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Does Italy's recovery plan also benefit regions that do not receive the funds directly?

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Payments under Italy's recovery plan do not only benefit the regions where projects are located. Combining regional NRRP payments with the production linkages from FIGARO-REG makes it possible to estimate how exposed supplier regions are to the demand generated by the plan.

This article draws on work carried out during an internship at OFCE on the spillover effects of the NextGenerationEU plan, based on actual payment data, under the supervision of Jérôme Creel.

As part of the NextGenerationEU recovery plan, the Recovery and Resilience Facility (RRF) funds Member States' national plans through grants and loans, in return for meeting milestones and targets agreed with the European Commission. Yet the region where a payment is administratively recorded is not necessarily the only one to benefit from it. That spending can also stimulate activity in the regions that supply it with intermediate goods and services. The geography of payments may therefore differ from the geography of their economic spillovers.

Across the European Union, the Commission reports that €450 billion had been disbursed under the RRF by the end of September 2026, i.e. 79% of the total envelope.

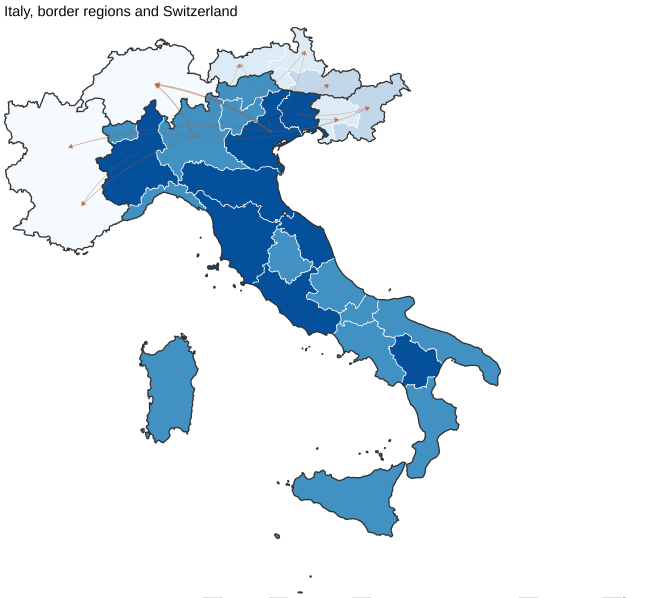
In terms of plan size, Italy is the largest beneficiary, with €194.4 billion, or 9.1% of its GDP, ahead of Spain and Poland.

In relative terms, countries such as Greece and Croatia received considerably more support as a share of their GDP. Detailed amounts by Member State are available in the European Commission's RRF scoreboard.

Italy therefore plays a central role in the scheme. Its National Recovery and Resilience Plan (NRRP) mobilises €194.4 billion in grants and loans. By combining regionalised data on NRRP projects and payments with the production linkages between European regions, it is possible to identify the regions potentially exposed to the demand generated by this spending, including those that do not receive the funds directly.

The main result is summarised in graphique 1.

Graphique 1: Potential spillovers from Italian NRRP payments



Reading: Potential exposure to Italian NRRP payments, as a % of 2019 regional GDP.
Note: The map focuses on Italy and neighbouring territories for readability. The rankings presented in the text use all regions available in FIGARO-REG.
Sources: ItaliaDomani, Eurostat, FIGARO-REG, OFCE calculations. Payment data as of spring 2026., OFCE's computations.

1 From direct payments to potential spillovers

For each recipient Italian region j, observed payments are allocated across its supplier regions i according to their weight in its intermediate consumption:

$$\text{Contribution}_{i \leftarrow j} = P_j \times \frac{z_{ij}}{\sum_h z_{hj}}.$$

P_j denotes the NRRP payments received by region j. The term z_{ij} corresponds to region j's purchases of intermediate goods and services from region i, i.e. the inputs used in its production process. Contributions are then summed by supplier region and expressed as a share of 2019 regional GDP.

Production linkages are taken from the European Commission's FIGARO-REG 2017 database. We use the public version covering 240 (NUTS 2) regions of the European Union, the regions of Norway and the United Kingdom, and 16 major non-EU trading partners.

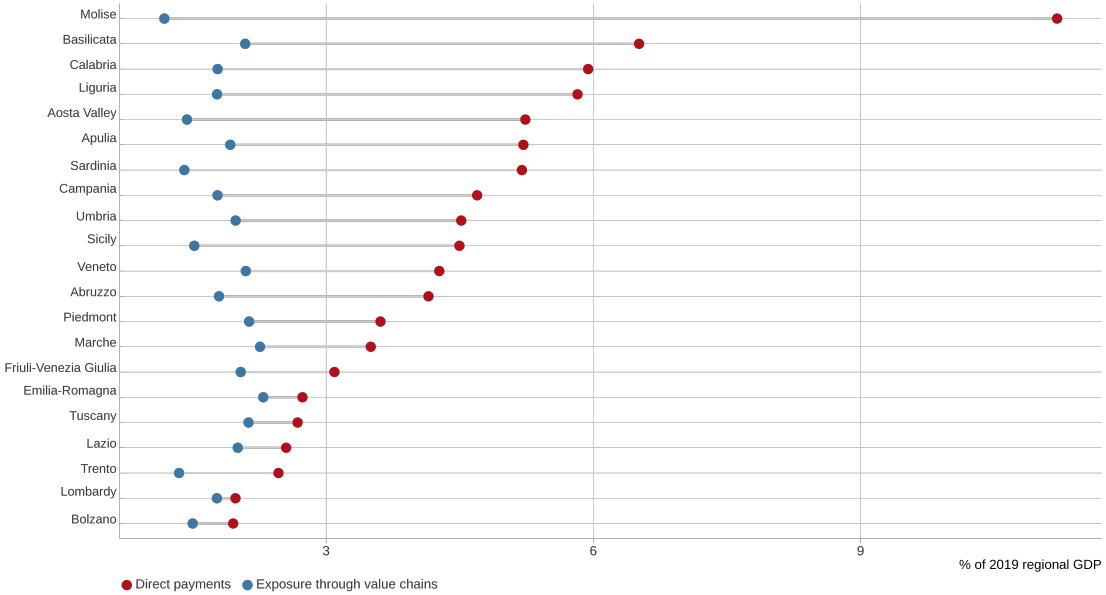
2 Spillovers concentrated primarily within Italy

Overall, 84.7% of the estimated exposure remains concentrated in Italian regions. As a share of regional GDP, the most exposed regions are Emilia-Romagna (2.29%), Marche (2.26%) and Piedmont (2.14%). In absolute terms, Lombardy stands out with around €7.2 billion of potential exposure. This highlights the role of the industrial regions of the North and Centre, which are closely integrated into national supply chains.

However, the geography of direct payments differs from that of exposure through value chains (graphique 2). Molise, for instance, received direct payments worth around 11.2% of its 2019 GDP, compared with exposure through intermediate consumption of 1.2%.

Conversely, Emilia-Romagna combines more moderate direct payments (2.7% of GDP) with one of the highest levels of indirect exposure (2.3%).

Graphique 2: Direct NRRP payments and exposure through value chains



Reading: Each line compares the NRRP payments directly located in a region with its potential exposure to demand transmitted through value chains.
Note: The two measures capture different channels and do not constitute an additive decomposition of an effect on GDP.
Sources: ItaliaDomani, Eurostat, FIGARO-REG, OFCE calculations. Payment data as of spring 2026., OFCE's computations.

3 Beyond Italy, a less obvious geography

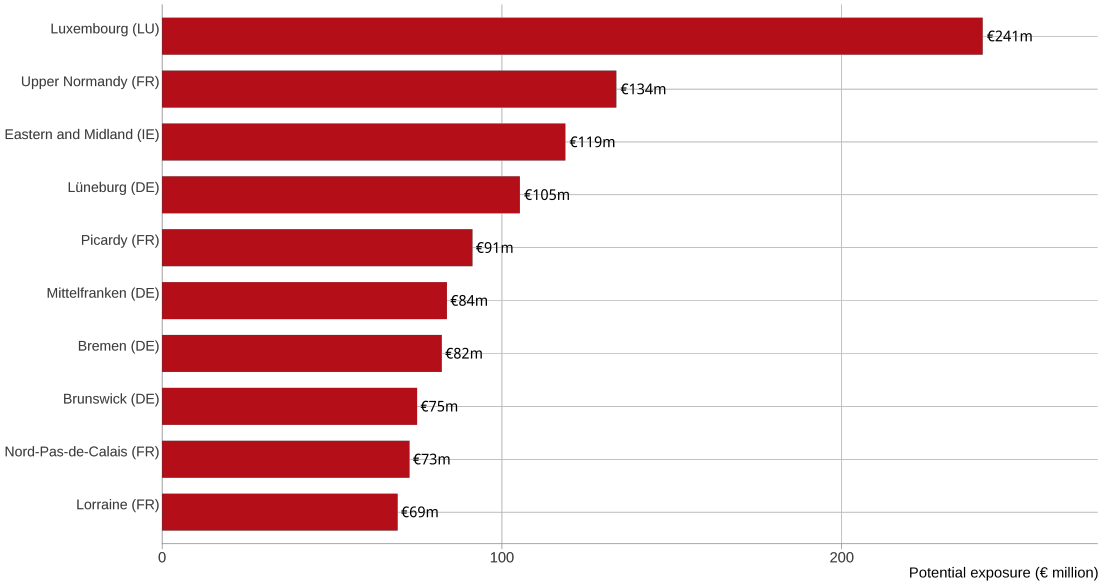
Among foreign NUTS 2 regions, exposure relative to GDP is highest in Luxembourg (0.39%), followed by Észak-Magyarország in Hungary (0.32%) and Martinique (0.32%).

Note that Luxembourg on its own constitutes a NUTS 2 region.

Luxembourg combines relatively large exposure in value terms (€241 million) with a GDP smaller than that of the large European regions. Around 81% of its exposure comes from three Italian regions: Veneto, Emilia-Romagna and Tuscany. For Észak-Magyarország and Martinique, the amounts are much smaller (around €36 million and €29 million respectively). Their high exposure as a share of GDP therefore also reflects the size of their economies. Észak-Magyarország's exposure is spread across several Italian regions, whereas around 70% of Martinique's stems, in FIGARO-REG, from its supply links with Veneto.

In absolute terms, the leading regions outside Italy are Luxembourg (around €241 million), Upper Normandy (€134 million) and the Eastern and Midland region in Ireland (€119 million). By comparison, Île-de-France receives around €49 million, or 0.007% of its GDP. graphique 3 shows that the largest amounts do not depend solely on geographical distance from Italy.

Graphique 3: Main regions outside Italy exposed to NRRP demand



Reading: Top ten non-Italian regions by estimated potential exposure.
Note: Only observations available at regional level are included. FIGARO-REG partners available only at national level are not mixed into this ranking.
Sources: FIGARO-REG, ItaliaDomani, OFCE calculations. Payment data as of spring 2026., OFCE's computations.

Looking at production linkages at sector level, we estimate that financial services account for around 82% of Luxembourg's estimated potential exposure. In Eastern and Midland, which includes Dublin, finance is also the leading contributing sector (34%), ahead of industry and energy (27%). Upper Normandy is a different case: nearly 88% of its exposure comes from the industry, energy and utilities aggregate, reflecting its integration into industrial value chains rather than service activities. The results thus show that potential spillovers do not depend solely on geographical proximity to Italy or on the economic size of regions. They mainly reflect the structure of trade with the recipient Italian regions, but also the volume of payments received by each of those regions. Two territories directly funded at comparable levels may therefore transmit demand differently depending on where their intermediate purchases come from. Conversely, a region receiving little or no direct funding may be exposed to demand created elsewhere if it holds an important position in these value chains.

A natural extension would be to incorporate successive indirect effects using a full input-output model, and then to compare these exposures with observed changes in regional activity.

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