPI as permanent members (Presidency of the Council of Ministers, 2022), but in practice without any real power to influence, especially in the first year of the programme. In this regard, an empirical survey was carried out within two projects promoted by ANCI, the "Strategic Metropolises" project and the "Small" project. The first represents an initiative promoted by ANCI in accompanying Metropolitan Cities in the process of institutional innovation, supporting them in organizational changes and in the development of the skills necessary for the full implementation of integrated policies on a metropolitan scale (Strategic Metropolises, 2024). The Small Project, on the other hand, is aimed at strengthening the administrative capacity of small municipalities (Small Project, 2024).

In relation to the PNRR, numerous indications of specific technical issues relating to governance have been noted. First of all, the operation of the portals, starting with ReGis: this platform was released with numerous bugs and imperfections that sometimes prevented the entry of data, also causing delays. Not to mention the issue of having to enter the same data in multiple portals. A second problem is certainly that of the lack of staff within the local authorities. In the case of small municipalities, in fact, the employee finds himself not having the material time to manage the PNRR projects and the professionals recruited within the dedicated portal of the public administration, generating a stalemate for the progress of the projects.

Reporting: the ReGiS system

Pursuant to Article 1, paragraph 1043, Law no. 178/2020, in order to support the management, monitoring, reporting and control activities of the components of the Next Generation EU, the Ministry of Economy and Finance - Department of the General Accounting Department of the State has made available a special IT system called "REGIS". The platform must be fed by the contracting authorities and implementing entities of the PNRR and collects and validates monitoring data (at least once a month) to transmit them to the Central Service for the PNRR and to the other entities in charge of control (including the Court of Auditors).

The ReGiS system is the main means through which central and local administrations, as well as the offices and structures involved in implementation, can fulfil their obligations to monitor, report and control the initiatives and projects financed through the National Recovery and Resilience Plan (PNRR).

ReGiS is designed for the collection and dissemination of PNRR monitoring data and aims to provide support for reporting and control obligations as established by the legislation currently in force.

The updating of the portal is a monthly process at the expense of the subjects in charge of implementation and therefore has been designed to be able to control all activities, from progress to the type of expenditure. The system consists of three sections: Measures (reforms and investments of the PNRR), Milestones and Targets, and Projects. The central administrations in charge of the measures are required to validate the monitoring data at least on a monthly basis by transmitting them to the Central Service for the PNRR through ReGiS.

The main problem, however, was that of compilation in the strict sense. Many Municipalities and Metropolitan Cities, as implementing entities, in fact, report dysfunctions regarding the methods of access and use of the Regis Information System, in relation to the failure to simplify, repeatedly requested, the rules for the financial management of PNRR resources and the consequent delays in payments, as well as the misalignment between the percentage of advance, due to the implementing entities, and the greater one that they must guarantee to companies. So, first of all, technical and operational problems, secondly problems of data management even from the back hand. Finally, the human factor, the platform was yet another platform landed on the desks of local authorities that found themselves yet another job to complete. For each contract, for each project and each activity, the official must in fact enter the data in numerous platforms. This umpteenth platform, on which practically no training was done at

first glance, was not perceived as important, but simply yet another platform. Often, therefore, there has been a lack and incompleteness of the data, which have not allowed a timely analysis. We recall that the REGIS was created precisely to give a framework for describing the activities in place, and on the other hand to keep under control what are the activities launched at local authorities: the major users and implementers of the PNRR.

Focus on mission 1 component 1: Digitalization, innovation and security in the PA

Since digital transformation is one of the pillars of EU policy in recent years, the PNRR also dedicates great importance to it, allocating about 40 billion euros for the digital issue enclosed in the first mission, to which are added the digitalization initiatives present in the other six missions, for a total of 48 billion in total resources. With this figure, Italy is allocating **37%** of all European resources dedicated to digital transformation as part of the Next Generation EU, positioning itself as a leader in this area. Other European countries, such as Spain, Germany and France, are investing much less (European Commission, 2022). Until the first months of 2023, Italy effectively managed this considerable availability, making it the most advanced country in Europe in implementing the initiatives envisaged in the PNRR for digital transformation. In the context of the first payment request, Italy achieved 51 milestones and targets. Some of these concerned measures in the digital sector, such as: the "Cloud first and interoperability" reform, including the new Cloud strategy and legislative changes introducing incentives and obligations for the adoption of the cloud by public administrations.

Mission 1 Component 1 (M1C1) of the National Recovery and Resilience Plan is dedicated to digitalization, innovation and security in the PA. Of the more than 6 billion made available, about 2 are intended for local PAs.

The Digital Economy and Society Index (DESI) is an indicator developed by the European Commission in 2014 that measures the progress made by Member States in the digital sector. The European Commission's report on this index in 2022 highlights some initial positive signs: Italy has gained 2 positions in the European digitalization ranking, although it maintains an overall positioning at the bottom of the ranking. It currently ranks 18th out of 27 Member States, with significant gaps compared to other countries, especially in digital skills and digital public services. The country is finally starting to implement a "Government as a Platform" model for the development and delivery of digital public services, in which the PA acts as a platform for innovation (European Commission, 2023).

	Italy	EU
	rank	score
DESI 2022	18	49.3
		52.3

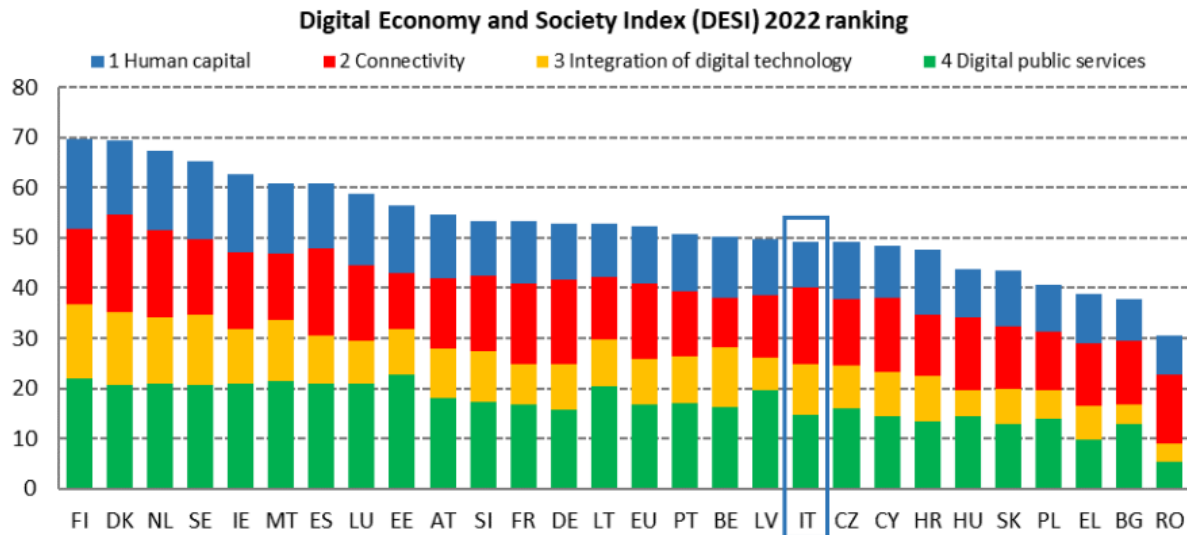


Figure 1: Digital Economy and Society Index (DESI), Ranking 2022. Source: DESI 2022 - Italy

Digital issues have gained political attention in recent years, in particular thanks to the establishment of a Ministry for Technological Innovation and Digital Transition, the adoption of various key strategies and the launch of many policy measures. That said, the digital transformation still suffers from several shortcomings that need to be remedied. As can be seen from the EC report, by giving continuity to the initiatives undertaken and exploiting the many strengths that the country has, Italy could further improve its performance in the context of DESI. The National Recovery and Resilience Plan, which is the largest in Europe, gives it the funds it needs to accelerate its digital transformation.

One of the four indicators of the DESI focuses precisely on the digitalization of the PA and is called "Digital Public Services". If we take into account this indicator alone, it is evident that only 40% of Italian internet users use digital public services, a figure well below the EU average of 65%. Italy performs better than the EU in open data policies, achieving a score of 92%, but still below the EU average in terms of the availability of pre-filled forms, which present users with data already known to public administrations. If we look at the scores that measure the provision of digital public services, Italy is very close to the EU average in terms of services for businesses (with a score of 79 compared to an EU average of 82). The gap with the EU average is slightly higher in relation to the provision of digital public services for citizens (67 in Italy compared to 75 in the EU).

4 Digital public services

4 Digital public services ¹⁷	Italy		EU	
	rank	score	score	
DESI 2022	19	58.5	67.3	

	DESI 2020	Italy DESI 2021	DESI 2022	EU DESI 2022
4a1 e-Government users	30%	36%	40%	65%
% internet users	2019	2020	2021	2021
4a2 Pre-filled forms	NA	NA	48	64
Score (0 to 100)			2021	2021
4a3 Digital public services for citizens	NA	NA	67	75
Score (0 to 100)			2021	2021
4a4 Digital public services for businesses	NA	NA	79	82
Score (0 to 100)			2021	2021
4a5 Open data	NA	NA	92%	81%
% maximum score			2021	2021

Figure 2: Digital public services. Source: DESI 2022 - Italy

The implementation of the National Recovery and Resilience Plan (PNRR) sees the Public Administration (PA) in a role of primary importance, with at least 60% of the resources allocated to public bodies and all the resources managed and reported by the PA itself. The objectives for the digital transformation of the public apparatus are ambitious: 13 significant milestones and 27 goals to be achieved are envisaged, with particular attention paid to the procurement process, which provides for the complete digitalization of all phases of the life cycle of public contracts. In addition, important objectives have been set to speed up the time of awarding public tenders, implementation and payments. Local public administrations, which include Regions, Provinces, Municipalities, Metropolitan Cities, Local Health Authorities and hospitals, will be responsible for managing more than €66 billion within the National Recovery and Resilience Plan (PNRR). In addition, many of the complementary resources will be directly administered by the Regions and Autonomous Provinces. It is essential to provide ongoing support and work closely with these local authorities to facilitate and facilitate the effective implementation of their respective interventions under the RRP. Yet, the results shown above do not reflect this boost to digitalization that the PNRR was supposed to give to public administrations. The reasons for all this are many and varied. First of all, the average age of employees in the public administration is very high, in fact around 50 years old according to recent Aran and Censis reports. This does not allow the technology to permeate easily. In addition, the infrastructures are not adequate to support many of the digital services: differences in connection speed and a very wary approach to technology mean that investments and the adoption of digital innovations and services always remain in the background.

The objective of Mission 1 of the PNRR is to relaunch the competitiveness and productivity of the country system, through the dissemination and absorption of the opportunities offered by the "digital revolution" for citizens, public administration and businesses. Specifically, interventions on the issues of digitalization, innovation, competitiveness, culture and tourism are identified. Undoubtedly, the PNRR in general and mission 1 in particular, sanction a great

opportunity for the production system and more generally for the country system. However, some studies, as well as some empirical evidence, show that the PNRR is the result of a hasty decision-making process, which leaves some relevant aspects typical of planning in the shade. What emerges is that the PNRR identifies the problems of our production system but seems lacking in the explicitness of a long-term strategic horizon and above all in the search for operational solutions. In other words, the document is well built on strategy, a little less in terms of possible paths to solve problems.

Analysis of the situation in the Abruzzo region

On the basis of the considerations set out above, it is interesting and equally useful to contextualize the progress of the work of mission 1 component 1 in the Abruzzo area.

All the data that will be presented is derived from extractions of ReGis data. The date of data extraction and update is 25/07/2024. The datasets used for the analysis of the information were found on the ItaliaDomani platform. These datasets, called "Universe", refer to all projects on ReGis at the date of extraction, regardless of whether or not they have undergone the validation process. They therefore contain data on:

- a project that has never been validated and therefore not present in the validated dataset;
- a validated project with information equal to that reported in the validated dataset if the information on ReGis has never been updated after the validation date;
- a validated project but with new or more recent info than the validated dataset if there have been new updates on ReGis but then it has not been revalidated (dataBeneComune, 2024).

In this regard, it is useful to remember what validation is: it allows you to periodically consolidate the set of information relating to the physical, procedural and financial progress of the Measures and the projects related to them on the ReGis platform, allowing, among other things, the creation of the related official reports (State General Accounting Office, 2022).

There are 1789 projects of mission 1 component 1 located in Abruzzo and present on ReGis, according to the latest update of 25/07/2024. A first analysis can be made with reference to the provincial subdivision of the total of them. Based on figure 3, it can be seen that Chieti is the province with the highest number of projects, 37%, followed by L'Aquila, which has 541, equal to about 30%. The provinces of Pescara and Teramo account for 16% of the projects each, distancing themselves by only 8 units. There are 9 projects common to all four provinces of Abruzzo.

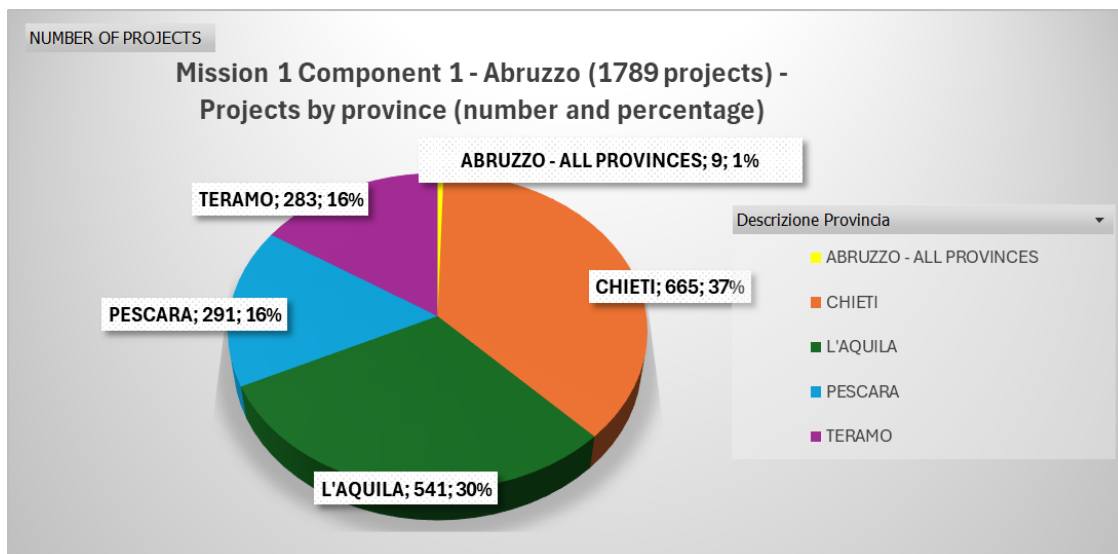


Figure 3: Projects by province - Mission 1 Component 1. Source: ReGiS

To give depth to the analysis, it is useful to consider how the projects of mission 1 component 1 are divided on the basis of the 12 sub-measures, i.e. the thematic areas of investment that define the projects themselves. There are three most represented areas, which account for about 22% of the total each. They are, in order of number: "Citizen experience - Improvement of the quality and usability of digital public services", "Strengthening the adoption of the services of the PagoPA platform and the IO application" and "Cloud enablement for local PAs". Each of them sees approximately 400 projects included on the ReGiS platform. Next, a good chunk of the total concerns the "Strengthening the adoption of national digital identity platforms (SPID CIE) and the National Registry Office (ANPR)", with 18%, and the "Digitalization of public notices", with 12.5%. The following two figures represent the data presented above, and concern the regional situation as a whole. Even considering the individual provinces, each of them comes very close to the distribution described for the region.

Submeasures	Number of projects	Percentage of total
Cloud enablement for local PAs	383	21,41%
Technical assistance at central and local level	1	0,06%
Cybersecurity	3	0,17%
Digitalization of public notices	224	12,52%
Citizens' experience - Improving the quality and usability of digital public services	406	22,69%
Digital infrastructures	8	0,45%
Mobility as a service for Italy	1	0,06%
National Digital Data Platform	11	0,61%
Strengthening the adoption of the services of the PagoPA platform and the IO application	397	22,19%
Strengthening the adoption of national digital identity platforms (SPID CIE) and the National Registry Office (ANPR)	321	17,94%
Digital Facilitation Services Network	1	0,06%
Digital Civil Service	33	1,84%
(vuoto)		
Grand total	1789	100%

Figure 4: Breakdown of sub-measures Mission 1 Component 1. Source: ReGiS

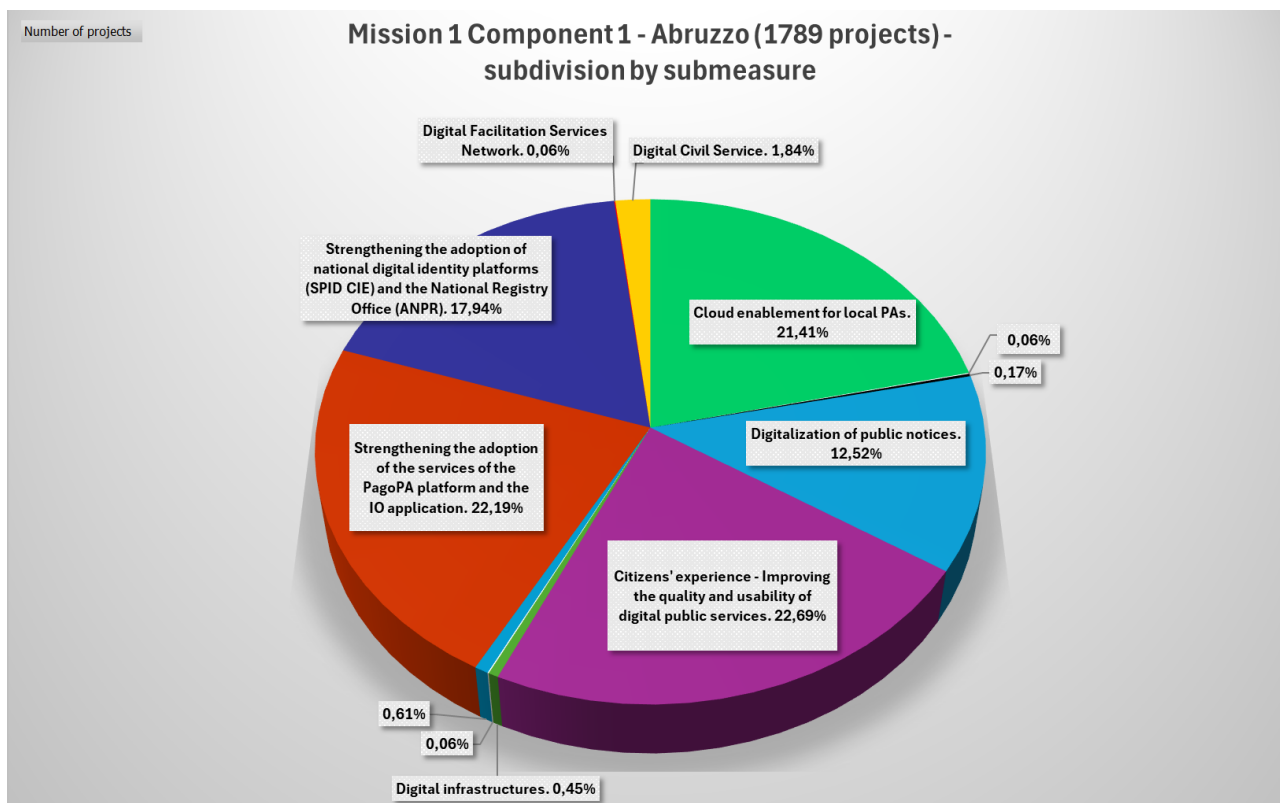


Figure 5: Breakdown of submeasures Mission 1 Component 1 - Pie chart. Source: ReGiS

In the end, it is appropriate to analyze the amounts through which the 1789 projects located in Abruzzo plan to be financed. Based on the data extracted from ReGiS, it should be noted that the amounts below represent PNRR funding, which, even taken alone, coincide with the respective amounts of total funding, including all sources, public and private. The total amount of funding for the Abruzzo projects registered with ReGiS amounts to € 94,087,327.80, as shown in figure 6. The sub-measure to which the largest number of projects are associated, i.e. "Citizen experience - Improvement of the quality and usability of digital public services", is the one for which the largest funding is envisaged, equal to 27.6% of the total. Also striking is the expenditure for "Technical assistance at central and local level", a submeasure that, despite having associated only 1 project, of a regional nature and therefore including all the provinces, provides for funding of 11.5 million euros. For the sub-measure "Cloud enablement for local PAs", which has 383 projects, the funding is about 20 million euros, 21.6% of the total. The largest discrepancy between the number of projects and the planned funding compared to the total concerns the sub-measure "Strengthening the adoption of national digital identity platforms (SPID CIE) and the National Registry (ANPR)", for which, despite the fact that there are 321 registered projects (17.94% of the total), the amount of funding stops at 4.8% of the total. A similar situation arises for the "Strengthening the adoption of the services of the PagoPA platform and the IO application", which provides for 397 registered projects (22.19%) and funding of almost €8 million, 8.4% of the total.

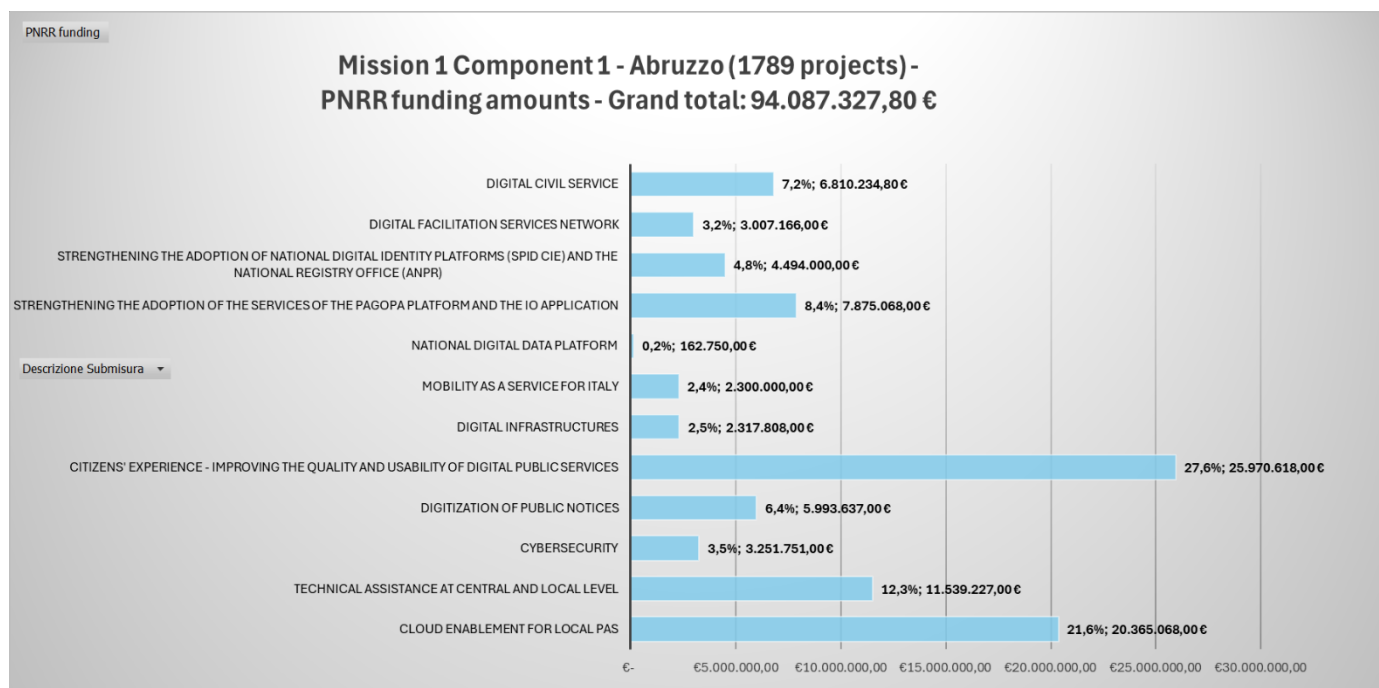


Figure 6: PNRR funding amounts - Mission 1 component 1 submeasures. Source: ReGiS

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Annex 1 – The transformation of public employees from bureaucrats to project managers: The case of Italian RUP

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P&F Technology

According to the principles of subsidiarity, outlined in Article 5(3) of the Treaty on European Union (TEU), and proximity (Article 10 of the same Treaty), the European Union aims to create a multi-level governance system where authority is distributed not only vertically across administrative levels but also horizontally among various sectors of interest and spheres of influence, including non-governmental actors, markets, and civil society (Stephenson, 2013). For this reason, local authorities become the focal point of this structure, as the primary objective is to bring Europe closer to its citizens. Local authority employees now play a crucial role in implementing EU structural funds, especially in the execution of the Next Generation EU (Panasci, 2024). This article examines the role of public employees in Italy, starting from the 1970s and 1980s when they were mere custodians of legality (Varsori, 2024). At that time, the state apparatus functioned solely as the guardian of bureaucratic processes. These processes were not seen as opportunities to develop new procedures or increase efficiency but as mechanisms for managing public affairs.

The central focus was on managing bureaucracy in an ontological sense: processes had to be rigid because they were newly established and not yet consolidated within the state (Mirabelli and Russo, 2024). This approach gradually evolved alongside the construction of the European Community and the development of cooperation and grant systems (Dall'Erba and Fang, 2017). Over the years, with increased EU integration and complexity, European objectives and targets became more sophisticated. Consequently, expenditures became increasingly targeted, with first- and second-level controls, which in Italy are conducted in two separate steps, requiring substantial administrative complexity (Senatore, Pantano, & De Pietro, 2016).

Assuming that complex problems require complex solutions, EU programs have become increasingly sophisticated, complicating rather than facilitating the disbursement of grants and project implementation (Cappetta, 2014). Furthermore, the Italian system has implemented all regulations in the most restrictive manner, maintaining stringent implementation conditions even when regulations were relaxed (Amici et al., 2016). During their initial programming phases, European states established essential training programs for managing EU funds and projects. However, in many cases, these capacity-building and training programs were unsuccessful (Hurt, 2010). The reasons are twofold: first, a lack of specialized trainers, and second, trained individuals were often recruited by the private sector after undergoing expensive public training programs. Finally, as programming progressed, roles were often assigned to underqualified individuals due to the difficulty of specifically evaluating their skills (since the field was still new).

Technical assistance became a hunting ground for consulting multinationals, which internally structured their expertise, often monopolizing the market. Professionals remained within clusters, comprising small companies or independent practitioners who performed tasks variably well depending on the project manager's skills within the entity: greater coordination

skills resulted in better employee performance regardless of the assignment's scope. This situation highlights the importance of implementing real evaluation mechanisms for consultants through expert evaluators and efficient evaluation processes. The recruitment and management of consultants are partially addressed in the definition of the new RUP figure, which becomes central to establishing new management methods.

Over the years, a base of external professionalism has also developed within the system. This includes both public administration officials who have had to manage related programs and projects and private professionals often specializing in specific European programs and tasks.

In this context, a decisive change occurred in the role of the RUP (Responsabile Unico Procedimento) in public procurement, transforming it into a project manager under Legislative Decree 36/2023, which revolutionized the structure of public procurement in Italy (Guida, 2023). The procurement code redefined the RUP's profile, transforming it from a mere manager of formal processes to a strategic manager with innovative competencies and responsibilities. This analysis assumes that organizational and administrative deficiencies underlie many unresolved challenges, often necessitating external, supra-national constraints (as in the case of the PNRR) (Butera, 2023). Therefore, developing this new figure within public administration is significant, indicating a structural change in how projects are implemented in Italy. The main issue with Italy's absorption of EU funds has always been a strong focus on objectives (often declared with much fanfare), occasional attention to outcome evaluation, rare consideration of implementation, and even less focus on designing alternative tools.

The decree expands the possibility of identifying the RUP, allowing even temporary external personnel to perform this role. It enables the new figure to act as a true project manager. This marks a monumental transformation within public administration concerning procurement procedures and, consequently, the absorption of resources by accelerating spending and project implementation processes. All this was achieved by changing a single word in the function's definition: from "sole procedure manager" to "sole project manager." Any private operator who has worked with public administration knows the mantra of public employees over the past thirty years: rules must be followed; no dialogue is allowed before the conclusion of the procurement process; ensuring project completion is not my responsibility; my duty is to guarantee procedural compliance. Above all: "It is not my job to solve this problem; if a mistake is made, everything stops." Ultimately, it did not seem to be the official's or RUP's task to ensure the process led to project completion. The focus was solely on ensuring that procedures were as "compliant" as possible. This attitude has been aptly defined as "defensive bureaucracy," representing a mode of adhering to processes to avoid administrative problems and sanctions by introducing redundancies to the process, thereby complicating it solely to minimize risk. This approach neglected the impact: the project's ability to improve the lives of beneficiaries and end-users (e.g., a local municipality as a beneficiary and its citizens as end-users).

This situation arose primarily because there was no real incentive to perform well or at least no disincentive to perform poorly. In pursuing procedural perfection, situations dragged on for years, seeking formal perfection that ultimately led to completing outdated works or obsolete

installations, often sidelining user needs and beneficiaries' requirements. This process also had collateral effects, leading to unorthodox practices to accelerate works in some cases and slow them down to create conditions for corruption in others.

The problem became particularly significant after the COVID-19 pandemic and the launch of the PNRR. The volume of resources involved, coupled with tight deadlines, necessitated radical reform. Evidence of this is that public works in Italy could only be effectively and efficiently completed through commissioners and bypassing procedures. A prime example is the process related to the reconstruction of the Morandi Bridge in Genoa (Amici et al., 2019). With the PNRR providing additional resources approximately four times the size of the usual seven-year EU programming, the issue of absorption and project management could no longer be postponed.

Decree-Law 50 of 2016 required the RUP's appointment through an explicit act by the "responsible person of the organizational unit," namely, the head of the organizational unit, who was also considered responsible for the specific procedure until the RUP's appointment. The same responsible person could also predetermine (through a general act) the various RUPs by dividing responsibilities into categories or types of procedures. For instance, a functionary with specific competencies could be designated as the RUP for a series of well-defined procedures. With the new Decree 36/2023, it is clarified that the appointment must be made in the interest of the contracting authority or other administrations. This aligns needs and ensures direct transmission within the working group. The contracting authority, by awarding procurement contracts, will have an interest in selecting the best element to complete the procurement effectively. Similarly, the granting entity, in awarding concession contracts, will face the same situation as the contracting authority.

The new RUP role introduces other significant innovations, starting with the possibility of appointing individuals not permanently employed. In practice, it will be possible to recruit the best professionals from the labor market. Additionally, the RUP can be equipped with a dedicated team to address specific professional gaps using external resources. This approach allows for the creation of specialized work teams to solve problems. The RUP becomes a true project manager responsible for completing tasks and resolving emerging issues. Consequently, as a project manager aware of all aspects of the procurement and project, it is unsurprising that Article 51, paragraph 1, allows the RUP to participate in the evaluation commission and even preside over it for below-threshold contracts. Previously, this was considered impossible, as the RUP was expected to guarantee the procedure without interfering or expressing substantive evaluations.

A controversial aspect arises from Article 2, paragraph 3, which explains that in the absence of professionals with adequate technical qualifications (where adequate training now refers not only to technical aspects but also, and especially, to project management standards and international and national regulations), an employee without the required qualifications can be appointed. This issue can be analyzed from two perspectives, two sides of the same coin. On the one hand, this provision appears to be a necessary surrogate power in the absence of adequate personnel, ensuring that procedures cannot be blocked due to a lack of qualified staff.

On the other hand, there is a risk of assigning procedures to unqualified personnel. However, the legislator likely deemed it better to risk mistakes than inaction, marking a shift from the long-standing criticisms of public administration's inertia in advancing projects and absorbing resources. Additionally, the decree allows for appointing a manager for each phase—planning, design, execution, and awarding—to avoid overburdening the RUP. The RUP would have the responsibilities typical of a project manager, such as organizing, coordinating, supervising, directing, and controlling activities to ensure compliance with laws. The new code specifies that the sole project manager is responsible for the entire public intervention rather than one or more procedures. As the individual responsible for the entire intervention, the RUP bears personal accountability, unlike the past practice where responsibility was distributed across the entire office, which served as a container for many responsibilities and viewpoints.

A final but crucial consideration is the significant role of digital transformation in the process, as highlighted in Article 43, “Methods and tools for digital information management in construction,” and Annex I9. The digital transformation theme and the adoption of the CAD (Digital Administration Code) are becoming central to spending processes. The requirement that even small purchases pass through electronic procurement portals necessitates their proper functioning and technical reliability. Emerging technologies drive the entire sector to adopt working methods encompassed in Building Information Modeling (BIM). The reform also requires the RUP to “ensure the continuity and accuracy of information flows to national databases” while using highly specific tools. This new situation disadvantages older public employees accustomed to analog workflows and still affected by the digital divide. In this sense, the reform favors younger personnel or those more competent and skilled in using IT and digital tools.

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Annex 2 - Administrative capacity and performance of EU fund management systems

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Abstract

This study investigates the management complexities of European structural funds with a focus on implementation challenges and delays. The assessed key points are:

1. Intricate budgeting and reporting processes,
2. Political influences on fund management,
3. Effectiveness of spending on development projects.

The analysis also considers the impact of the Recovery and Resilience National Plans under the Next Generation EU initiative that overload the “spending pipeline” and create a new problem to the governance of funds. By examining both financial and political aspects, the study aims to identify weaknesses in fund management that hinder timely and effective use of allocated resources. The time range of the analysis is about Italian use of Esi Funds in three timing: 2009-2013, immediately after the signature of Lisbona treaty, 2014-2020 the iconic period for the new rules; 2021-2024 with the novelty of next generation EU, RRF “Resilient and recovery facilities” the so called PNRR in Italy.

Research question

What are the weaknesses in the management and implementation mechanisms of European structural funds that lead to delays and inefficiencies in spending, and how do financial and political factors influence these issues?

European funds

This study aims to analyze the complexity that surrounds the management of European funds. Notably, the focus will be on structural funds and their use by the public administrations from 2009 to 2024. There is a lot of perplexity when speaking of structural funds, mainly because the underlying mechanism is articulated and increasingly complex, with many actors involved at many levels. However, this is undoubtedly an issue since a study made in 2022 showed that almost all programmes fail to meet the initial deadline and need an extension period to be able to spend the funds initially planned. In this regard, about 45% of EU funds allocated are not used by the initial deadline, and a tenth of the programmes do not use more than 10% (Blanco-Alcántara et al., 2024). Understanding this issue is crucial, especially considering the vast amount of projects that public administrations have to do thanks to the recently implemented Recovery and Resilience National Plans, which are expected to increase the European Union’s gross domestic product (GDP) by approximately 0.85% in 2026 (Barbero et al., 2022). The Next Generation EU, from which the National Plans are generated, was a fundamental stage in the process of access to funding and resources made available by the European Union, with which the EU, in July 2020, provided a response and a tool to address the crisis generated by

the pandemic (Bachtler et al., 2024). All in all, Next Generation EU allocates €750 billion in funds, of which €360 billion is allocated as loans and €390 billion as grants. These funds are distributed among EU member states based on a mix of loans and grants, depending on each country's specific needs and capacity to absorb the financing (Oehler-Şincai, 2023). EU funds are one of the main wheels of regional development in a region. The ability of a region to adapt to the demands of competition depends on its development and the prosperity of its inhabitants. Quality ideas translated into quality projects are a prerequisite for the absorption of EU funds for the purpose of sustainable regional development.

Therefore, this analysis focuses explicitly on the implementation phase, trying to understand which weaknesses of the mechanism generate this incapability of spending according to the planned deadlines. For this reason, the critical point of the study is the budget: how is it drafted? Do the expenditure voices facilitate the correct implementation of the projects? Does the reporting of these voices allow the smooth execution of the activities?

Timeline of turning points that influenced the EU funds Governance

Conducting this kind of analysis would be impossible without considering the political sphere. Indeed, reporting has often been managed so that the political apparatus can reasonably claim to have ensured that the funds were used (Domorenok, 2021). Often spending resources has been the only goal to achieve, rather than considering the impact that spending should produce in improving the lives of beneficiaries.

Right below some of the most important events that influenced the EU Governance in the considered period:

- 2007: Signing of the Treaty of Lisbon amending the Maastricht Treaty and the Rome Treaty: foundation of European Community. Moreover, this year is also important for the enlargement of the EU to also Romania and Bulgaria, adding the last two biggest post-communist countries to the Union;
- 2009: Entry into force of the treaty of Lisbon: for the first time it clarifies the powers of the Union. It distinguishes between exclusive competence, where the EU alone can legislate, and MSs only implement, shared competence, where the MSs can legislate and adopt legally binding measures if the Union has not done so; and supporting competence, where the EU adopts measures to support MSs' policies;
- 2010 – 2012: EUROZONE CRISIS: The EU faced significant economic challenges during this period, especially in the Eurozone. Measures were taken to stabilize economies, including financial assistance programs for some countries, which led to the Creation of the European Stability Mechanism (ESM);
- 2015: MIGRATION AND REFUGEE CRISIS: The EU grappled with an influx of migrants and refugees and burden-sharing among member states. The second important turning point of this year was the set of Sustainable development goals under the AGENDA 2030;
- 2019: BREXIT: The United Kingdom voted to leave the EU in a historic referendum. Negotiations on the withdrawal agreement and future relationship continued until the

UK officially left the EU in January 2020. This led to a deep crisis of governance within the EU;

- 2020: COVID-19 PANDEMIC: The pandemic crisis drive the eu to the most relevant crisis since Eu fundation but on the other side the eu response was prompted coordinated, including the creation of the Recovery and Resilience Facility (RRF) to support economic recovery and resilience.

These events collectively shaped the governance of the EU, particularly in terms of funds management, by influencing the allocation, priorities, and mechanisms of financial governance. Firstly, the enlargement to post-communist countries, less developed, increased disparities within the Union. This necessitated a reallocation of structural and cohesion funds to support their integration and development (Summa, 2008). Ultimately, cohesion funds have precisely that purpose: to increase cohesion between the various regions of Europe by balancing inequalities and accelerating the growth of less developed regions. The growth of less developed areas naturally leads to a significant increase in GDP, which in turn ensures growth and benefits for the entire community of European countries.

Moreover, the need to address the socio-economic gaps between older and newer member states highlighted the importance of transparency and accountability in funds distribution.

The Lisbon Treaty clarified the EU's competences, providing a legal basis for a more structured approach to funds management:

- Exclusive competence ensured that funds related to areas like competition policy and monetary union were centrally managed;
- Shared competence allowed for collaborative funds management between the EU and member states in areas like regional development and social policy;
- Supporting competence enabled the EU to complement national efforts, particularly in research, education, and public health;

This distinction enhanced efficiency and accountability in how funds were allocated and used, reducing overlaps and conflicts. Right after that, the crisis exposed weaknesses in the EU's financial architecture, prompting the creation of the European Stability Mechanism (ESM), a permanent fund to provide financial assistance to Eurozone countries in distress. The crisis shifted funds management priorities toward stabilization, focusing on financial stability, economic recovery, and structural reforms in struggling member states. Conditionality became a key feature of EU financial assistance, linking funding to economic reforms (Blauberger and Van Hüllen, 2021).

The migration crisis led to the reallocation of significant EU funds toward managing migration, including the establishment of the Asylum, Migration, and Integration Fund (AMIF) and emergency assistance programs. Here, too, anomalous situations had to be noted. Countries bordering areas outside the Union have had to face real emergencies by initially relying only partially on European funds; MSs often underestimated the need for expenditure and the economic and social consequences of policies dropped from above and not shared at EU level, especially in terms of financing the activities and projects to be implemented.

Disputes over burden-sharing highlighted governance challenges, with funds being used to incentivize cooperation and support frontline states like Greece and Italy.

Moreover, the adoption of the Sustainable Development Goals (SDGs) under Agenda 2030 influenced the EU's funding priorities, emphasizing sustainability, social inclusion, and global partnerships in its financial frameworks. The UK's departure created a budgetary gap, as it was a significant net contributor to the EU budget. This necessitated adjustments in the Multiannual Financial Framework (MFF). It also prompted a reevaluation of funding priorities, focusing on policies that could strengthen EU unity and resilience.

Last but not least, COVID Pandemic influenced in a huge way the Governance of the EU, and additional resources from NEXTGenerationEU were added to the 2014-2020 programmes in 2021. The announcement by the World Health Organization of the name "COVID-19" for the new disease that has been killing people globally since late 2019 marked the beginning of an unprecedented challenge for international public health. Since March 2020, the spread of the virus has affected all Member States of the European Union, severely testing the EU's response and coordination capacities. The transformation of the epidemic into a pandemic has upset the global balance, requiring urgent and concerted action on a global scale. In response to this crisis, the European Union has had to redefine its role as a supranational body, adapting its strategies to address emerging challenges. This has led to a rethinking of the EU's health, social and economic policies, as well as a strengthening of international cooperation to counter the devastating effects of the pandemic.

Faced with this dramatic picture, the proposal put forward by the Commission has developed on two main fronts: strengthening the European Union budget for the period 2021-2027 with a Multiannual Financial Framework (MFF) of 1.1 trillion euros and creating a new recovery instrument called Next Generation EU, with an economic fund of 750 billion euros.

The revolutionary scope of this proposal is evident not only in the considerable amount of financial resources, which bring the total budget of the European Union to 1.85 trillion euros, but also in the financing methods proposed. The executive has suggested allocating 500 billion euros in the form of grants and 250 billion euros as loans, financed through bonds issued by the European Commission. Its adoption was a milestone in the process of accessing the funding and resources made available by the European Union through Next Generation EU, with which the EU, in July 2020, provided a response and a tool to address the crisis generated by the pandemic. Overall, Next Generation EU allocates €750 billion in funds, of which €360 billion are earmarked in the form of loans and €390 billion are allocated as grants. These funds are distributed among EU Member States based on a mix of loans and grants, depending on the specific needs of each country and its capacity to absorb the funding.

As for Italy, which is one of the main beneficiaries of Next Generation EU, it will receive a total of approximately €191.5 billion in the form of grants and loans from Next Generation EU. This sum is intended to support the implementation of the National Recovery and Resilience Plan (PNRR) and address a series of socioeconomic challenges, including those related to the green transition, digitalization, economic resilience and social cohesion.

Those new EU resources are significant, and this new framework introduces a new variable in terms of EU Funds management system performance. Indeed, Next Generation EU adds complexity to the structure, and it may cause confusion. This is not only because the funds and spending mechanisms may seem similar while they are not, but also and above all because standard processes and competences in spending do not fit here. It would therefore be natural, given that the funding comes from the same institution with similar mechanisms, to reason as if it were the same. However, this is a fund that has some important innovations that we will only mention here: first of all, it does not land on the regions, but passes through the central state directly on to local authorities and beneficiaries in general. Secondly, it allocates a lot more money but its application is tied because they must be spent by 2026.

Along with the realization of the expenditure, there is also the question of the effectiveness of the spending itself, especially given the challenges of ensuring that funds are not only disbursed but also achieve their intended objectives. Indeed, EU spending is structured to align with long-term strategic objectives, such as the Green Deal, digital transformation, social cohesion, and sustainability (e.g., Agenda 2030 SDGs). Over the years, the EU has developed frameworks and mechanisms to address this concern, driven by the need for transparency, accountability, and impact assessment. As in an engine, indeed, the expense represents the part that produces energy, which must then be transmitted (via the transmission chain) to the wheels. As in the engine, which runs idle in the absence of transmission, to be effective, spending must land on projects that allow development and improvement of the living conditions of the beneficiaries. The EU increasingly adopts a performance-based approach to budgeting, focusing on outcomes rather than input. This approach links funding to measurable indicators, such as employment rates, regional development progress, or emissions reductions, ensuring that resources are tied to results.

An analysis of the expenditure shows that each programme starts its performance two years after the beginning of the seven-year period. This lag is mainly due to the fact that the absorption for the previous seven-year period is consistently delayed and is therefore reported two years after the closure of the programme. To this must be added a situation that often occurs: expenditure commitments do not coincide at all with the expenditure itself (Fiestas, 2024). A spending commitment is a moment in which a public administration formalises a commitment to its supplier, committing itself precisely to spend that money to do that particular thing. The spending commitment constitutes a legal obligation and ensures that that particular work is done, that particular service provided. There is, however, the condition that expenditure commitments are made to so-called 'in-house' entities, i.e. entities that are governed by private law, but whose ownership is 100% held by the public administration that finances them. For this reason, they are to all intents and purposes the instruments for the implementation of policies. This mechanism, avoids the extinction of the fund, but lengthens the timeframe of projects; in the past, this mechanism has given rise to considerable distortions with the result of abnormally lengthening the timeframe of projects that also risked being obsolete, especially in services, but also in infrastructure, by the time of implementation. This shift in expenditure, which for technical reasons occurs punctually, should and could easily be avoided with a few small tricks during programming, for example by foreseeing a much lower consumption of

resources in the first two years and build a mechanism to include new actors in the presentation of new projects.

Conclusion

Ultimately, the sector's key aspect is governance. In order to ensure a smooth transition from the 2014-2020 financial programming period to the 2021-2027 one, as well as ensuring a continuity of funding from the European Union budget, the intention is to maintain the management and control system of the European funds related to cohesion policy from the 2014-2020 programming period. At the same time, it is envisaged to improve and simplify certain aspects in order to support the beneficiaries of this policy, so as to ensure the premises for an efficient and effective use of European funds. Another crucial aspect is the delay in implementing projects under the EU's Multiannual Financial Framework (MFF), particularly when transitioning from one programming period to the next. This delay creates significant challenges, such as resource overlaps, reduced efficiency, and slower realization of intended outcomes. The overlap between the 2014–2020 programming period and the 2021–2027 period is a clear example of this phenomenon. This is because the EU budget and operational programs are often adopted late due to lengthy negotiations among member states. For example, the 2014–2020 MFF was approved late in 2013, delaying the start of many projects, while the 2021–2027 MFF was also delayed, partly due to Brexit negotiations and the COVID-19 crisis. This late adoption causes a domino effect, where the programming and project selection processes are pushed back. Overlapping periods lead to competition for resources, including funding, personnel, and technical expertise. This, with the addition of the Next Generation EU, can result in inefficiencies and delays in both old and new projects.

To address these issues, the EU continues to streamline rules, provide technical support, and emphasize performance-based approaches to ensure funds are effectively utilized and their impact maximized. The institutional framework for the 2021-2027 programming period is based on lessons learned, decentralization of implementation and proximity to beneficiaries, in order to increase leadership in the implementation of European funds and limit the dispersion of functions in many institutions.

This study tentatively attempts to give an overview of this massive issue by using a holistic approach that is focused on both the financial and political aspects. The EU has made significant strides in improving the effectiveness of spending, but challenges remain. By emphasizing performance, conditionality, and innovation, the EU aims to ensure that its financial resources deliver maximum impact, contributing to the Union's strategic goals and addressing the diverse needs of its member states.

Although community regulations indicate that substance must prevail over form (du Gay & Lopdrup Hjorth 2024), this does not happen in most cases. The *substance over form* principle means that the actual nature and purpose of a project or activity will be evaluated by funding bodies, rather than simply relying on its formal presentation or legal structure and it helps prevent applicants from structuring projects in ways that might technically comply with funding rules but ultimately fail to achieve the intended objectives. However, the bureaucratic process makes

the EU programmes too challenging for the average public administration employee to understand. On the other hand, policymakers are forced to reach political compromises. They often face the complexity of procedures and have to deal with the urgency of politicians demanding solutions based on multi-faceted, multi-component, and highly integrated regulatory packages (Mendez & Bachtler, 2024).

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Integrative Reflections on Governance Challenges and Administrative Reforms: Insights from the Thesis and Annexes

In the research presented thus far, a close connection was identified between the reform of the RUP (implemented as part of the broader reform of the Public Procurement Code), as described in the article *“The transformation of public employees from bureaucrats to project managers: The case of Italian RUP,”* and the issue related to improving the performance of public administration as analyzed in the work *“Administrative Capacity and Performance of EU Fund Management Systems.”* This strong interconnection, which forms a genuine integration, reinforces the validity of the research project’s findings; the contributions of the annexes provide a comprehensive completion of the analysis conducted in the thesis, both from theoretical and empirical perspectives. To provide scientific evidence of this, the method of “comparative reading” was employed, which demonstrates the mutual complementation of the three sections, offering a nuanced view of the administrative, managerial, and strategic challenges associated with the implementation of the National Recovery and Resilience Plan (PNRR) in Italy and, more generally, the management of European funds.

Governance of the PNRR: A Systemic Framework

The doctoral thesis begins with an in-depth analysis of the structural issues of the National Recovery and Resilience Plan (PNRR), highlighting how administrative fragmentation, territorial heterogeneity, and the weakness of monitoring tools have hindered effective implementation. This section underscores the importance of stable and integrated governance to improve the project management capabilities of Italian public administrations, particularly regarding municipalities, the main beneficiaries of the PNRR. It is precisely a continuous, immutable, and recognizable line of governance that can provide administrators with the assurance to work within a context of legal/administrative propriety, thereby ensuring the absorption of resources. From this standpoint, there emerges a need for structural reforms that not only guarantee greater efficiency in resource management but are also capable of adapting to the challenges posed by digitalization and increasing regulatory complexity.

Contribution of the First Annex: The RUP as an Agent of Change

The analysis of the transformation of the RUP provides a fundamental contribution by focusing on the evolution of the role of the Sole Procedure Manager (RUP) in Italy, examining the transition from a bureaucratic figure to that of a strategic project manager. The reform introduced by Legislative Decree 36/2023 represents a concrete response to the inefficiencies highlighted in the thesis, as it aims to overcome the traditional approach of “defensive

bureaucracy” that has historically limited the absorption of European funds. The new RUP is no longer limited to ensuring procedural compliance but becomes responsible for the entire public intervention, assuming advanced managerial competencies and strategic capacities. This change is particularly significant in the context of the PNRR, where the need to accelerate spending and project implementation is crucial to meet the deadlines imposed by the European Union. The paper further delves into the theme of digitalization in administrative processes, emphasizing how innovative tools such as Building Information Modeling (BIM) and the Digital Administration Code (CAD) are essential for enhancing operational efficiency. However, this transition poses significant challenges for public employees less accustomed to digital technologies, sometimes simply due to age-related factors, thereby favoring the recruitment of young and qualified personnel. The reform of the RUP thus represents a fundamental step towards modernizing Italian public administration, in line with the objectives of the PNRR. In this context, modernization translates into greater absorption: faster awarding procedures, improved quality and efficiency of spending, and more effective infrastructure implementation, ultimately contributing to a more modern and citizen-friendly country.

Contribution of the Second Annex: Administrative Capacity and Management of European Funds

The second annex further expands the analytical framework by examining the systemic complexities related to the management of European structural funds. Based on the aforementioned macro themes, three main critical areas are identified: the complexity of budgeting and reporting processes, political influences on fund management, and the effectiveness of spending on development projects. These aspects closely correspond to the recurring issues discussed throughout the doctoral thesis, thereby reinforcing its empirical validity. In particular, the study highlights how the excessive regulatory rigidity adopted by Italy has often hindered the timely implementation of projects, exacerbating the difficulties already present in the system. A central element of the study is the impact of administrative capacity on the overall performance of the system: the lack of adequately trained personnel and the difficulty in retaining qualified professionals represent significant obstacles to effective management. Moreover, political influences frequently distort project priorities, compromising the efficiency of public spending. In this respect, a situation arises in which even a well-intentioned administrator, regardless of their professional competence, is exposed to the risk of administrative sanctions simply for favouring substance over form. The paper proposes innovative solutions such as the adoption of advanced digital tools and flexible organizational models to enhance the managerial capacity of public administrations. These suggestions integrate with the analysis of the RUP presented in the first annex, outlining a coherent strategy to address administrative challenges in a systemic manner.

Conclusion

In conclusion, the integration between the thesis contributions and the two annexes allows for the construction of a systemic framework that comprehensively addresses the issues related to the governance of the PNRR and the management of European funds. The thesis provides the theoretical and empirical context to understand the structural weaknesses of the Italian system, while the two annexes offer practical and innovative solutions to overcome them. The evolution of the RUP role represents a concrete example of administrative reform oriented toward efficiency and modernization, whereas the study on managerial capacity underscores the need for broader structural interventions where the reform of the RUP is an important element, yet insufficient on its own to achieve the targets of resource absorption and spending efficiency. Together, these contributions demonstrate how an integrated approach can significantly improve the governance of public funds in Italy, thereby contributing not only to the success of the PNRR and the achievement of the European objectives of economic and social cohesion, but also to the establishment of a more effective expenditure process applicable at every administrative level. The combination of theoretical analysis and operational proposals enables not only an understanding of the current challenges but also the delineation of effective strategies to address them, ensuring the optimal use of available resources.