2016

GROWTH STRATEGY

ITALY

A. Economic Context and Objective

Notwithstanding the deterioration of the economic conjuncture at global level, after three years of recession, in 2015 Italy's GDP increased by 0.8 per cent setting the stage for a further acceleration. The Italian economy has started to benefit from the comprehensive policy approach adopted by this Government, which is based on three main pillars: (a) the simultaneous implementation of structural reforms, according to an ambitious and detailed timetable stretching over three years; (b) measures to foster public and private investment and facilitate its financing; and (c) a growth- and employment-friendly fiscal policy. In 2016, real GDP is expected to grow by 1.2 per cent (2.2 in nominal terms) , in both the baseline and policy scenario. For the period 2017-2019, the Government's fiscal and structural strategy (policy scenario) is expected to accelerate the GDP growth rate, with an increase of real GDP by 1.4 per cent in 2017, 1.5 per cent in 2018 and 1.4 in 2019, partly due to a fiscal policy that is still rigorous, but more focused on promoting economic activity and employment.

In the medium term, the economy will greatly benefit from structural reforms implementation; however, official projections followed a prudent approach in estimating the impact of reforms on GDP growth.

The internal demand, driven by private consumption, has regained momentum at a faster rate than expected, thus playing a decisive role in Italy's recovery in 2015. Also investment has shown positive signals of recovery. To the opposite, the contribution of the external demand has weakened due to a less favourable European and international environment.

Recent performance of consumer confidence indicators appears consistent with an overall positive trend, characterized by a stronger components of durable goods. Gross fixed investment is also expected to pick up in 2016, not only in transportation, but also in the more quantitatively relevant components of construction, machinery, equipment and products developed from intellectual property.

The expansionary measures implemented by the ECB, alongside with the Government's policy actions, have contributed to loosen credit-supply constraints and will improve private sector access to credit, fostering consumption and investment growth. A gradual surge in consumer prices is also anticipated. The inflation rate is expected to moderately increase in the second semester of 2016 thanks to the foreseen rise in the level of prices of energy commodities and the positive effects generated by the increase of internal demand.

Positive signals come from the labour market too. In 2015, employment increased by 0.8 percentage points while unemployment has decreased by 6.3 per cent (rate of employment: + 0.6 p.p.; rate of unemployment: -0.8 p.p.). The new labor market legislation, complemented by fiscal support (tax incentives and social contribution reliefs), has been playing a decisive role for the labour market recovery, which is expected to strengthen further in 2016 and in the forthcoming years.

The weaker-than-expected recovery at global level, due to persistent low growth in advanced economies, a slowdown in some major emerging market economies and heightened financial market volatility, led to a lower than expected contribution of the external sector to the Italian GDP growth. The low price of oil has a dual impact: on one hand it has contributed to sustain the internal demand, but on the other hand it has negatively affected the import demand in some important destination markets determining a reduction in the pace of growth of Italy's exports since 2014. The consumption increase has lifted the demand for imports, thus bringing the net external demand into negative territory within the forecast horizon.

The economic and financial crisis brought Italy's real GDP to the early 2000s level. Investment declined sharply and labour market performance severely deteriorated, thereby entailing a decline in Italy's potential growth and an increase in public debt to GDP ratio. During the crisis, the financial sector has proven to be highly resilient, however the prolonged recession led to an accumulation of non-performing loans which constrained the capacity of the financial system to fully support the recovery. The ambitious and comprehensive Government's strategy, encompassing a broad array of structural reforms to unleash Italy's growth potential and lift actual and potential output, is precisely geared toward the reduction of these legacies of the crisis and long-standing structural weaknesses. In 2016, the Government's effort will be further enriched to consolidate the acceleration of the Italian economy, in light of the weaker international environment darkened with heightened downside risks.

B. Macroeconomic Policy Actions to Support Growth

In the last few years, the Italian Government undertook a comprehensive and balanced strategy to boost employment, sustain the recovery and ensure long-lasting growth. Such strategy included a growth-and-employment friendly fiscal policy while guaranteeing a sustainable path for public finances. After a first stage, which was aimed at strengthening the Italian competitiveness through the reduction of the tax wedge, fiscal policy for 2016 and the forthcoming years, together with structural reforms, is aimed at taking the Italian economy back on a path of sustained economic and employment growth. The review of composition of public budget is part of this pro-growth strategy.

The Government intends to avoid more restrictive fiscal policies in light of the following factors: i) concrete risks of deflation and stagnation, arising from the international context; ii) inadequate coordination of fiscal policies in the Eurozone despite weak aggregate demand; iii) negative effect of excessively restrictive fiscal policies on the public debt ratio, via slower nominal growth; iv) short-term costs of structural reforms; v) underestimation of the output gap in the methodology established at the European level.

With the 2016 Stability Law, the Government has launched a broad plan to reduce the tax burden on workers, households and businesses, including -among other measures- the abolition of taxation on main primary residential properties ("TASI" and "IMU"), the reduction of corporate income taxation (the "IRES" rate was reduced from 27.5 percent to 24 percent starting from 1st January 2017), the introduction of tax incentives for productivity bonuses, social contribution relief on newly hired permanent workers and increased – by 40 percent – tax deductible costs borne for instrumental goods. As highlighted in the new Economic and Financial Document (April 2016), the Government is committed to continue this strategy in the forthcoming months and years as a complement of the ambitious structural effort in place.

Linked with that, and given the Government's push to further accelerate the reform process, in 2016 Italy will be able to take advantage of the budgetary flexibility allowed to support comprehensive structural reform plans on the basis of the European fiscal rules. The important structural reforms that have been announced and those that are already implemented will contribute not only to increasing the Italian potential GDP, but also to achieving a structural improvement of the budget balance in the medium-term and its sustainability over time. Italy also intends to make use of the budgetary flexibility provided by the European rules for investment expenditures (so called *Investment clause*).

Accordingly, to further consolidate the recovery in a weaker-then-expected international environment, the government intends to pursue a more gradual adjustment process by achieving a structural balance of -1.2 per cent in 2016, -1.1 per cent in 2017, -0.8 per cent in 2018 and -0.2 per cent in 2019. This last level would essentially ensure the achievement of Italy's Medium-Term Objective (MTO). The net borrowing target will continue to decline, (2.3 per cent of GDP in 2016, 1.8 per cent in 2017, 0.9 per cent in 2018) and will turn to positive in 2019, with a nominal surplus of 0.1 per cent of GDP.

On the basis of the policy scenario, the primary surplus in nominal terms is due to rise gradually, reaching 3.6 per cent in 2019, while the debt-to-GDP ratio will start to fall in 2016.

The safeguard clauses that are slated to become operational in 2017 can be valued at the equivalent of approximately 0.9 per cent of GDP. As for 2017, the government confirms that the "safeguard clauses", whereby VAT rates will be hiked in January 2017, remain in place, as they can only be repealed by means of new legislation. The repeal of the 2017 safeguard clause will be conditional upon implementing deficit reduction measures. The government's intention in drafting the forthcoming Stability Law is to neutralise the clauses by implementing an overall fiscal package that includes deficit reduction measures. The budget will be finalised in the next few months, and will be designed to ensure the achievement of net borrowing equal to 1.8 per cent of GDP in 2017, through a mix of measures to revise public spending and increase fiscal compliance while reducing the margins for tax avoidance and tax evasion.

The spending review exercise, which was launched in 2014, allowed a reduction of public expenditure, from 47.4 percent of GDP in 2013 to 46.0 percent in 2016.

C. Structural Reform Priorities

In 2014, the Government launched a comprehensive and ambitious structural agenda with the aim of tackling legacies of the crisis and unleashing Italy's growth potential to achieve the ultimate goal of creating quality jobs and ensure a durable path of growth. Italy's structural agenda has been conceived as a multi-year plan embracing a broad array of measures corresponding to the priorities areas identified by the G20. Not only has the Government posed high attention to the completion of key chapters of this strategy, but it has also focused on the implementation phase in order to ensure its effectiveness and swiftness. In addition, the structural agenda and reforms embodied have been evolving over time and new policy actions have further enriched the Government's strategy, as it will be the case for 2016, which is the third year of implementation. The macroeconomic impact of the structural reforms, estimated by the Government, amounts to 2.2 per cent of GDP by 2020, and to 8.2 per cent in the long run.

One of the main areas of reforms involves the Public Administration. The **reform of Public Administration,** aimed at improving the efficiency and quality of services provided to citizens and business, has been enhanced over time. In 2014, a law decree, containing several measures in this respect, was adopted and implemented with the aim of providing for a better allocation of PA personnel and streamlining of the organisation of independent authorities. In 2015, the Government has added another piece to the reform of the PA, with even a more comprehensive and ambitious approach. An enabling law on reforming the PA was approved in August 2015 with the scope of improving competences and performances of civil servants and tackling public inefficiencies on several fronts. In this respect, the Government has approved twelve decrees concerning, among others, the digital administration code, State-Regions conference of services, the reorganisation of law-enforcement agencies and port authorities, rules governing employee dismissal, local public services, State- or local authorities- owned enterprises as well as regulation of Segnalazione Certificata di Inizio Attività (SCIA) and revision and simplification of regulation on public corruption and transparency. Altogether, once implemented, these measures will reshape the organization and functioning of the PA system by increasing efficiency and effectiveness of public action. Another key step made toward this end is represented by the approval of the **new code of public procurement**, which envisages stronger powers for the Anti-Corruption Authority and measures to improve the quality of projects, of economic operators and of the methodology for the selection of tenderers. A specific discipline for Public Private Partnerships (PPPs) is also included in the new code (see paragraph D).

These overall efforts goes in parallel with the implementation of the **Simplification Agenda** 2015-2017, on which progress so far has been high, as about 90 per cent of the deadlines set in the Agenda have been met. In 2016 and 2017, the remaining activities envisaged by the Agenda will continue, including the speeding up of proceedings of the Conference of Services and the simplification and standardisation of procedures.

To reinforce the effect of those measures aimed at reforming the organization and improving the functioning of Public Administration, the Government has recently adopted an ambitious **reform of public budget,** therefore making the legislative process more open and efficient, through the combination of the Stability Law and the Budget Law in a single document, integrating the spending-review process in the budget cycle and allowing more flexibility in budget execution, thus permitting a better use of resources for public investment and the reduction of taxation on labour, business and households.

The Government has also adopted an ambitious **taxation reform** aimed at improving the relationship between tax authorities and taxpayers (litigation and rulings), simplifying tax proceedings and promoting greater emersion of tax bases. Such measures are making the tax system fairer, simpler, more transparent and more growth- and employment-friendly. In addition, with the 2016 Stability Law several measures aimed at reducing the level of taxation have been adopted, including the elimination of the property tax on agriculture and fishery and on the main residential properties, excluding the luxury ones.

As for **privatizations**, the Government is implementing a plan concerning public companies, with the aim of reducing public debt and to open up companies to the market. In 2015, privatization proceeds have been equivalent to more than 0.4 per cent of GDP or 6.5 billion of Euros. For the next years, the privatization plan should ensure proceeds of 0.5 per cent of GDP in 2016, 2017 and 2018, and 0.3 per cent in 2019. In 2015, a share of ENEL's capital has been privatized, as well as the 34.7 per cent of Poste Italiane. The sale of 42,5% share (46,6% in case of exercise of the Greenshoe option) of ENAV has been successfully completed in July 2016. The offer has been carried out through a Public Offering and a simultaneous Institutional Placement. The overall demand for 1,814,000 Shares amounted to approximately 8 times the maximum quantity for the Global Sales. The sale of public buildings will also contribute to raise proceeds.

Another key pillar of the Government's structural effort is represented by **the reform of the judicial system**, which also represents a multi-year and dynamic effort, with the aim of improving its efficiency and equity. In the last two years, several measures (as shown in Annex 1) have been adopted with respect to both civil and penal law. In 2014 the Government introduced online phases of civil proceedings, alternative dispute resolution mechanisms and urgent measures regarding compensation for wrongful imprisonment. In 2015 the Government presented a draft law for further reforming the civil process, which was approved by one of the two Chambers of Parliament. Following the first measures adopted in 2015, in February 2016 the Government adopted a number of provisions to accelerate bankruptcy proceedings, thus allowing swifter liquidation proceedings and debt restructuring. The procedures for interim financing of insolvent businesses have been abbreviated, while arrangements with creditors now include competitive bidding.

Moreover, by the end of 2016 the reform of criminal law, now pending before Parliament will be approved, including rules on prescriptions, organized-crime and illicit wealth. Furthermore the Government aims at strengthening the prevention policy, also encouraging the responsibility of business community. In this regard a special committee has been established with the participation of the Ministry of Economy and the Ministry of Justice, that will produce a number of proposal aimed at improving current legislation.

The **reform of the labour market** – aimed at reducing labour costs, fostering efficiency, increasing opportunities for youth and creating more quality jobs – represents another building block of this Government's structural agenda, which started in December 2014 with the adoption of the so called Jobs Act, which delegated the Government to issue implementing legislation by mid-2015. The reform promotes a wider use of open-ended contracts and enhances employment benefits for all categories of workers, including the most vulnerable ones. The Jobs Act also introduces a new form of contract, with benefits increasing with seniority and provides for clearer and more effective rules for dismissals; it also broadens income support schemes, accompanied by reinforced active labour market policies. All implementing legislative decrees have been issued in 2015. In addition, the Stability Law for 2016 promotes the second-level bargaining and tax incentives for productivity bonuses. In 2016, moreover, the two national agencies established by the reform (the National Agency for Labour Market Policies and the Agency for labour inspections) will become fully operative and the second stage of the employment bonus (Youth Guarantee program) will start. Finally, by 2016 the Bill on Jobs Act for self-employed workers and for flexible organisation of job's time for work-life balance will be adopted.

A comprehensive **reform of the education system** ("La Buona Scuola"), complementing the Jobs Act and the reform of the Public Administration, has been launched in 2015, backed by substantial financial resources. The implementation is well on track, as reported in detail in Annex 1. This program has been complemented with the digitalization plan, to be completed in three years by 2018, as part of the wider Digital Agenda of the Government (see below) and with the reform of the university system and the national research program. This comprehensive strategy has been further reinforced by the 2016 Stability Law through significant resources for young researchers and highly qualified academics.

As for the **measures aimed at improving competition in network industries**, in 2015 the Chamber of Deputies approved the annual law on competition – regarding key sectors such as insurance, telecommunications, postal service, energy, banks, pension funds, professional services and pharmaceutical distribution – which is currently under the Senate and is expected to be approved by 2016. The law contains a comprehensive set of measures aimed at reducing uncertainties, increasing transparency, promoting demand mobility, and allowing organizational innovation and product differentiation, with particular regard to introducing or strengthening the role of non-professional shareholders in professional services, eliminating standard offers set by the regulators in the electricity and natural gas markets, limiting exclusive areas of business (such as in the case of notaries, postal services, and to some extent pension funds) and information asymmetries in the insurance sector. In January 2016, the Government also presented the National Plan for the reform of professions, thus implementing the European Directive on mutual recognition of professional qualifications. Furthermore a National Plan for the reform of professional services was presented by the Government in February 2016. The second annual law on competition will be passed in 2016. It might concern communications, health services, transport and local public services, in coordination with the reform of the PA.

As for **the banking sector**, the Government's strategy is broad and ambitious and is geared toward increasing resilience and competitiveness of the Italian banking system and strengthening its financing role of the real economy. To this end, in 2015 and in the first months of 2016, substantial efforts have been made. Particularly in February 2016, the Government introduced: i) a guarantee for senior tranches of securitized nonperforming loans, in order to facilitate the dismissal of NPLs and restore lending to firms and households; ii) the reform of local banks (mutual saving banks, so called "BCC") to consolidate and bolster the Italian banking system. This reform follows the 2015 reform of the cooperative banks (Popolari)[1], aimed at both making their resources more efficient and opening the cooperative system to external capitals[2]. Moreover, in 2015 a Memorandum of Understanding was signed by the Ministry of Economy and Finance and the Italian Association of Banking Foundations, with a view to improving the transparency and effectiveness of banking institutions' governance. In 2016, the Government's strategy to strengthen the banking system has been further reinforced to facilitate absorption of the NPLs stock and enhance debt enforcement, particularly through the introduction of: (i) a new type of loan contract that allows banks to sell real estate collateral even if borrowers are subject to insolvency proceedings; (ii) the possibility for creditors and borrowers to renegotiate existing loan agreements thus allowing this new provision to apply to outstanding loans; and (iii) the possibility for bankruptcy hearings to be done remotely via internet.

TABLE 1: MACROECONOMIC EFFECTS OF STRUCTURAL REFORMS FOR AREA OF INTERVENTION (percentage deviation of GDP from the baseline scenario)

	2020	**2025**	**Long run**
Public Administration	0.4	0.7	1.2
Competitiveness	0.4	0.7	1.2
Labour Market	0.6	0.9	1.3
Justice	0.1	0.2	0.9
School System	0.3	0.6	2.4
Tax Shift (total)	0.2	0.2	0.2
of which: Reduction of tax wedge (IRAP-IRPEF)	*0.4*	*0.4*	*0.4*
Increase in the taxation of capital income + VAT	*-0.2*	*-0.2*	*-0.2*
Spending Review	-0.2	-0.3	0.0
Nonperforming loans	0.2	--	--
Finance for growth	0.2	0.4	1.0

[1] In particular, in accordance with measures adopted in January 2015, Italy's 10 largest cooperative banks ("popolari") will be transformed into joint stock companies by the end of December 2016;

[2] This includes the creation of a joint-stock parent company, with expected control stake detained by BCC and minimum capital requirement of €1 bn. Single banks can join through a "cohesion" pact, which defines powers of the parent company over the contracting bank. This conglomerate could potentially become Italy's third largest group.

TOTAL	**2.2**	**3.4**	**8.2**

D. Investment

Boosting investment is a key component of the comprehensive policy approach adopted by the Government to lift actual and potential output. This multi-year strategy, now in its third year of implementation, is funded on three mutually reinforcing pillars: a) a growth- and employment friendly fiscal policy; b) an ambitious agenda of structural reforms; c) a boost to investment, both private and public, through a broad array of actions (investment financing, business environment, high-quality public investment).

In 2015, after years of contraction, gross fixed investment, both private and public, has started to recover as a result of the Government's effort to support this main component of the aggregate demand. In the forthcoming years, the full implementation of the comprehensive structural agenda adopted by this Government to improve the business environment, support infrastructure, SMEs and innovation combined with a pro-growth fiscal policy, will certainly provide an additional boost to investment.

The implementation of pipeline of projects included in the Juncker Plan will also play a key role. So far, twenty nine initiatives for 1.7 billion euros have been identified with a potential leverage of 12 billion euros. In addition, in March an agreement was signed between the European Investment Fund (EIF) and the Italian Guarantee Fund to give to SMEs access to one billion euros as part of the Juncker Plan.

Furthermore, the Government has adopted a comprehensive strategy for the South to tackle regional disparities (so called *Masterplan per il Mezzogiorno*), which brings together government, regional and local administrations and social partners with the aim of identifying priorities, actions and resources for relaunching investment in regions that historically lag behind.

However, the 2016 Economic and Financial Document (April 2016) recognizes that additional efforts are needed to reach the pre-crisis level. To this end, the Government is committed to fully and timely implement past reforms and to take further actions to lift both public investment – mainly by accelerating the implementation of projects ready to execute – and private investment – mostly by further improving business' access to finance and by stimulating investment in SMEs, which are the backbone of the Italian economy – with the ultimate goal of speeding up the recovery and ensuring long-lasting growth.

However, while recognizing the need of continuous and additional effort to promote investment, as an essential component to strengthen both the demand and supply, it is worth mentioning the relevant progresses made on the implementation of past commitments.

Regarding the **investment ecosystem**, as it has been extensively discussed in previous paragraphs (and more in details in Annex 1), structural reforms (public administration, judicial system, education, labour market, competition) aimed at creating a more conducive environment for investment are both numerous and ambitious and progress in implementation is considerable.

Regarding **infrastructure investment**, the Government has adopted in 2014-2015 several measures to address Italy's longstanding challenges underlying the low performance of public investment, such as delays in execution, higher costs due to legal and procedural complexity, compensations, a contractual framework not providing the right incentives, lack of competition, corruption and limited use of cost-benefit analysis. This effort is complemented by action to boost investment in infrastructure within the context of a prudent growth- and employment-friendly fiscal policy, by a strategic programming focused on priority investment and the involvement of private investors through public-private partnerships.

The Government has started to implement this comprehensive strategy at the end of 2014 (law-decree "Unblock Italy"), by facilitating infrastructure development through a broad range of measures to simplify and accelerate procedures, devoting also substantial financial resources for financing projects ready for execution in the priority areas of undergrounds, railways, roads, water infrastructure and airports (3.9 billion euro). This effort has been backed by several other measures, further enriched with the 2016 Stability Law which has set forth strong action to boost co-financing with the European Funds by Regions and Local Authorities, including through reforming the domestic stability pact and the provision of cash advances and by further strengthening the role of the CDP.

An essential component of this strategy is the reform of the procurement code, adopted by the Government in April 2016, which makes the regulatory framework clear, stable and transparent, so as to involve the private sector and the stakeholders and avoid illegal behaviors and corruption. Relevant changes have been introduced to the public procurement system to improve its quality and efficiency, including by reviewing concessions and tenders' procedures and criteria for the selection of tenderers. In addition, the decree introduces a rating system for assessing contracting authorities and pursues a full (although gradual) digitalization of bids. It is worth mentioning that the role of the Anti-corruption authority has been further strengthened by this reform, which also contains an *ad hoc* regulation for the Public-private partnership by introducing standard procedures. In addition, the new Code provides for innovative ways of financing. Finally, a significant change pertains the planning phase, with the Strategic Infrastructure Law (the so called "Legge Obiettivo") – which has shown its weaknesses during the last decade – being replaced by ordinary instruments issued by the Government, such as the General plan for transports and logistics and the Multi-years planning document[3], with the latter being the strategic tool to coordinate investment programs and link them to European actions.

Also related with the transport system, in August 2015, the Government approved the National Strategic Plan for ports and logistic, which provides for a comprehensive reform of the port system, whose implementation is currently ongoing. Actions have been taken also with respect to the railway networks, with a substantial allocation of resources (17 billion of euros) provided by the Stability Law for 2015 and 2016. Relevant progresses have been made also with respect to roads, with the ANAS's Multi-years plan covering the period 2015-2019 which provides for 15 billion of euros of investment and with the 2016 Stability Law which has profoundly innovated the financing scheme of such investment.

Finally, a key component of the Italian Government's strategy concerning infrastructure is related to information and communication technologies. Among the others, last March, the Government approved the Italian Digital Agenda, including the ultra-broadband and digital growth, for the period 2015/2020. For investment ready for execution more than two billion of euros have been already earmarked and an agreement has already been reached with regional authorities for the allocation of such resources providing for a preferential treatment for those regional areas subject to market failures (so called "white areas").

On SMEs financing, in 2014 the Government launched a comprehensive plan to increase credit and facilitate business growth, named "Finance for Growth", which has been further developed in 2015 and includes actions to facilitate financing and capital expenditure, to develop non-bank non-traditional sources of financing and to reform the banking sector in order to allow it to perform its role as a key channel of funding for the private sector and the SMEs. New instruments, such as for example mini-bonds, credit-funds and equity crowdfunding have been launched in recent years, as well as incentives to simplify credit access, promote investment and innovation and encourage companies' capitalization and listing. The Central Guarantee Fund for SMEs, which represents the key public tool to support SMEs financing, has been further strengthened by the 2016 Stability Law with the expansion of guarantees. In addition, thanks to the agreement signed by the Central Guarantee Fund for SMEs and the European Investment Fund, 1 billion euro in the next twelve months will be available for twenty thousand SMEs. A simplified procedure to access to the Central Guarantee Fund for SMEs has been introduced for innovative startups, which will also benefit from the constitution of the Venture Capital Fund, aimed at supporting both innovative startups and innovative SMEs.

[3] The Economic and Financial Document includes a specific and detailed annex on infrastructure investment.

Since Antalya, moreover, regarding policy actions to support Research and Development, new incentives have been launched to improve the valorization of intellectual property rights, the so called "patent box" (the favorable tax regime on the income deriving from the exploitation of patents and trademarks and intellectual property) has been further strengthened and the tax credit for R&D expenditures introduced with the 2015 Stability Law is confirmed. Concerning instead measures aimed at incentivizing investment in capital goods, the 2016 Stability Law provides for a substantial tax incentive.

In the Antalya growth strategy, two lines of action, the spending review and anti-corruption, have been considered, at the same time, as part of the comprehensive agenda of reforms and as those having a prevailing, though not exclusive, safeguarding role. Both lines of intervention have a permanent nature and play a key and transversal role in the Government's agenda.

The spending review, aimed at producing substantial annual savings, by intervening on all expenditure lines and all levels of government, is inserted in a broader effort consisting in the review of public budget composition as part of a responsible and pro-growth fiscal policy. Considerable savings have been obtained mainly through changes in the expenditure mechanism, reorganization, increased efficiency in public procurement (reduction of budget-spending centres *in primis*), and elimination of obsolete programs and interventions. The 2016 Stability law has further strengthened the use of standardized contracts and contains several other measures for increasing efficiency in public procurement (ICT, rationalization). In addition, the reform of local authorities' accounting aimed at improving public finance coordination and quantification of standards costs, has now become fully effective, and will provide additional fuel to the spending review process.

Regarding anti-corruption, the Government has already approved very relevant measures, centered around the role and the powers of the National Anti-Corruption Authority (ANAC), which has been empowered with a very wide range of powers with respect to the public administration and, particularly, on all public contracts, including the determination of reference prices, the supervision on modifications to the agreed budget and the ability to change the board of private contractors charged of corruption. As mentioned above, the role of ANAC has been further reinforced by the new Code of public procurement. In addition, in January 2016 the Chamber of Deputies has approved a draft law on whistleblowing, to further strengthen the protection of employees reporting illicit conducts.

Annex 1. Past commitment – Brisbane and Antalya commitments

The purpose of these tables is to monitor the implementation of members' previous commitments.

Brisbane and Antalya Key Commitments for Monitoring Purposes

The detailed table below is for the monitoring of key commitments, as identified by members. Please complete a table for each key commitment.

Antalya Key Commitments

The policy action	**A comprehensive taxation plan to relaunch growth**		
	Interim Steps for Implementation	Deadline	Status
Detailed implementation path and status	1 – Reform of the local taxation on properties (IMU) and indivisible services for principal residences (TASI) (2016 Stability Law - L. 208/2015). 2 – Reduction of corporate taxation (2016 Stability Law: reform of local taxation on farmland and on "bolted equipment"; reduction of IRES at 24% in 2017) 3 – Fiscal measures to boost investments (2016 Stability Law: amortisation of 140% for the purchase of capital goods; exclusion of instrumental properties from the firm's assets) 4- Tax measures of VAT regime and taxation of business income. 5 – Flat rate taxation (10%) on productivity bonuses 6- Support measures for agricultural sector (2016 Stability Law), among which tax credit for the purchase of capital goods, fund for agricultural machinery, agro-energy tax. 7- Social contribution reliefs established in 2015 for hiring permanent workers is confirmed, although reduced in terms of	1 – December 2015 2 – December 2015 3 – December 2015 4 – 2016 5 – March 2016: effective application of the provision through the clarifications on how to apply the flat-rate, linked to productivity, quality and efficiency increases. 6- December 2015 7- December 2015 8- December 2015	1 – Implemented 2 – Implemented 3 – Implemented 4 – In progress 5 – Implemented 6 – implemented 7 – implemented 8 – implemented

	magnitude, duration and rate of de-contribution granted. The reduction of social contributions is equal to 40 percent for 24 months up to the limit of 3,250 €. 8- Extended to 31 December 2016, the 65 % tax deduction that will cover both interventions to increase the energy efficiency of individual apartment, and works on the common parts of buildings.		
Impact of Measure	The overall reduction of the taxation burden will have a positive impact on the main components of the aggregate demand, such as consumption and investment, and by complementing structural reforms it will contribute to lift the aggregate supply, thus generating a durable support to growth. On quantitative terms, although it is hard to provide a complete picture, it is worth mentioning that the reduction of the tax wedge (IRPEF-IRAP), compared with the baseline scenario, is expected to increase GDP growth rate by 0.4. in the medium-long run (from 2020). From the abolition of local taxation on properties (IMU) and indivisible services for principal residences (TASI), is expected a positive contribution to GDP at 0.1 per cent (2016-2019). (See table 1, para. C).		

The policy action	A comprehensive reform of the banking system		
	Interim Steps for Implementation	Deadline	Status
Detailed implementation path and status	1 – Measure on non-performing loans and bankruptcy. State guarantee mechanism as part of securitization transactions whose underlying assets are banks' non-performing loans. The Government has introduced the guarantee in order to facilitate the dismissal of NPLs. It will be issued upon request of banks, which in turn have to pay a regular commission to the Treasury. The State will guarantee only senior tranches of the Asset-backed security (ABS) which have received a rating equal to or higher than Investment Grade by a rating agency qualified to the ECB (i.e. the main credit rating agencies). 2 – Reform of largest cooperative banks: Italy's 10 largest cooperative banks must be transformed into joint stock companies. On February 2016 the Government has approved the reform of smaller cooperative banks (mutual saving banks, so called "BCC") to consolidate and bolster the Italian banking system. This includes the creation of a joint-stock parent company, with expected control stake detained by BCC and minimum capital requirement of 1 bn €. Single banks can join through a "cohesion" pact, which defines powers of the parent company over the contracting bank. This conglomerate could potentially become Italy's third largest group. 3- Self-reform of Foundations: Banking foundations will legally be required to diversify their assets and to respect an	1 – August 2015 for bankruptcy law- February 2016 for the NPLs guarantee mechanism. 2 – March 2015 3- 2015 – 2016 4- November 2015	1- Implemented 2- Banks have to transform into Joint Stock Companies by 27 December 2016. The reform has already led to the completion of some mergers (i.e. Ubi Banca). 3. in progress 4- A first application of the Directive in November, with the provisions for the resolution of four Italian banks.

	investment exposure threshold with respect to a single bank (no more than one-third of the foundations' capital may be held by an individual institution). 4 -Transposition into national law of the European Directive 2014/59/EU on Bank Recovery and Resolution – s.c. Bail-in.		
Impact of Measure	The macroeconomic effects of three Government measures adopted between 2015 and 2016 with the aim of reducing the stock of nonperforming loans (NPL) in the bank balance sheets (D.L. 18/2016) and increasing the speed and efficiency of the insolvency and liquidation procedures (D.L. 83/2015 and AC 3671/2016) have been measured by the MEF's models. Overall the improvement in the banks' financial conditions due to the increased incidence of disposed NPLs has a positive impact on the credit supply to the economy. This increase, combined with the slight drop of the bank lending rate, would imply an increase of output with respect to the baseline scenario reaching 0.2 percentage points in 2020, driven by higher investment (0.7 per cent) and consumption expenditure (0.2 per cent). A possible reduction of credit, however, might be obtained in the first year of simulation (2016) with respect to the baseline scenario, as a negative effect on loans is induced by the reduction of total assets following the realized losses associated with the larger number of disposals of nonperforming loans. The impact on GDP would be therefore slightly negative in the first year, with a 0.1 per cent reduction with respect to the baseline scenario, driven primarily by a drop of investment by 0.4 per cent. In the subsequent years, on the contrary, the expansionary effects on credit supply and output would prevail. Given the temporary nature of the mechanism for providing state guarantee to banks in the securitization operations, the simulation exercise does not extend its focus beyond 2020.		

Brisbane Key Commitments

The policy action	Make changes in the tax system to make it more transparent and growth-friendly (KC1)		
	Interim Steps for Implementation	**Deadline**	**Status**
Detailed implementation path and status	1 – Enabling Law on tax reform (L.23/2014). In April 2015, the Government has issued the first three implementing decrees : 1) tax simplification and pre-compiled tax return forms; 2) composition and taxation of processed tobacco; 3) powers and functioning of census commissions for implementing the reform of the cadastral registry. Moreover, the lump-sum taxation regime for lower-income taxpayers, originally envisaged in the 'delega fiscale', has already been introduced by the 2015 Stability Law. In addition, at the end of June, the Government has approved other five legislative decrees, including the implementing legislation on simplification, which is aimed at giving certainty on procedures, requirements and timing; measures to strengthen the fight against tax evasion and avoidance; the reform of the system of criminal and administrative sanctions; the reorganization of Tax Agencies; and measures to improve the relationship between tax authorities and taxpayers (litigation and rulings). The latest decrees approved in autumn refer to: VAT electronic invoicing (August 2015); simplification of taxation for international businesses (September 2015); simplification of collecting system, monitoring of tax evasion, sanction system, litigation procedures, reorganisation of fiscal agencies (October 2015). The Stability Law 2016 contains provisions related to public gambling sector, in particular: taxation advertisement etc.	1 - Law no.23/2014 - March 2014; 1a) November and 1b) December 2014; 1c) January to be completed by Fall 2015	Implemented with the exception of revision of cadastral values, which will be subject to a general and organic intervention after an in-depth review of the databases needed to accurately assess the revenue and distributional effects on taxpayers.

	2 – Strengthening the role of environmental taxes. The 'Law to promote green economy measures and for the containment of excessive use of natural resources' (s.c. *Collegato ambientale* to the Stability Law 2016) - approved in December 2015 - has established the 'Committee for the natural capital' at the Ministry of Environment, in order to ensure that the achievement of social, economic and environmental goals are consistent with the annual financial planning and the State budget. In addition, the Green Act, containing provisions on environmental taxation; circular economy, renewables, mobility is being finalised and will be approved by 2017.	2 - December 2015	2 – Implemented
	3 - Permanent reduction of tax wedge (L.190/2014) providing for cuts in personal income tax for permanent employees earning less than €26,000 before taxes. The Government has also recognized an extension of this measure to employees of the security and defence sector.	3 - December 2014 (Stability law for 2015)	3 - Implemented
	4 - The National Research Plan 2015-2020 has been finalised. It aims at stimulating industrial competitiveness and promoting the development of the country, through the programming of 2,428 billion for the three years 2015 to 2017 (4,16 billion over the whole period from 2015 to 2020) in strategic sectors for the Italian research system. The Plan is organized around 6 pillars: Internationalization, human capital, national infrastructure programme, the Public-Private cooperation, Programme for the South, the efficiency and quality of expenditure.	4 NRP 2015-2020, approved in 2016. To be implemented by 2020	4 – Implemented

	5 – The ‘Investment Compact’ has introduced a new category of firms, “Innovative SMEs”, and provides for them a more favourable fiscal regime. A simplified access to the Central Guarantee Fund (CGF) has also been introduced.	5 – January 2015	5 – Effective (L. 33/2015). Innovative SMEs can benefit for five years from tax incentives.
	6 – Introduction of tax credit to support the hiring of highly qualified researchers and off –site research carried out in collaboration with universities, research centres and other companies.	6 - January 2015	6 - The tax credit, which applies to all types of firms, is fully effective for the period 2015/2019 (Stability Law for 2015).
	7 - A particularly favourable tax regime, for both SMEs and large national and multinational companies, on the income deriving from the exploitation of patents and trademarks and intellectual property (“Patent Box”). With a deliberation of the Fiscal Agency of November 2015, regulating time and mode of operation, the Patent Box regime has become fully effective.	7 - January 2015	7 - effective (Stability Law for 2015).
Impact of Measure	Economic impact on GDP: Measures no. 5, 6 and 7, together with the ‘finance for Growth’ reforms, are estimated to have an impact of 0.2% in 2020 and 0.4% in 2025 and 1.0% in the long run, compared with the baseline scenario.		

Policy action	Increase efficiency and transparency and reduce costs by simplifying procedure in justice system and public administration, while keeping the quality of services (KC2)		
	Interim Steps for Implementation	**Deadline**	**Status**
Detailed implementation path and status	1-Public Administration's reform (D.L. no.90/2014)	June 2014; converted into law in August 2014	Improve the allocation of PA personnel: Two Prime Minister's decrees (DPCM) have been adopted to implement measures providing for a better allocation of PA personnel. The streamlining of the organisation of independent authorities has also been implemented, as well as the reorganization of the ANAC. The strengthening of the efficiency of public procurement is on progress.
	2 - Electronic invoicing	June 2014: mandatory for central PAs. From 31 March 2015: the mandatory use of electronic invoice has been extended to Regions, Provinces and municipalities.	Fully effective. Since August 2015, reductions of the administrative and accounting requirements for taxpayers deciding to use electronic invoicing and electronic filing of payments have been introduced.
	3 -Justice sector – the electronic process (D.L. no.90/2014)		Implemented Electronic filing is operative in all Tribunals and Courts of Appeal. According to the estimates of the Ministry of Justice, in the period April

			2015 – March 2016 the estimated saving amount to 58 million, approximately 1,5 million/month. The on line consultation is possible in all the Tribunals, Courts of Appeal and Judges of the Peace offices. The 2016 Stability Law stipulates the mobility of 2,000 personnel from the local governments (former Provinces) to the Ministry of Justice, to support the digitisation process.
	4 –Enabling Law on reforming the PA. The bill aims at improving competences and performances of civil servants and tackling inefficiencies.	August 2015: approval of the Enabling Law by August 2016: final approval of the implementing legislative decrees.	The enabling law was approved by the Parliament in August 2015 (L. 124/2015). Implementing legislation: Lgs. D. 10/2016 on the repealing of obsolete and out of date secondary legislation and implementing decrees. Further 13 legislative decrees have been approved by the Government and are related to: 1) digital citizenship and Code of Digital Administration; 2) reorganisation of State-Regions Services' Conference; 3) simplification and acceleration of administrative procedures; 4) regulation of Segnalazione Certificata di Inizio Attività (SCIA); 5) revision and simplification of regulation on public corruption and transparency; 6) rationalisation and simplification of ports' authorities; 7) reorganisation of state forestry and police corps;

			8) transparency on Health System Managers; 9) Changes on dismissal rules on Public employment; 10) Single code on local public services; 11) Reorganisation of rules on State Owned enterprises; 12) Transparency on health system managers; 13) reorganisation of procedures for the judgements before the Court of Auditors.
	5 – Simplification Agenda 2015-2017	2015 – 2017	Government, Regions and local authorities are committed to implement the Simplification Agenda (approved in December 2014) which concerns five key sectors: i) digital citizenship, ii) welfare and health; iii) tax system; iv) housing; v) businesses. Deadlines and responsibilities across different administrations have already been identified. As of march 2016 90% of the deadlines foreseen by the Agenda have been met.
	6 – Reform of local public services in order to reduce public shareholdings, tackle fragmentation and liberalize the sector	by 2016	The Stability law for 2015 has already introduced measures to favour mergers and acquisitions, at both national and local level. In addition, the enabling law on reforming the PA (L 124/2015) delegates the Government to reorganize consistently the discipline on both corporate governance and services of general economic interest. The related legislative decree has been approved by the Government in January 2016.

	7 - Digital citizenship and digitalisation of general government bodies	2015-2016	The Government has launched the "Italia Login", a fully integrated online platform, which will act as a single access point for citizens and companies to public services. The legislative decree modifying the Code of digital administration with regard digital citizenship has been approved by the Government in January 2016. As of March 2016 the Public System for the Digital Identity (SPID) is operational. The SPID services of INPS and Tuscany Region are available, while more than 600 services of Public Administrations will soon enter into operation.
	8 – Measures in the field of civil justice (D.L. 132/2014), to provide for alternative dispute resolution mechanisms to reduce the length of proceedings.	November 2014; Converted into law n.162/2014.	The reform is fully effective.
	9 - Reform of criminal justice (D.L.92/2014), which modifies the Code of penal procedure and introduces urgent measures regarding compensation for wrongful imprisonment	August 2014; Converted into law n.117/2015.	The reform is fully effective. Two legislative decrees for the decriminalisation of certain crimes have been approved in January 2016, to deflate penal justice.
	10 – Enabling law to strengthen the Courts specialized in business activities and extend their competences, including to competition and consumer protection, to accelerate civil proceedings in all of the three constitutional phases an to reform the institutional architecture and the organization, including the Ministry of Justice, honorary judges, the geographical distribution of Courts and	by 2016	The enabling law reforming the civil justice, which contains the provisions related to the specialised Courts is currently before the Senate (approval expected in October 2016). The reform of the honorary judges has become law (April 2016). It provides for: a single honorary judge, the

	the management of public resources.		appointed honorary judge of peace (GOP), working in one judicial office; shorter assignments (4 years); greater competencies of honorary judges.
	11 - Law against corruption and organized crime, encompassing the following measures: a) a review of the regulation on false accounting; b) heavier sanctions for crimes against the government and organized-crime; c) strengthening of ANAC powers; e) a review of the so-called 'extended' confiscation regime.	by 2015	The law was approved by the Parliament in May (Law 69/2015), further strengthening the anti-corruption framework already established with Law n. 190/2012. The 2016 Stability law has allocated €15 million yearly for the period 2016-2018 to strengthen skills of the National Agency for the management of confiscated assets and to grant the continuity of the bank credit (through the intervention of the Central Guarantee Fund).
Impact of Measure	Economic impact on GDP (deviations from the baseline): Measures related to the Public Administration reform are expected to have an impact of 0.4% in 2020, 0.7% in 2025 and 1.2% in the long period. As for the reforms related to justice, the expected economic impact is 0.1% in 2020, 0.2% in 2025 and 0.9% in the long period		
	Fiscal impact: Measures of administrative efficiency (which also include justice) entail an incremental expenditure of €1,253 million, the majority of them concentrated in 2016 (€498 million). Incremental revenues are estimated in €3 million in 2016 and €9 million yearly in the 2017-2019 period.		

Policy action	Reduce labour costs and make the labour market more efficient by Increasing labour flexibility and simplify procedures (KC 3)		
Detailed implementation path and status	**Interim Steps for Implementation**	**Deadline**	**Status**
	1 – Enabling Law on labour market reform (L.183/2014)	December 2014	In December 2014, the Parliament approved the enabling law (so called Jobs Act), which delegated the Government to issue implementing legislation by mid-2015. The Government has issued all implementing legislative decrees.
	2 – Legislative decrees on: standard open-end contract (Lgs. D. 23/2015); new unemployment benefit scheme (Lgs. D. 22/2015)	June 2015	Definitely adopted in February 2015. The open-end contract with gradually increasing protection became operational in March 2015, while the New Social Insurance for Employment (NASPI) entered into force in May
	3 – Legislative decrees on: work-life balance (Lgs. D. 80/2015) and the revision of the code of labour contracts (Lgs. D. 81/2015)	June 2015	Definitely adopted by the Government in June 2015.
	4 - Legislative decrees on wage supplementation scheme	June 2015	Definitely adopted by the Government in September 2015. It provides mechanisms to favour a more efficient use of wage supplementation measures for workers still in employment, as well as encourage faster re-employment for workers made redundant.
	5 - Legislative decrees on simplification of procedures	May 2015	Definitely adopted by the Government in September 2015. The decree aims to simplify labour inspection procedures and increase coordination among competent institutions

			(Ministry of Labour, INPS and INAIL). In this regard, the decree will establish the Agency for labour inspections, which will conduct integrate inspections.
	6 - Stability Law for 2015 (L.190/2014) - Labour costs reduction.	December 2014	The Stability Law for 2015 provides for a number of measures to reduce labour costs. Among others: 1) relief on social contributions paid by employers (particularly with regard to new employees hired with open-end contract) 2) full deduction of labour cost of permanent workers from the IRAP tax basis.
	7 - Youth Guarantee - employment bonus.	2015 (first phase)	Fully effective. The employment bonus (Youth Guarantee) has been extended to apprenticeship contracts and fixed-term contracts. In addition, since February 2016 the YG Programme has been strengthened and includes a new measure: the 'superbonus' (doubled with respect the normal bonus) for the conversion of apprenticeship into a regular contract.
	8 - D.L. n. 91/2014 - Action Plan 'Campolibero'	June 2014. Converted into law in August 2014 (L.116/2014)	The decree law introduces a tax relief of 1/3 of the gross salary (over 18 months) for young people employed in the agricultural sector, with permanent contracts or temporary contracts lasting at least 3 years. All measures have been made operational through the allocation of 160 mln of

			resources to: zero interest mortgages, credit to favour youth entrepreneurship, funds for agri-food start-ups, tax credit for the e-commerce of food farming products.
	9 - D.L. no.34/2014 - For fixed-term contract lasting up to 3 years, employers will no longer be required to specify the reason of the termination of the contract.	March 2014. Converted into law in May 2014 (L.78/2014).	Fully effective. This decree law is aimed to: i) simplify rules on contract termination; ii) relax constraints on renewal of temporary contracts; iii) set limits on the number of temporary workers, which cannot exceed the 20% of the total amount of permanent workers; iv) simplify procedures for traineeship and apprenticeship in public administrations.
Impact of Measure	Economic impact: Measures in this reform area regard the so called Jobs Act and the related implementing decrees. In detail see the table below:		
	Fiscal impact for Labour and pensions on GDP: The higher charges regard the personal income tax credit (the 'bonus' introduced by Decree-Law No. 66/2014 and made permanent by the 2015 Stability Law), the reduction of the rates for the regional tax on productive activity (IRAP) for the private sector, and other measures to support earned income: the total impact in terms of incremental expenditure is more than €87 billion; if the lower revenue is added, the incremental charges rise to approximately €101.7 billion. Instead, the welfare measures (in favour of families and children, the disabled, innocently-defaulting tenants, and migrants, and incentives to housing rental, and the reform of the services industry, etc.) will entail higher expenditure for the State budget in the amount of €8.7 billion. There is another €8 billion of incremental expenditure, from 2015 to 2019, for the implementation of the Legislative Decree No. 22/2015, implementing the Jobs Act. In detail see the table below (numbers are in €million):		

MACROECONOMIC EFFECTS OF REFORMS IN LABOUR MARKET (percentage deviation from the baseline scenario)	2020	2025	Long run
GDP	0.6	0.9	1.3
Consumption	0.6	1.3	1.4
Investment	0.4	0.4	1.0
Labour	1.0	1.5	2.0

Financial impact Labour and pensions	2015	2016	2017	2018	2019
Incremental expenditure	1.779	4.723	5.973	5.763	4.555
Incremental revenue	0	138	607	450	160
Lower expenditure	0	706	1.492	1.927	1.775
Lower revenue	0	599	946	1.114	1.114

Policy action	**Tackle unemployment by ALMPs (KC 4)**		
Detailed implementation path and status	**Interim Steps for Implementation**	**Deadline**	**Status**
	1 – Enabling Law on labour market reform (L.183/2014)	December 2014	In December 2014, the Parliament approved the enabling law (so called Jobs Act),
	2 – Legislative Decree on: National Employment Agency and active labour market policy	2015	The Legislative Decree has been definitely adopted by the Government in September 2015. The National Employment Agency (ANPAL), will ensure effective ALMPs and work in close cooperation with all relevant institutions (INPS, central and regional authorities).
Impact of Measure	For the Economic and fiscal impact, see KC#3.		

Policy action	Boost female labour participation by introducing various measures to increase incentives for females to work (KC 5)		
Detailed implementation path and status	**Interim Steps for Implementation**	**Deadline**	**Status**
	1 – Enabling Law on labour market reform (L.183/2014)	1 – December 2014	In December 2014, the Parliament approved the enabling law
	2 – Legislative decrees on: work-life balance (Lgs. D. 80/2015)	2 – April 2015	Definitely adopted by the Parliament in June 2015 (see also K 3.3). Among other measures, the decree enhances childcare and eldercare services and extends the maternity leave.
	3 – Stability law for 2015 (L.190/2014) - labour costs deduction from IRAP	3 – December 2014	IRAP tax deduction, particularly favourable for female employees, is provided by the Stability Law for 2015 and is already fully effective. (See also K3 6)
	4 - Stability law for 2015 (L.190/2014) - 'Baby bonus'	4 - December 2014	4 – The baby bonus is already fully operational. The bonus is provided to families with a child born or adopted from 1 January 2015 and with an estimated income (indicator of equivalent economic situation, ISEE) not exceeding 25.000 euros. For three years after the birth or adoption, families will be paid a monthly allowance of 80 euros or a maximum of 160 euros when the ISEE is lower than 7.000 euros.
Impact of Measure	For the Economic and fiscal impact, see KC#3.		

Policy action	Improve competition in network industries (KC6)		
Detailed implementation path and status	**Interim Steps for Implementation**	**Deadline**	**Status**
	1 - The annual law on competition was presented to the Parliament last April. The bill concerns key areas in the effort to promote competition – such as insurance, pension funds, communication, postal service, energy sector, banks, legal profession, pharmaceutical distribution – and contains a comprehensive set of measures aimed at reducing uncertainties, increasing transparency, promoting demand mobility, and allowing organizational innovation and product differentiation, with particular regard to introducing or strengthening the role of non-professional shareholders in professional services, eliminating standard offers set by the regulators in the electricity and natural gas markets, limiting exclusive areas of business (such as in the case of notaries, postal services, and to some extent pension funds) and information asymmetries in the insurance sector.	1 –2016	1 – Approved by the Chamber of Deputies and currently under discussion for approval before the Senate.
	2 - Access to railway network	2- October 2014	2 – Implemented. The Transport Authority approved the regulation on equal and non-discriminatory access to railways infrastructures and related services.
	3 – Rationalisation of SOEs and liberalisation of local public services, including measures on: a) mergers and acquisitions; b) reorganization of the discipline on both corporate governance and services of general economic interest.	3- August 2016 (final approval of legislative decrees on SOEs and local public services)	a) implemented; b) two legislative decrees implementing L.124/2015 (reform of the PA) have been approved on 22nd January 2016. They relates to: - single code on local public services and reorganisation of rules on State Owned enterprises.

	4– Transport a) A Bill, currently being drafted by the Government, to: i) rationalize subsides; ii) increase competitiveness, productivity and quality of services; iii) revise standard costs to reduce regional disparities. b) A comprehensive reform of the port system	4 – a) by 2016; b) 2015.	4– a) the Government has preliminary approved the legislative decree containing this reform and its final approval is expected by August 2016 ; b) implemented. A legislative decree – including the National Strategic Plan for Ports and Logistics (Piano strategico nazionale della Portualità e della Logistica,PSNPL) – was definitely adopted by the Government in August 2015.
	5 –Energy a) with the Stability law for 2015 and the Decree 91/2014, the Government has introduced a comprehensive set of measures, aimed at cutting electricity prices by about 10% for SMEs. The package consists in a substantial reduction of: i) subsidies to power generators; ii) transfers to, or exemptions for, specific groups of energy consumers; iii) system costs (including network costs and the financing of bodies such as GSE). The Government has also strengthen powers of GME on market behaviours. Market reforms are to be introduced with regard to the EU market coupling (particularly negative prices will be allowed on wholesale power markets). b) Natural Gas (Decree 133/2014 converted into Law 164/2014) - simplification and speeding up of gas pipelines. Gas infrastructures and related projects are included in the list of strategic infrastructures.	5 - 2015	5 - a) the DL 91/ 2014 is in force and is fully implemented. Market coupling at the Italy-France and Italy-Austria boundaries has also been completed. The process will be completed with the coupling at the Greek frontier. b) implemented as of November 2014
Impact of Measure	Economic impact on GDP: Measures no.1 and n. 5 are estimated to have an impact of 0.4% in 2020, 0.7% in 2025 and 1.2% in the long run.		
	Fiscal impact: Measure n. 5 b) no effects.		

Policy action	Reduce corruption to improve the business environment by improving institutional setting (KC7)		
Detailed implementation path and status	**Interim Steps for Implementation**	**Deadline**	**Status**
	1 – a) The National Anti-corruption Authority (ANAC) has been substantially strengthened and has been given a very wide range of powers with respect to the public administration and, particularly, on all public contracts, the supervision on modifications to the contracted budget and the ability to change the board of private contractor charged of corruption (Decree 90/2014). b) The President of ANAC was committed functions of supervision and guarantee of the fairness and transparency of the procurement procedures related to EXPO2015. c) A Memorandum of Understanding has been signed by the ANAC and the Antitrust authority to strengthen fight against corruption and enforce joint actions. The MoU, also, introduces new criteria on the legality rating attributed to firms. d) the Government has also strengthen the fight against criminal infiltrations (Decree 90/2014) and created an Automated Procedures Against Criminal Infiltration in public contracts (so called CAPACI). e) A bill to fight against corruption, illicit wealth, organized crime and falsification of financial accountings.	1 –by the first semester 2015	1 – (a-b-c-d) implemented; (e) approved by the Parliament in May 2015 (law 69/2015)
	2 –a) the Decree 90/2014 enhances 'whistleblowing' measures and introduces sanctions against public administrations not adopting the three-year plan for the prevention of corruption, the three-year programme for transparency and integrity and the code of conduct. 2.b) ANAC has launched a public	2 – by the first semester 2015	in force; 2.b) guidelines entered into force in May 2015 2.c) after an online consultation the directive was jointly adopted by MEF and ANAC in May 2015; 2.d) effective from 1 October 2014.

	consultation on guidelines for the protection of whistle-blowers. 2.c) in November 2014, the Ministry of Economy and Finance and the ANAC established a joint group to develop guidelines for implementing the legislation on prevention of corruption and transparency in government-owned companies. 2.d) ANAC has been mandated to set reference prices (maximum awarding price) for goods and services purchased by public administrations (DL 66/2014).		
Impact of Measure	Economic impact on GDP: measures in the area of PA which include also the anticorruption provisions will have an estimated impact of 0.4% in 2020, 0.7% in 2025 and 1.2% in the long run.		
	Fiscal impact: Measure envisaged in the Law decree 90/2014 have no fiscal effects.		

Other Non-key Commitments

Please complete a table for each commitment.

Antalya non-key commitments

The policy action:	Promote a more inclusive growth
Implementation path and expected date of implementation	With the Stability Law 2016 the Government strategy for fighting poverty has been confirmed through a number of measures. In particular: - the Fund for fighting poverty and social exclusion has been established, with an initial endowment of 600 mln for 2016 and 1 bn from 2017 . The 600 mln are targeted to the extension of the experimental “purchase card”, financing the unemployment benefit (ASDI), and testing an Active inclusion Program. - a dedicated delegated law to systematically reform welfare policies (Social Act), financed by the above mentioned Fund has been defined. It introduces national measures to tackle poverty, identified as ‘essential levels’ of services to be guaranteed throughout the national territory, based on the principle of ‘active inclusion’, which envisages a personal project of social inclusion and employment for the beneficiaries. - Social parts and Banking foundations will cooperate with the Government to the setting up of a Fund to contrast the educational poverty, whose aim is to finance projects to improve access to education or training of disadvantaged minors. - Bill on assistance for persons with severe disabilities without family support. The Stability Law earmarked 90 mln to interventions in this field. - For persons over 75 years the threshold to be excluded from paying IRPEF has been increased from the current 7,750 to 8,000 euro (essentially the same level as for employees). For retirees under the age of 75 years the threshold increases from 7,500 Euros to 7,750 Euros. For the benefit to apply, pensioners must hold a total income of up to 15,000 euro. - The Family Card has been created, directed to households with at least 3 dependent children, granting discounts on goods and services or tariffs reductions. The Support for active inclusion (SIA) will be extended in 2016 to the entire national territory, following the experimentation in the big Italian cities. The Government is committed to coordinate and gather the complex legislation regarding family, through the definition of a Single Code, with the aim of reinforcing the State support to families.
Status of Implementation	Found to fight poverty: on track.

and Impact	Social Act: on track. The Government has approved the enabling law attached to the 2016 Stability law, providing measures to fight poverty and reorganize social services on 28 January 2016. The provision is now before the Chamber and the approval is expected by end of July 2016. Application of SIA: completed. As of February 2016 the model clarifying functioning and application of the SIA has been approved.

The policy action:	**Review of public procurement procedures (*codice degli appalti pubblici*)**
Implementation path and expected date of implementation	The Enabling law for the reform of public tenders delegates the Government to implement the new European rules on public procurement and concessions (through the transposition of Directives 2014/23 / EU, 2014/24 / EU and 2014/25 / EU), and to undertake a complete reorganization of existing legislation on public contracts for works, services and supplies. The legislative decree, foreseen by the enabling law to implement the EU directives has been approved in April and introduces a new 'Code of public procurement and concession contracts'. The Government incorporated in a single decree (containing about 200 articles instead of 2000 of the old Code) the directives on public procurement and concessions and reordered the current rules on public contracts for works, services and supplies and contracts of concession. The new 'Code of public procurement and concession contracts' includes criteria of simplification, streamlining, reduction of rules, compliance with the ban on gold plating.
Status of Implementation and Impact	Status of the Enabling Law: law approved in January and completed in April 2016, with the approval of a legislative decree providing for a new public procurement and concessions Code. The Code is a self-application discipline. It does not require, as in the past, an implementing regulation.

The policy action:	**Enhancement of enterprise network and consortia**
Implementation path and expected date of implementation	To facilitate the setting up of enterprise network the Stability law 2016 lowered from 15 to 5 the minimum number of employees of firms that can merge into 'temporary firms association' or enterprise networks and can benefit from funds provided by the Ministry of economic development. The Government is committed to: extend the relief measures for companies in network contracts; increase the incentives for specific types of networks (green and international); give support for 'catalysts subjects' and regulatory simplification.

	The numbers confirm the strong growth trend of recent months in setting up enterprise networks. As of March 2016, 2699 network contracts have been stipulated, involving 13,518 enterprises.
Status of Implementation and Impact	The provision related to the reduction of employees number has been implemented (December 2015). Further measures (reliefs, incentives, support) are on track.

The policy action:	**Ultra-Broadband Plan**
Implementation path and expected date of implementation	The Operational Programme of the Ultra Broad Band Plan was approved in August 2015. It allocates 2.2 billion of the resources of the Development and Cohesion Fund (DCF) 2014-2020 to activate immediate interventions in this area. A framework agreement has been signed with the Regions that specifies that these resources will be used according to territorial distribution taking into account the estimated need for public intervention in the so called white areas ('market failure' areas) and the availability of other resources for funding Ultra-Broad Band Plan in each region.
Status of Implementation and Impact	Agreement with the Regions: implemented (February 2016)

The policy action:	**Reform of the education system**
Implementation path and expected date of implementation	Measures for school building have been strengthened: EIB loans (L. 107/2015) and exclusion of the costs of school building projects from the budget balance of local authorities (December 2015). Implementing decrees of the 'Buona Scuola' reform are on track. They will refer to: - National education and training system; - Initial training and access to teaching positions in secondary school; - Promotion of inclusion in schools for students with disabilities and recognition of different forms of communication; - Review of vocational education pathways and link with education and training pathways; - Integrated system of education and school from zero to six years; - Effectiveness of the right to education; - Promotion and dissemination of culture and support to creativity; - Italian educational institutions and initiatives abroad; - Evaluation and certification of students skills.

	National plan for Digital School: the implementation of the Plan has been moving forward, with the allocation of 1.1 billion of resources, of which 650 million for infrastructure interventions, learning spaces, technological equipment, administrative digitization and connectivity, and 400 on skills for the 21st century, entrepreneurship and the relationship between digital skills and work, staff training, accompanying measures and monitoring. Between October 2015 and April 2016 14 of the 35 actions foreseen from the Plan were started, while the implementation of the whole policy will be completed by December 2016. Recruitment of teachers is taking place with the aim of covering vacancies and promoting areas with low number of teachers (eg. mathematics), providing more adequate training offer. The Stability law has modified the recruitment procedure for headmasters: the selection will be organised by the Ministry of education and the notice should contain all the vacancies in the three-year period. Evaluation system for schools: first evaluation reports of schools have been published on line in July 2015. A mandatory regime of School-Job transition activities has been introduced for students in the last three years of all school orders, with a minimum number of hours required (400 hours for Technical and Professional Schools and 200 hours for high schools) and a Charter of rights and duties of students in School-Job transition. The register of Firms offering transition activities has been established to facilitate schools in identifying the available structures for students. Memoranda of understanding have been signed with Regions to start the experimental phase of the Dual System (Sistema Duale). The experiment - preceded by a specific Agreement approved by the State-Regions Conference - will allow about 60,000 students for two years to achieve qualifications with training programs providing an effective alternation between school and work, through different modalities. For the testing of Dual System further 87 million have been allocated - both for 2015 and for the 2016 - in addition to the 189 million already provided for education and professional training.
Status of Implementation and Impact	Implementing decrees of ‘Buona Scuola’: on track, expected in July 2016. National Plan for digital school: implemented Teachers recruitment: implemented Evaluation system: on track, as regard the evaluation of headmasters and the external evaluation; the school evaluation is implemented. School-Job transition: implemented Dual system: experimental phase is on track.

Brisbane non-key commitments .

Infrastructures	A comprehensive strategy to improve the business environment and boost investment in infrastructures
Implementation path and expected date of implementation	The Government has started to implement this strategy at the end of 2014 (law-decree "Unblock Italy"), by facilitating infrastructure development through a broad range of measures to simplify and accelerate procedures, including among others: i) the provision of 3.9 billion euro to finance projects ready for execution in the priority areas of undergrounds, railways, roads, water infrastructure and airports; ii) simplified procurement procedures, particularly regarding the approval phase; iii) the exclusion from Internal Stability Pact of payments made by municipalities investing in school buildings, sport facilities, soil conservation and road safety; iv) extension of concessions on highways to increase investment, with a total value estimated at 10 billion euro; v) role of the National Development Bank (Cassa Depositi e Prestiti) in support of profitable investment projects related to innovative technologies, energy and environment; vi) introduction of a tax credit on both the corporate income tax and the regional tax on productive activities for up to a maximum of 50 per cent for all public works between 50 million and 2 billion euro executed with project financing tools; vi) a number of measures to promote the use and transferability of project bonds ((i.e. a tax treatment equal to government securities; flexibility and reduced costs on the related guarantees). The implementation path of the other main chapters of this comprehensive effort (reform of the PA, justice system, procurement, labour market) is described above (paragraph on Key Commitments).
Status of Implementation	Past commitments have been transposed into law. The implementation effort is ongoing.

Investment - Access to finance	A comprehensive program to facilitate SMEs financing and develop non-bank non-traditional sources of financing
Implementation path and expected date of implementation	In order to support SMEs access to finance, public action aims both at responding to the need to have access to bank loans and at facilitating alternative financing channels. Key in this regard is the_Central Guarantee Fund for SMEs, which continues to be an effective tool for SMEs access to credit (last year over 85,000 applications were received for a guaranteed amount of over 8 billion euro). The Fund guarantees up to 80% of the loan for a maximum amount of 2.5 million euro. In addition, in order to support investment in capital goods, the Government has introduced a financial instrument ("Sabatini Law") aimed at improving access to financing for the purchase of machinery, plant and equipment through contribution on interests. This measure has reached about 4.000 companies so far, for around 1.2 billion euro of new investment. Furthermore, a 15% tax credit on additional investment in machinery and capital goods above 10.000 euro has been introduced, for a budget allocation of around 1.2 billion.

	<u>The Government has also adopted several measures to promote non-banking sources of financing and equity investment</u>, including: i) the removal of legal and fiscal barriers to issue corporate bonds by unlisted companies (particularly SMEs), granting access to capital markets and enabling the solicitation of national and international institutional investors; ii) opening at the Italian Stock Exchange of a trading platform (ExtraMOT PRO) for mini-bonds with simple, fast and low-cost admission procedures; iii) extension of the mission of the National Development Bank (Cassa Depositi e Prestiti) in order to finance, directly or through agreements with the banking sector, private companies, particularly SMEs, in Italy and abroad at market terms; iv) strengthening (beneficiary companies and incentive) of the Aid for Economic Growth (ACE) tax program, aimed at promoting equity investments, also linked to initial public offerings; v) reduction of the minimum regulatory share capital for joint-stock companies from 120 thousands to 50 thousands euro; vi) allowance to SMEs with a turnover of up to 300 million euro or a capitalization lower than 500 million euro to decide flexibly the thresholds for mandatory public offerings within a range of 25/40 per cent. In addition, to help enterprises achieve their growth targets, Borsa Italiana has created ELITE, a unique platform of integrated services.
Status of Implementation	Past commitments have been transposed into law and are currently in place. This effort is of a permanent nature.

FDI and internationalization of Italian companies	**A broader effort to support "Made in Italy" in international markets and to attract foreign investment**
Implementation path and expected date of implementation	The Italian Government has: i) launched an Action Plan with specific targets – increasing the export flows of goods and services by about EUR 50 billion; increasing the number of the Italian firms steadily exporting (around 45,000 at present) by about 20,000; generating EUR 20 billion in additional foreign investment; ii) adopted concrete measures (i.e. the Single Access Point for foreign investors), including the strengthening of the Italian Trade Agency, supported by a budgetary line of 260 million euro. The implementation of the extraordinary Plan for Made in Italy has been reinforced through the allocation of further resources by the Stability Law 2016. The Government has also adopted a number of initiatives to: i) simplify taxation for international businesses and reduce administrative burden on international firms, by introducing a prior agreement with the Revenue Agency; and ii) create a stable taxation profile for new investment (over €30m) realized by international firms. In addition, the voucher for internationalisation of SMEs, aimed at supporting firms and business networks in their strategy to access foreign markets through the assistance of a temporary export manager, is fully operational.

Status of Implementation	Implemented.

Involving the Private Sector in Large Infrastructure Projects	**Developing a specific regulatory framework for PPPs**
Implementation path and expected date of implementation	As part of the reform of the code for public procurement, approved on 18 April 2016, a new regulation for the public-private partnerships (PPPs) has been introduced, making it possible to standardise procedures nationwide so as to improve the combined use of public and private resources, particularly with regard to research and innovation (the so called *New Partnership for Innovation*). Within the new PPP procedure, a special emphasis is placed on the project planning phase both with regard to the allocation of the risks and to the sustainability of the project's economic financial plan. Other significant aspects of the reform concern the introduction of European standard tender document, which will facilitate participation of all business in procurement procedures, and ANAC (the National Anti-Corruption Authority)'s assignment of a specific reputational ratings to businesses, so as to reward those meriting the highest ratings.
Status of Implementation	Implemented

Improving the Effectiveness of Investment Spending	**Improving the quality spending of the European Structural Funds**
Implementation path and expected date of implementation	At December 31, 2015, the financial monitoring data show significant progress in completing the spending programs co-financed by the Structural Funds for 2007-2013. Reportable payments have reached 93.5% of the total endowment (€42.8 bn as against a total endowment of €45.8 bn). These data predict a full take-up of available resources, with a reliable estimate between 98 and 102 per cent (a final certification is expected by March 31, 2017). The planning process for the Structural Funds and European investment funds (EIS) for 2014-2020 was completed in 2015, in line with the strategic decisions set out in the Partnership Agreement adopted in October 2014. The implementation of the National Strategy for Domestic Areas continued in 2015, supported by the European Strategic Investment Fund and national funds. Indeed, 65 project areas have been identified throughout the national territory, with an overall

	area accounting for 16% of the national territory and a population of 1.9 mln inhabitants. In its first year of activity since its inception in 2014, the National Agency for Territorial Cohesion worked closely with central and regional administrations involved in the implementation of the 2007-2013 planning of the structural funds, identifying measures to accelerate the expenditure and intensifying the task-force activities set up to support programmes experiencing the greatest delays. Such activity resulted in the achievement of the objective of full absorption of the 2007-2013 resources, as shown by provisional data. In 2015, the National Agency for Territorial Cohesion has headed up two operational programmes: i) the National Operating Programme for Institutional Capacity and Governance, which will ensure support to the reform of the public administration and stronger administrative capacity for managing programmes related to the funds; ii) the National Operating Programme for Metropolitan Cities, which will support the implementation of the Delrio Law, that provides 14 metropolitan cities with the strategic task of promoting the development of their local territory. During 2015, ex ante monitoring was also inaugurated with respect to the Conditionality Action Plans as provided by the regulations concerning common provisions for the use of the ESIF.
Status of Implementation	Implemented.

Divesting state-owned real estate	**Strengthening existing instruments (National Agency and INVIMIT) to enhance the value and/or divest state-owned real estate and making federalism fully effective**
Implementation path and expected date of implementation	The State Property Agency has been equipped with new tools and tasks to strengthen its activity: i) it is managing the “Valore Paese” initiative, dedicated to the enhancement of the value of public assets through a strategic activity of asset allocation involving private partners. Overall, the State Property Agency decreased the number of properties managed while increasing its total value, in line with its portfolio optimization target; ii) it is managing the new Open Demanio portal (operational since January 2016) which made available to the public detailed information and geographic location of real properties owned by the State (31,766 buildings and 13,631 plots of land, for an estimated value of more than €59 billion); iii) it is working to enhance energy saving and efficiency in public buildings, collecting cost and consumption data to monitor improvements against a set of performance indicators. Invimit, the Italian public funds-management entity, set up in May 2013, is focused on transforming, regenerating and finding new use of public properties that are no longer instrumental to the activities of the central and local government. The latest fund created is I3-Patrimonio Italia. It was set up in December 2015 for the acquisition, from

	provinces, of real properties leased to the Interior Ministry, with immediate success (it reached a value of 160 million euros in the first seven months). Activity of acquisition, construction, regeneration, transfer and sale of properties within existing funds is continuing both directly and in support of local administrations targets. Finally, the process of transferring State real property to territorial entities, as provided by the laws governing state-property federalism, was accelerated in 2015, ensuring the transfer of approximately 60 percent of the assets potentially transferable. At 31 December 2015, a total of 3,496 assets had been transferred, for a total value of approximately €887 million. The transfer of the State's cultural assets to local entities is now continuing.
Status of Implementation	The process has been successfully launched with significant results. The effort is of a permanent nature.

Investment Strategy Commitments

Please provide a general overall assessment on the status of implementation of investment strategies as below.

	Facilitators	Safeguards
Investment Ecosystem	• Labour market – approved in mid 2015 - All implementing legislative decrees have been issued. (see Brisbane KC3.1). • Taxation – approved with the only exception of the revision of cadastral values, whose deadline had to be postponed to ensure consistency among diverse databases (see Brisbane KC1.1). • Education system – Implementing decrees of the school reform are on track. Completion is expected by 2016 (see Antalya non-key commitment). • National Research Program 2015/2020. Approved in 2016. It foreseen investments for 2,428 billion for the 2015-2017 period (4,16 billion over the whole period from 2015 to 2020) in strategic sectors for the Italian research system (see Brisbane KC1.4). • Competition –2016 (see Brisbane KC6.1) • Public Administration – The enabling law was approved by the Parliament in August 2015 (L. 124/2015). 2016: Final approval of the 11 implementing legislative decrees (see Brisbane KC2.4). • Simplification Agenda – 2015/2017 - As of march 2016 90% of the deadlines foreseen by the Agenda have been met (see Brisbane KC2.5). • Civil Justice – The enabling law reforming the civil justice is currently before the Senate (approval expected in October 2016) (see Brisbane KC2.10).	• Spending review – permanent nature. The 2016 Stability law has further strengthened the use of standardized contracts and contains several ulterior measures for increasing efficiency in public procurement (ICT, rationalization). In addition, the reform local authorities' accounting aimed at improving public finance coordination and quantification of standards costs, by becoming in 2016 fully effective will further accelerate the spending review process • Anti-corruption – permanent nature(key reform approved in 2015, see Brisbane key commitments). Since Antalya the role of ANAC has been further reinforced by the new Code of public procurement and in January 2016 the Chamber of Deputies have approved a draft law on whistleblowing, to further strengthen the protection of employees reporting illicit conducts.
Infrastructure	• Procurement Code – The legislative decree, foreseen by the enabling law to implement the EU directives has been approved in April 2016 and introduces a new 'Code of public procurement	

	and concession contracts' (see Antalya non-key commitments). • Digital Agenda – 2015/2020. The legislative decree modifying the Code of digital administration with regard digital citizenship has been approved by the Government in January 2016 and will be finalised by mid-2016 (see Brisbane KC2.7).	
SMEs	• Access to finance and incentives/regulatory measures for equity/non-bank sources – Past commitments have been transposed into law and are effective (see Brisbane non key commitments) • Incentives for investment in capital goods – 2016 Stability Law: amortisation of 140% for the purchase of capital goods; exclusion of instrumental properties from the firm's assets (see Antalya key commitment) • Incentives for R&D –Tax credit to support the hiring of highly qualified researchers and off –site research carried out in collaboration with universities, research centres and other companies (see Brisbane KC1.6). • Innovative start-ups – Innovative SMEs can benefit for five years from tax incentives. A simplified access to the Central Guarantee Fund (CGF) has been recently introduced (see Brisbane KC1.5). • Reduction of energy costs – 2015 (see Brisbane KC 6.5). • Made in Italy – The implementation of the extraordinary Plan for Made in Italy has been reinforced through the allocation of further resources by the Stability Law 2016 (see Brisbane non key commitment) • Reform of cooperative banks –The first reform has already led to the completion of some mergers. Moreover, on February 2016 the Government has approved the reform of smaller cooperative banks ("BCCs") (see Antalya KC). • Measures on non-performing loans – August:	

	bankruptcy law- February 2016: NPLs guarantee mechanism (see Antalya KC). • Support/regulatory measures for SMEs networks – (see Antalya Non Key Commitment, Enhancement of enterprise network and consortia).	

Annex 2. New and Adjusted Policy Commitments since Antalya

Further strengthening the resilience of the banking system	Enhancing debt enforcement by expediting foreclosures on NPLs to corporate and small and medium-sized enterprises (SMEs), by introducing: (i) a new type of loan contract that will allow banks to sell real estate collateral even if borrowers are subject to insolvency proceedings; (ii) the possibility for creditors and borrowers to renegotiate existing loan agreements so that this new provision applies to outstanding loans; and (iii) bankruptcy hearings can be done remotely via the internet.
Implementation path and expected date of implementation	Adoption by the Government of a law decree Implementation by 2016
What indicator(s) will be used to measure progress?	flow of new non-performing loans in relation to performing loans (source: Bank of Italy)
Explanation of additionality or adjustment (where relevant)	This policy action will be added to the comprehensive strategy adopted by this Government to strengthen the resilience and competitiveness of the Italian banking system with the aim of restoring its financing role of the real economy.

Further promoting the efficiency and equity of the justice system	The Government commits to undertake additional actions concerning civil and criminal justice to further promoting its equity and efficiency. These measures will include changes to the criminal legislation for the reasonable duration of proceedings and the statute of limitations. They will also aim to reinforce the jurisdiction of firms and family courts, as well as revise the proceedings stages; reform the rules on corporate crisis and insolvency procedures and strengthen the fight against organized crime and illicit patrimonies.
Implementation path and expected date of implementation	Legislative decrees to be adopted by the Government in the second half of 2016 Implementation by 2016
What indicator(s) will be used to measure progress?	National source (Ministry of Justice): Backlog reduction, use of mediation, results of the electronic filing of cases Enforcing contracts of the World Bank Doing Business: time (days), quality of judicial processes (index)
Explanation of additionality or adjustment (where relevant)	This policy action will complement and reinforce other pillars of the reform the justice system thus bringing a positive contribution to the Government's effort to increase the efficiency, effectiveness and equity of public action. In addition, synergies with the anti-corruption agenda, the review of the Code on public procurement and measures to accelerate insolvency procedures are expected. To conclude, by promoting a more transparent and conducive business environment, these measures will contribute to sustain investment and growth.

Finance for growth 2.0: a plan to increase credit and facilitate business growth	The Government will adopt a new package of measures focusing on the need to inject capital into the Italian productive system and in particular to SMEs. The aim is to stimulate, through access to the capital market, the growth of firms by strengthening their competitive ability and managerial strength. Key measures will be: i) to encourage household savings channeled into the productive system; ii) make the operation of venture capital more easily; iii) facilitating foreign acquisitions by Italian companies.
Implementation path and expected date of implementation	Adoption by the Government of a law decree Implementation by 2016
What indicator(s) will be used to measure progress?	Investment/GDP
Explanation of additionality or adjustment (where relevant)	The reform will be complementary to the "Finance for Growth" measures, aimed at strengthening and diversifying the non-bank sources of corporate financing, particularly for SMEs, with respect to medium-/long-term investment projects. In the first semester 2014, a national 'Finance for Growth' task force was set up to identify concrete solutions to facilitate the availability of financial resources for businesses.

Annex 3. Past commitment – St. Petersburg fiscal commitment

Medium- term projections, and change since last submission (required for all members):

	Estimate	Projections					
	2014-15*	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Gross Debt	132.5	132.7	132.4	130.9	128.0	123.8	
ppt change	0.4	0.2	1.5	3.5	4.6	3.8	
Net Debt	-	-	-	-	-	-	
ppt change							
Deficit	-3.0	-2.6	-2.3	-1.8	-0.9	1.0	
ppt change	0.0	0.0	-0.5	-1.0	-0.9	0.6	
Primary Balance	1.6	1.6	1.7	2.0	2.7	3.6	
ppt change	0.0	0.0	-0.7	-1.2	-1.1	-0.4	
CAPB	4.0	3.5	2.9	2.6	2.8	3.2	
ppt change	-0.1	-0.2	-0.9	-1.3	-1.1	-0.6	

* Figures can be presented on a fiscal year basis, should they be unavailable for the calendar year.

The debt- to- GDP ratio and deficit projections are contingent on the following assumptions for growth:

	Estimate	Projections					
	2014-15*	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Real GDP growth		0.8	1.2	1.4	1.5	1.4	
ppt change		0.1	-0.2	-0.1	0.1	0.1	
Nominal GDP growth		1.5	2.2	2.5	3.1	3.2	
ppt change		0.1	-0.4	-0.8	-0.1	0.1	

* Figures can be presented on a fiscal year basis, should they be unavailable for the calendar year. Source DEF 2016

Note: Data are compared with the DEF 2015

Annex 4. Pre-Brisbane commitments

The purpose of these tables is to monitor the implementation of members' Pre-Brisbane commitments.

Pre-Brisbane Commitments

Please include a maximum of 5 important structural reform commitments from Action Plans prior to Brisbane.

Rationalization of public expenditure and a more growth-friendly tax system	
Structural reform	**Action Plan** *St. Petersburg*
Rationale for carrying forward	The review of the composition of public budget – including the *Spending review* process – represents a permanent effort to free resources which can be better devoted to the promotion of investment, jobs and more generally growth.
Update on Progress	This wide-ranging reform has been absorbed into the Renzi's Government 1000-days action plan and progress is detailed in Annex 2, under KC#1 and 2.

Further improve the labour market	
Structural reform	**Action Plan** *St. Petersburg*
Rationale for carrying forward	The improvement of labour market performances is key to boost productivity, competitiveness and growth. Although number of measures have been adopted in this respect, and primarily with the Jobs Act, the Government will continue its effort to increase labour market participation and employment .
Update on Progress	This reform has been absorbed into the Renzi's Government 1000-days action plan and progress is detailed in Annex 2, under KC#4 and 5.

Improve the business environment	
Structural reform	**Action Plan** *St. Petersburg*
Rationale for carrying forward	The improvement of the business environment is the precondition for lifting investment, which has severely contracted in recent years, and regaining competitiveness. By embracing a broad array of reforms (i.e. public administration, justice system, education system, anti-corruption, access to finance), it requires a continuous and constant effort.
Update on Progress	This wide-ranging reform has been absorbed into the Renzi's Government 1000-days action plan and progress is detailed in Annex 2, under KC#6 and 7.

Annex 5. Key Economic Indicators

Please update table of key indicators as follows:

Key Indicators

	2015***	2016	2017	2018	2019	2020
I. Macroeconomic Indicators						
Real GDP (% yoy)	0.8	1.2	1.4	1.5	1.4	
Nominal GDP (% yoy)	1.5	2.2	2.5	3.1	3.2	
Output Gap (% of GDP)*	-3.5	-2.3	-1.1	-0.1	0.7	
Inflation (%. yoy)	0.1	0.2	1.3	1.6	2.0	
Fiscal Balance (% of GDP)**	-0.6	-1.2	-1.1	-0.8	-0.2	
Unemployment (%)	11.9	11.4	10.8	10.2	9.6	
Savings (% of GDP)	17.7	18.8	18.2	17.6	17.2	
Investment (% of GDP)	16.8	17.0	17.5	18.1	18.4	
Public Fixed Capital Investment (% GDP)	2.3	2.3	2.3	2.3	2.2	
Private Fixed Capital Investment (% GDP)	16.8	17.0	17.2	17.6	17.9	
Total Fixed Capital Investment (% GDP)	19.0	19.2	19.5	19.9	20.1	
Current Account Balance (% of GDP)	2.1	2.5	2.5	2.4	2.2	

***A positive (negative) gap indicates an economy above (below) its potential.**

****A positive (negative) balance indicates a fiscal surplus (deficit).**
***** Indicators can be presented on a fiscal year basis, should they be unavailable for the calendar year.**