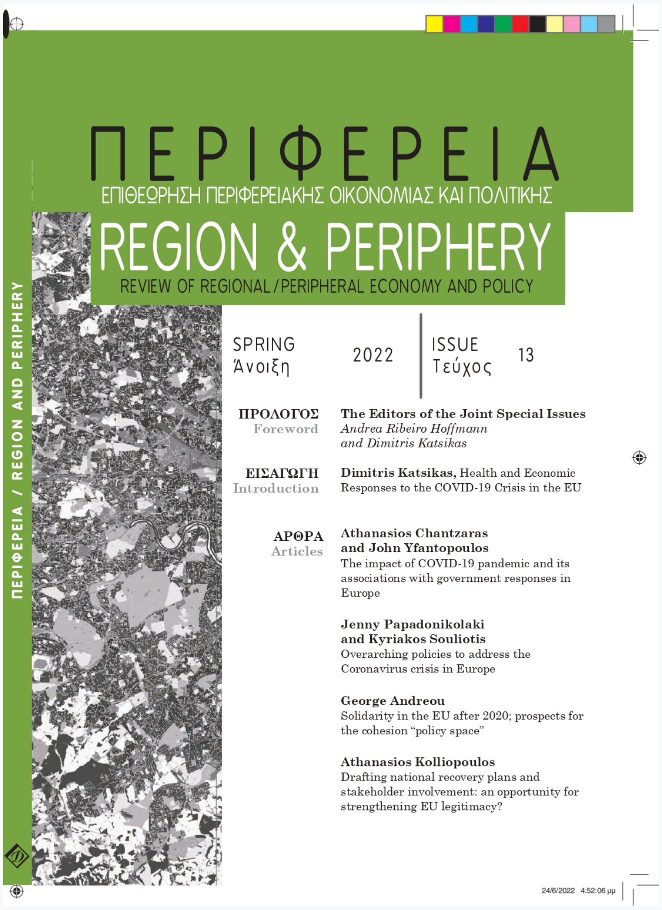
Περιφέρεια | Regional Integration: Politics, Economics, Governance

Τόμ. 13, Αρ. 13 (2022)

Περιφέρεια | Region & Periphery - Regional Health and Economic Responses to the COVID Crisis in the EU and Latin America



Αποτέλεσαν τα Εθνικά Σχέδια Ανάκαμψης ευκαιρία για ενδυνάμωση της δημοκρατικής νομιμοποίησης των αποφάσεων στην Ευρωπαϊκή Ένωση;

Αθανάσιος Κολλιόπουλος

doi: [10.12681/rp.30755](https://doi.org/10.12681/rp.30755)

Βιβλιογραφική αναφορά:

Κολλιόπουλος Α. (2022). Αποτέλεσαν τα Εθνικά Σχέδια Ανάκαμψης ευκαιρία για ενδυνάμωση της δημοκρατικής νομιμοποίησης των αποφάσεων στην Ευρωπαϊκή Ένωση;. *Περιφέρεια | Regional Integration: Politics, Economics, Governance*, *13*(13), 91–108. https://doi.org/10.12681/rp.30755

Περιφέρεια Τεύχος 2022 (13), 99-108
Region & Periphery Issue 2022 (13), 99-108

Drafting national recovery plans and stakeholder involvement: an opportunity for strengthening EU legitimacy?

Athanasios Kolliopoulos, *Phd., Teaching Fellow, Department of Political Science and Public Administration, National and Kapodistrian University of Athens*

Abstract

The Recovery and Resilience Facility (RRF) is at the heart of Next Generation EU, Europe's plan to tackle the economic fall out of the pandemic crisis. To obtain this support, national plans outlining structural reforms to be implemented by member states are to be submitted for assessment by the European Commission before being approved by the European Council. Accordingly, to effectively implement the structural reforms to be financed by the RRF, national governments and their constituents must show ownership over the process. While it should be in everyone's interest to disburse recovery funds as soon as possible so as to reach a strong recovery effect, it is equally important to ensure enough time for public consultations with the relevant stakeholders, and a successful reflection of input from the stakeholders in the national plans. However, drafting national recovery plans proved a laborious exercise, bringing back concerns over the EU democratic deficit. Consequently, a crucial question concerns whether pandemic crisis is a proper opportunity to bridge the legitimacy gap of the EU, which has widened in the era of the EU's economic crisis. In an attempt to answer this question, this paper provides an overview of the overall involvement of stakeholders in drafting national recovery and resilience plans based on information gathered from several official reports.

KEY-WORDS: Recovery and Resilience Facility, COVID-19 pandemic, EU legitimacy, stakeholders.

Αποτέλεσαν τα Εθνικά Σχέδια Ανάκαμψης ευκαιρία για ενδυνάμωση της δημοκρατικής νομιμοποίησης των αποφάσεων στην Ευρωπαϊκή Ένωση;

Αθανάσιος Κολλιόπουλος, *διδάκτωρ Πολιτικής Επιστήμης, διδάσκων στο Τμήμα Πολιτικής Επιστήμης και Δημόσιας Διοίκησης (ΕΚΠΑ)*

Περίληψη

Ο Μηχανισμός Ανάκαμψης και Ανθεκτικότητας βρίσκεται στην καρδιά του σχεδίου της Ευρωπαϊκής Ένωσης, NextGenerationEU, για την αντιμετώπιση των οικονομικών επιπτώσεων από την κρίση της πανδημίας. Προκειμένου να αποκτήσουν πρόσβαση στα χρηματοδοτικά κεφάλαια του Μηχανισμού, οι εθνικές κυβερνήσεις κατάρτισαν σχέδια ανάκαμψης και ανθεκτικότητας, τα οποία υποβλήθηκαν για αξιολόγηση στην Ευρωπαϊκή Επιτροπή.

Τα εθνικά αυτά σχέδια ήταν αναγκαίο να περιλαμβάνουν, εκτός από τις επενδύσεις σε έργα αναβάθμισης των υποδομών, και τη δέσμευση των κυβερνήσεων για την υλοποίηση μακροπρόθεσμων μεταρρυθμίσεων σε μια σειρά τομέων (δημόσια διοίκηση, αγορά εργασίας, δικαιοσύνη κ.ά.). Με βάση άλλωστε την αξιολόγηση της υλοποίησης των μέτρων αυτών, θα πραγματοποιείται αναλόγως και η εκταμίευση των δόσεων.

Αν και είναι προς το συμφέρον τόσο των κυβερνήσεων όσο και των ευρωπαϊκών οργάνων να εκταμιευτούν τα κεφάλαια το συντομότερο δυνατό, ώστε να επιτευχθεί ισχυρό αποτέλεσμα ανάκαμψης, είναι εξίσου σημαντική και η εξασφάλιση επαρκούς χρόνου για δημόσια διαβούλευση με τους ενδιαφερόμενους φορείς (αυτοδιοίκηση, κοινωνικοί εταίροι, φορείς της κοινωνίας των πολιτών κ.ά.), στο πλαίσιο της κατάρτισης των εθνικών σχεδίων. Στην πράξη, βέβαια, η διαδικασία αυτή αποδείχθηκε επίπονη άσκηση, επαναφέροντας τον προβληματισμό για το «δημοκρατικό έλλειμμα» της Ευρωπαϊκής Ένωσης.

Κατά συνέπεια, το κρίσιμο ερώτημα που εγείρεται είναι εάν η πανδημική κρίση αποτέλεσε ευκαιρία για να βελτιωθεί η νομιμοποίηση στη λήψη των αποφάσεων στην Ένωση, που είχε υποχωρήσει σημαντικά στην εποχή της κρίσης χρέους. Σε μια προσπάθεια να απαντηθεί αυτό το ερώτημα, η παρούσα μελέτη επιχειρεί μια επισκόπηση -με βάση δευτερογενή δεδομένα από σχετικές έρευνες- της έκτασης της συμμετοχής των κοινωνικών εταίρων αλλά και των οργανώσεων από την κοινωνία των πολιτών στην κατάρτιση τόσο των εθνικών προσχεδίων αλλά και των τελικών σχεδίων που υποβλήθηκαν προς έγκριση στην Επιτροπή.

ΛΕΞΕΙΣ-ΚΛΕΙΔΙΑ: Μηχανισμός Ανάκαμψης και Ανθεκτικότητας, πανδημία, νομιμοποίηση, ενδιαφερόμενα μέρη

1. Introduction

The EU's Recovery and Resilience Facility (RRF), established to respond to the COVID-19 pandemic, could represent a step towards transforming Europe's institutional set-up, which related literature has described as "incomplete" (e.g., Beck 2020; Blesse et al. 2020). In July 2020 the European Council agreed on the RRF amounting to €672.6 billion of the total €750 billion of the Next Generation EU and on 9 February 2021 the European Parliament (2021a) formally endorsed the agreement on the Proposal for a Regulation establishing a Recovery and Resilience Facility. Access to this funding was subject to submission of a National Recovery and Resilience Plan in which member states laid out what reforms and investments would be supported by the RRF. On achieving pre-set targets and milestones laid out in the plans, funding will be disbursed but the final payments are dependent on completion of final targets and milestones in or before August 2026. Finally, the Recovery and Resilience Task Force (RECOVER) is responsible for steering the implementation of the RRF and for coordinating with the European Semester.

Clear guidelines outlining key actions pertinent to a range of policies were made available to member states (European Commission 2021a) in line with what co-legislators had politically agreed on the regulation. From October 2020 draft recovery and resilience plans could be presented to the Commission after which they would be further revised and finalized. "As a rule", the deadline for their official submission was the 30 April 2021, however, this deadline was flexible (European Commission 2021b). Thirteen countries submitted their plans by the 30 April 2021 deadline or at most with a one-day delay. By the end of 2021, all member states except for the Netherlands had submitted their national plans while, under the RRF, 13% of the total amount allocated to member states was disbursed by the European Commission in pre-financing to 16 EU countries.

It should be noted that all parties involved were interested in having recovery funds disbursed with no delays since a strong recovery effect was intended. However, ample time which would allow for political participation -through public consultations or the involvement of national parliaments- was equally important (Ferrer 2021: 4; Conti & Ferrer 2021a). This is important because of the link between reforms and the disbursement of funds backed by joint EU debt, which the EU's so-called frugal four (Austria, Denmark, the Netherlands and Sweden) pushed for: they wanted a "loans for loans" approach for the bloc's coronavirus recovery fund, and the Commission took their wishes on board. Indeed, the strategy of offering grants in exchange for reform can bring unwanted results because domestic stakeholders could interpret the grants as an attempt by EU partners to force reforms from the outside (Pisani-Ferry 2013). On the other hand, the anti-cyclical interventions seek to moderate the negative impact of the pandemic (European Economic and Social Committee 2020a).

In some sense, medium and long-term objectives require input responsiveness to citizens' political demands; but drafting national recovery plans implies an immediate output effectiveness. To put it another way, as pre-financing of 13% of the total amount allocated to member states would be made available as soon as recovery and resilience plans were approved within 2021, national governments seemed to make a virtue of necessity limiting the public consultation on the preparation of the draft plans, to ensure that RRF financing arrives as quickly as possible. On the other hand, the European Economic and Social Committee (2020b) emphasized the importance of stakeholders' involvement in this process to have full ownership of the plans.

In light of the abovementioned considerations, this paper tries to address the following questions: Is drafting national recovery plans an opportunity for strengthening EU legitimacy? Have national governments managed to strike a balance between input and output legitimacy processes when drafting their recovery and resilience plans? To cope with the above questions, the information collected to inform this paper is based on several relevant surveys (for a preliminary overview see Lehofer et al. 2021) on the stakeholder involvement (civil society organizations and local and regional governments) in the preparation of national draft plans.

An attempt is made here (a) to describe, according to the literature, the aspects of legitimacy before and after the EU financial crisis; (b) to highlight the character of conditionality attached to the RRF plans; and (c) to examine whether member states endorsed stakeholder involvement in the drafting process.

2. Aspects of legitimacy before and after the EU financial crisis

i) The EU legitimacy concepts

Drawing on the EU-focused studies of democratic theory (Scharpf 1999, 2006; Schmidt 2015), we present three legitimacy concepts: the 'output' effectiveness of EU policies (Moravcsik 2002b); the EU's 'input' responsiveness to citizens' demands (Büchs 2008); and the 'throughput' quality of EU policymaking processes, judged by their transparency and inclusiveness (Schmidt 2013). The key question is whether the relationship between input and output legitimacy is one of synergy or trade-off (Lindgren & Persson 2010). More output legitimacy through effective policy outcomes is often seen at the expense of input responsiveness, or vice versa (Scharpf 1999). For the third mechanism, there is no such trade-off; better quality throughput seems to reinforce both input and output performance (Schmidt 2013).

While input legitimacy ensures political authorities' responsiveness to peoples' demands and other forms of discursive interactions with the citizens and civil society organizations, output legitimacy is focused on policy effectiveness and can be evaluated in two distinct ways (Schmidt 2015: 11): political and technical. Political evaluations of output legitimacy through effective policy outcomes depend on citizen values such as fairness or equity. Technical evaluations are by contrast related to experts and their technical knowledge, invoking economic principles such as competitiveness, fiscal balance, or growth.

Prior to the Eurozone crisis, the EU appeared to benefit from effective output and throughput legitimacy while the minimal political input by citizens did not appear unduly problematic (Moravcsik 2002a; Majone 2002), due to the overall welfare generating effect from a single currency, the stable interest rates and the social cohesion policies (Enderlein & Verdun 2009: 493).

ii) The legitimacy issue in the era of the Eurozone crisis

With the beginning of the sovereign debt crisis in the Eurozone, governmental authority was deemed less significant than technocratic since technical approaches to output legitimacy were seen as more important (Crum & Merlo 2020: 399,400). As a result, the "European democratic deficit" (Follesdal & Hix 2006: 536; Scharpf 2012: 16) deepened. More analytically, a vast reform agenda for some member states was endorsed, in the form of structural reforms, into the Memoranda of Understanding (MOUs). In order to avoid countries defaulting, disbursement of loan installments was subject to the implementation of MOUs (Sacchi 2015). Hence, there was an increasing tendency for EU funds to be steered towards member states based on conditionality. A consortium of foreign advisers, known as the Troika, composed by the International Monetary Fund, the European Commission, and the European Central Bank were to offer technical assistance and the "necessary know-how" (Pagoulatos 2020: 366).

For the borrowing country, programme ownership is crucial for addressing economic problems and implementing the structural reforms. The principal-agent theory (Khan & Sharma 2003: 228) constitutes the theoretical foundation of programme ownership. The agent has greater scope for pursuing its own interests if its actions are not easy to verify due to information being asymmetric or due to not having a perfect monitoring mechanism. Thus, principal-agent theory implies that the objectives of the principal and the agent should be well-aligned. When realizing conditions are strongly dependent on cooperation and implementation by the agent, ownership of a programme is not a goal but a necessity (Khan & Sharma 2001: 13).

Even so, programme conditionality and ownership have become two contradicting priorities. Conditionality attached to adjustment programmes reinforced the model of the "external governance incentives"; that is, the stakeholders define their policy on a "logic of consequences" (March & Olsen 1989: 22), in which a state adopts EU rules if the benefits of EU rewards or threats exceed the domestic adoption costs. What's more, conditionality as a policy instrument gives rise to controversy not only as regards effectiveness but also for its legitimacy (Spanou 2016: 1). Different elements in the structural reforms have had conflicting effects. Accordingly, as it has been noted (Boughton & Mourmouras 2002: 4), structural reform plans are a dynamic process referring to "the sum of multiple reform ownerships". This "plural" approach reveals the complexities hidden in the black box of domestic policy dynamics" (Spanou 2016: 19,20). For these reasons, policy conditionality per se is no guarantee of effectiveness. Instead, "external constraints may in fact aggravate domestic failures of governance, insofar as they empower particular distributional coalitions at the expense of the broad public" (Rodrik 2019: 5).

3. Institutional implications and the "light conditionality" attached to the RRF plans

i) Managing to create ownership of the drafting process

Going back to the pandemic crisis, the new RRF is "no exception to the use of conditionality", requiring the funds to be specific, time constrained and under direct management of the European Commission (Corti & Ferrer 2021: 4,5). The large-scale transfer justifies a high level of scrutiny and the imposition of certain conditions from Brussels; but there are two reasons for which this scrutiny is potentially set apart from the conditionality attached to the MoU reforms, which imply a change "from outside" (Moschella 2020: 20,21).

Firstly, given the link between the European Semester and the Recovery and Resilience Facility, the RRF leads to increased domestic ownership, since it allows member states to plan the pace of implementation in the formulation stage of the national recovery and resilience plans. Secondly, because of the unprecedented economic situation that led to the creation of the RRF, EU financial help is more likely to be considered a response to the devastating socio-economic consequences of the pandemic rather than an attempt on the part of EU institutions and partners to enforce domestic fiscal adjustments (Pilati 2021:9; Wieser 2020:9).

That is to say, under the RRF, structural reforms need to come from the inside, as part of a "light conditionality" (Pisani-Ferry 2021), which means that individual cases could be investigated aiming to identify what might impede successful implementation of the objectives pursued and how specific reforms would address such impediments (Pisani-Ferry 2021). In this context, some authors (Buti & Polli 2021) pointed out that the "institutional features of countries and the internal cohesion of governments" are important factors influencing the drafting and implementation of the EU recovery plan. The time constraints, the veto players, and the importance of such decisions could explain why in countries with -more or less- heterogeneous coalition governments (i.e., Spain, Italy, Portugal) a concertation committee chaired by the Prime Minister was responsible for the national plans to be drafted. In contrast, in single-party governments in parliamentary systems as in Greece, this responsibility was delegated to a minister; that is, without significant veto players.

Moreover, the RRF provides a different governance system compared to the European Structural and Investment Funds (ESIF). Contrary to the management of the partnership agreements on the European Structural and Investment Funds, which are approved by the European Commission, the national recovery plans were approved by the Council of the EU, and the disbursements require the opinion of the Economic and Financial Committee (consisting of representatives of the governments of the member states). As a result, the trend towards intergovernmentalism has been reinforced, threatening to unduly politicize issues and to hinder time wise the adoption of the plans (Kritikos 2021: 12; Corti & Ferrer 2021b: 3).

ii) Stakeholder involvement

Several EU institutions called for greater stakeholder involvement in the drafting process. The European Parliament argued that regional and local authorities, civil society organisations, including youth organisations, and social partners should cooperate in developing and implementing the plans (European Parliament, 2020). In that vein, the EU's economic affairs commissioner Paolo Gentiloni called for greater involvement from trade unions in the elaboration of national recovery plans. The EU commissioner warned that "without the participation of trade unions, it would be much more difficult for national governments to push the reforms of labour markets and pension systems that were requested from national governments in exchange for EU cash" (Valero, 2021).

To this end, the Parliament also made a request for introducing stakeholder involvement in the RRF Regulation not just nominally but as a legal requirement and as one of the assessment criteria (European Parliament, 2020). Additionally, the Commission invited member states to make their plans public so that the European Parliament, other member states, the Commission and generally the public can have an overall idea of what objectives the recovery and resilience plan aims to carry through (European Commission, 2020). However, stakeholder involvement is neither a legal requirement nor one of the assessment criteria.[1] Accordingly, the RRF Regulation requires that national recovery plans include a "summary of the consultation process of local and regional authorities, social partners and other relevant stakeholders" (Art. 15.3). As a result, stakeholder involvement did not gain much traction.

This assessment is based on information gathered from several relevant reports examining stakeholder involvement. Most of them analyze the drafting process up until February 2021. In some cases, updated studies were conducted, in the aftermath of the national RRF plans finalization following the initial presentation of the drafts. The first one is a Report which was prepared for the European Center of Civil Society (2020). A short survey was carried out in the period from 1 to 18 December 2020. It gathered responses from civil society organisations from 17 countries who responded to a questionnaire. The questionnaire included a question about the level of involvement of civil society organisations in the preparation of the national recovery plans.

The most important conclusion is that there was "little proactive Government-led consultation or engagement" of civil society organisations in the preparation of the recovery plans (European Center of Civil Society 2020: 11). Except for respondents from Portugal and to a lesser extent Italy, "non-transparent and too limited" were by far the most common answers. In Germany, for example, it was reported that there had been some discussions with Youth organisations, but no substantial consultation. Moreover, there was no clarity of information for civil society organisations and as a result they did not know with which Ministry to engage with; that is, the Ministry of Finance or the Prime Minister's office? (European Center of Civil Society 2020: 12,13).

Additionally, there is a great deal of uncertainty regarding procedures about the national plans and lack of available information. For example, eight Romanian non-governmental organizations in the environmental area demanded a thorough revision of the national plan's Climate Change, Environment and Energy sections. The NGOs asked for an "adequate, inclusive, and transparent" public consultation procedure (Jakubowska et al. 2021). In the Czech Republic also, the national debate about the draft plan was almost non-existent before October 2020. Following on criticism from many parties, the government opened the process and organised a total of six roundtables for a more detailed discussion about the individual pillars of the plan (Jakubowska et al. 2021). Additionally, in Poland one of the biggest criticisms was the lack of transparency. However, on January 27, 2021, the Minister of Development Funds and Regional Policy officially announced that the draft plan would be sent for public consultations within two weeks, allowing local governments and other non-state actors to highlight their priorities (Jakubowska et al. 2021). In Hungary as well, the government has not published summaries of priorities and financial tables (Jakubowska et al. 2021).

In this context, on November 10, 2020, national civil society organisations, supported by their European umbrella organisations that participate in the Social Platform -the largest network of civil society organisations in the European Union-, submitted an open letter (Sadowski 2020) to the German Presidency of the EU, the European Parliament Budget and the ECON Chairs, and the European Commission Task Force on the European Recovery Plan regarding their concerns about the marginal role of civil society organisations in drawing up the national recovery plans. The letter demands the inclusion of civil society organisations as they face significant difficulties in giving input during the elaboration phase due to unclear responsibilities within ministries. Accordingly, the European Economic and Social Committee adopted a resolution on 9 June 2021, noting that governments only slightly involved organised civil society in drafting their plans (European Economic and Social Committee 2021).

A second survey, jointly conducted by the European Committee of the Regions (CoR) and the Council of European Municipalities and Regions (CEMR), tried to understand how much local and regional governments had been involved in the process of drafting national plans (European Committee of Regions 2021a). The sample is based primarily on the views and experiences of 25 organisations representative of a variety of subnational government levels across 19 EU member states. Targeted consultation was carried out from early November 2020 to the beginning of January 2021. The responses to the consultation show that very few member states consulted their local and regional authorities and that an even smaller number actually took their input into consideration. This is particularly evident regarding the governance of the process (coordination, validation, timelines, etc.), where only one respondent reported being consulted and having impact on the outcome. The responses which document a "significant impact" are considerably higher for the definition of priorities and the identification of specific investments, but the vast majority remained not at all involved or were only informed (European Committee of Regions 2021a:3).

Respondents were also asked in what manner they were involved in the process: in a structured and institutionalised manner, or in an ad hoc (informal) manner. At the political level the involvement was largely ad-hoc, while at the technical level there was a slightly different situation, with a higher share of respondents reporting structured involvement. Three respondents from Finland, Lithuania and Spain stated that they were involved in a structured and institutional manner at both political and technical levels (European Committee of Regions 2021a: 3). Respondents in their majority stated that the national government did not seem willing to engage representatives of subnational government (European Committee of Regions 2021a: 4). In July 2021 the CoR presented an updated study, which found that the lack of local and regional authorities involvement means the territorial dimension is not fully addressed and there is "miscoordination with Cohesion Policy" (European Committee of Regions 2021b: 91). Apart from Belgium and to a lesser extent Poland and Croatia, the consultation process was not a substantial "open dialogue to collect needs and potential solutions from regions and municipalities" (European Committee of Regions 2021b: 91).

Eurocities -the network of 190 cities in 39 countries, representing 130 million people- assessed the involvement of 47 European cities across 18 member states in the development of national recovery plans. It also gathered initial feedback about the upcoming consultations on Operational Programmes of Cohesion Funds. The key-findings (Eurocities 2021: 2,3) indicate that a) over 70% of respondents evaluated the consultation process as insufficient, with only around 5% evaluating them as 'good' (only Italian cities), around 25% as 'sufficient' and none of them as 'very good' and b) respondents from most Eastern European cities expressed their concern that the lack of involvement of cities in the consultation process may result in their investment and recovery endeavors being hindered.

The fourth report (Bankwatch Network 2021) comes from Green 10, a group of major green NGOs including the European Environmental Bureau, Greenpeace and Friends of the Earth. The Bankwatch Network conducted a survey on the drafting process in a score of EU countries looking to access the RRF. The Bankwatch survey of how the spending plans were prepared in 20 countries identified milestones and whether member states complied with EU rules on public participation. As a matter of fact, the Report found that only nine countries had made draft plans publicly available, while only eight had launched public consultations. Only Portugal conducted public consultation on a draft plan and published the responses. Belgium also came out relatively well in the survey, with transparent national working groups and a broad strategic environmental assessment as well as a draft plan and consultation. As for Greece, after the submission of the draft plan to the Commission in November 2020, a stakeholder consultation was carried out on the website of the Ministry of Finance. However, the stakeholder involvement and the public consultation period were limited. More specifically, the authorities received 53 contributions and opinions on the reforms and investments from 24 bodies (European Commission 2021d).

In fact, Portugal was the first member state to present its draft plan to the

Commission. The Portuguese government had organised the widest consultation, including academics, business organisations, trade unions, and municipalities. More specifically, the government in Portugal held a public event inviting a wide variety of representatives from civil society to deliberate a Strategic Vision for the 2020-2030 Economy Recovery Plan. By the end of the public consultation on 21 August, 1153 contributions had reached the government and on 5 September the Strategic Vision for the 2020-2030 Economy Recovery Plan for Portugal was presented based on the contributions received (European Economic and Social Committee 2020a). In Slovakia as well, in October 2020, the Ministry of Finance, which was in charge of preparing the national recovery plan, published a working document called "Modern and Successful Slovakia". The document, prepared by public sector experts, was commented on by about 100 external experts (Slovak Spectator 2020).

After the submission of several national recovery plans, the Commission called on member states to ensure that the national plans are "fully implemented in a timely manner and in thorough dialogue" with the primary stakeholders (European Commission 2021c: 11). However, the consultation process is not part of the assessment criteria.

In that vein, a Eurobarometer survey (European Parliament 2021b) commissioned for the State of the European Union event on 15 September 2021 shows a climate of distrust: only 44% said they believed their own governments would use this EU money properly even though about 60% of EU citizens believed that the EU recovery budget would help their country overcome the socioeconomic damage caused by the pandemic crisis.

iii) Political tensions on the preparation of the draft plans

Except for public distrust, the preparation of the draft plans triggered political turmoil in two major countries. The Italian political crisis stemmed from Matteo Renzi pulling his party Italia Viva out of the current governing coalition over the use of more than €200 million worth of RRF funds. The move prompted Prime Minister Giuseppe Conte to resign his post. The fractious coalition government spent months arguing about priorities and resource allocation. To begin with, Italy's government commissioned its national recovery plan to a group of experts led by former Vodafone chief Vittorio Colao in April 2020. Colao's committee detailed a 53-page plan that was delivered in June 2020. But it was immediately sidelined by political infighting. Subsequently, in December 2020 Conte government published a 13-page rough draft that largely ignored Mr Colao's recommendations (Borrelli 2021). However, many stakeholders pointed out the draft plan lacked crucial reforms or detail on governance and procedure. Trade unions, for example, complained that they were excluded from the consultation process. Representatives of small and medium-sized enterprises also were dismayed, because they were never involved in drafting the plan. In this context, Renzi criticized Conte for centralizing control (Leali & Tamma 2021) since the implementation of the plan would have been the responsibility of Conte along with the economy and industry ministers. There followed political confusion for over four weeks and in mid-January Conte coalition collapsed. Subsequently, President Sergio Mattarella asked Mario Draghi, former European Central Bank chief, to serve as the head of a new national unity government. His government was comprised of almost all political parties and his Cabinet is a mix of technocrats, veteran politicians and existing ministers. Not surprisingly, new Italian Prime Minister Mario Draghi has named Vittorio Colao as Minister for Technological Innovation and Digital Transition.

In Spain, the left-wing coalition government managed to secure parliamentary support for the plan thanks to the far-right Vox in January 2021. Although the conservative Popular Party, center-right Ciudadanos and the Catalan Republican Left announced their intention to vote against, in a surprise move, the far-right Vox said its 52 MPs would abstain in the vote, even though Vox accused the government of putting in place an "opaque mechanism" to spend the cash (Gallardo 2021).

4. Conclusions

Despite the fact that the Recovery and Resilience Facility enables member states to raise significant funding for reforms and investments, there are no pan-European mechanisms to ensure that citizens have a say in drafting national recovery plans and in monitoring the use of these funds. Consequently, concerns were raised once again as regards decision-making processes which seem to suffer from a lack of democratic legitimacy.

Prior to the sovereign debt crisis, the EU appeared to benefit in principle from effective output legitimacy; as a result, the minimal political input did not appear an unduly worrying signal. In this context, the relationship between input and output legitimacy was seen less as one of synergy and more as one of trade-off. Output legitimacy in particular, can be evaluated in a twofold way: politically and technically. In political terms, output legitimacy is defined through effective policy outcomes depending on how far they reflect citizen values and community norms. Technical evaluations are instead dependent on the domain of experts and on economic principles such as macroeconomic stability. However, over the years how output legitimacy is technically approached appears to have become more important; and even more so, after the onset of the Eurozone crisis. The Eurozone policies performed worse than expected and national economic governance was subject to tighter hierarchical controls imposed by the EU while at the same time citizens' attitudes towards their national governments and EU governance turned negative. Structural reforms, agreed upon in the Memoranda of Understanding, were designed to improve output legitimacy, in technical terms, through ambitious fiscal adjustment programmes. Hence, political evaluations of output legitimacy were neglected as fiscal reforms were integrated in the coercive context of loan conditionality.

In the light of the above considerations, the "light conditionality" attached to RRF plans and the low stakeholder involvement seem to raise once again legitimacy concerns. However, the "light conditionality" potentially diverges from the "strict conditionality", which implied a change "from outside". The national recovery and resilience plans contain member states' own targets, milestones and timetables for implementation. Countries can therefore set out domestic political evaluations of their policies' output (green transformation, digital transformation, economic cohesion etc.), along with technical evaluations. Despite this greater degree of country ownership of the reforms plans, the vast majority of member states did not develop systems for consulting with their citizens through national and regional organisations. Both the EU institutions and member states acted under high time pressure to disburse recovery funds as soon as possible to reach a strong recovery effect. In fact, in the Resilience and Recovery Facility Regulation, stakeholder involvement is not a legal requirement, nor one of the assessment criteria.

A key finding of the paper is that most member states did not provide a high level of public scrutiny and public consultation processes on the elaboration of their plans, which is mainly influenced by the lack of time. However, other factors may also explain variations observed in the participation of stakeholders among different countries. These variations could be attributed to some extent to institutional features of countries and the internal cohesion of governments. The Italian political crisis in 2021, for example, stemmed from tensions on RRF resource allocation between coalition partners in government. Nevertheless, the more homogeneous -ideologically- coalition government in Portugal conducted one of the most flourishing consultation rounds. Meanwhile, the ruling illiberal parties in central and eastern Europe were more reluctant to enhance engagement with civil society. Consequently, drafting national recovery plans became a laborious exercise for EU member states. As a result, although the national recovery plans were presented as an opportunity to increase stakeholder ownership over the process, their drafting process seems an opportunity missed for strengthening EU legitimacy.

Notes

1. The 11 criteria require inter alia an assessment of whether: the measures have a lasting impact; the measures address the challenges identified in the country specific recommendations or a significant subset of it; the milestones and targets which allow for monitoring the progress with the reforms and investments are clear and realistic; the plans meet the 37% climate expenditure target and the 20% digital expenditure target; the plans respect "the do no significant harm" principle; and the plans provide an adequate control and audit mechanism and set out the plausibility of the costing information.

References

Bankwathch Network. (2021), "Building back better?". Retrieved from: https://public.tableau.com/profile/bankwatch#!/vizhome/RRF_16123517843520/Sheet12

Beck, T. (2020), "A Hamiltonian glimpse in Europe", VoxEU.org, July 27.

Ben, C. & Merlo S. (2020), "Democratic legitimacy in the post-crisis EMU", Journal of European Integration 42(3): 399-413.

Blesse, S., M Bordignon, P. C. Boyer, P. Carapella, F. Heinemann, E. Janeba & A. Raj (2020), "The next steps of the European project", VoxEU.org, August 18.

Borrelli S. (2021), "Corporate Italy lashes out at 'disconnected' Covid recovery plan", Financial Times, January 31.

Boughton, J. A. & Mourmouras A. (2002), "Is policy ownership an operational concept?" IMF Working Paper 02/72.

Buchs, M. (2008), "How legitimate is the open method of coordination?", *Journal of Common Market Studies* 46(4): 765-86.

Buti, M. & Polli O. (2021), "Veto player theory and the governance of the Recovery and Resilience Facility", VoxEU.org, February 11.

Corti F. & Ferrer. N.J. (2021a), "Money allocation is not the key to recovery and resilience, reforms are", CEPS Recovery and Resilience Reflection Papers 2021, June 24.

Corti F. & Ferrer. N.J. (2021b), "Steering and Monitoring the Recovery and Resilience Plans: Reading between the lines", CEPS Recovery and Resilience Reflection Papers 2021, April 26.

Crum B. & Merlo S. (2020), “Democratic legitimacy in the post-crisis EMU”, *Journal of European Integration* 42:(3): 399-413.

Enderlein, H. & Verdun A. (2009),” EMU’s teenage challenge: what have we learned and can we predict from political science?” *Journal of European Public Policy* 16(4): 490-507.

Eurocities (2021), “Briefing note on the involvement of cities in the preparation of National Recovery Plans and Operational Programmes 2021-2027”, January 19.

European Center of Civil Society (2020), “Participation of civil society organisations in the preparation of the EU National Recovery and Resilience Plans”. International Center for not-for-profit Law. Retrieved from: https://civilsocietyeurope.eu/wp-content/uploads/2021/01/CSE-ECNL-Participation-of-CSOs-in-the-preparation-of-the-EU-NRRPs_spread.pdf

European Commission (2021a), “Commission staff working document - Guidance to Member States Recovery and Resilience Plans - Part 1”. Commission staff working document. [Online] January 22. Retrieved from: https://ec.europa.eu/info/files/guidance-member-states-recovery-and-resilience-plans_en

European Commission (2021b), “Questions and answers: The Recovery and Resilience Facility”, [Online] April 22. Retrieved from: https://ec.europa.eu/commission/presscorner/detail/en/qanda_21_1870

European Commission (2021c), “Economic policy coordination in 2021: overcoming COVID-19, supporting the recovery and modernising our economy”, COM (2021) 500 final, June 2, Brussels.

European Commission (2021d), “Commission Staff Working Document: Analysis of the recovery and resilience plan of Greece”, , June 17, Brussels.

European Commission (2001), “European governance: a White Paper”, COM(2001) 428 final’, July 25, Brussels.

European Commission (2020), “Guidance to Member States Recovery and Resilience Plans – Part 1”. Commission staff working document. [Online] September 17, Retrieved from: https://ec.europa.eu/info/sites/info/files/3_en_document_travail_service_part1_v3_en_0.pdf.

European Committee of Regions (2021a), “The involvement of municipalities, cities and regions in the preparation of the national Recovery and Resilience Plans: Results of the CoR-CEMR targeted consultation”, European Union, January 20. Retrieved from: https://cor.europa.eu/en/news/Pages/post-COVID-recovery-plans-.aspx

European Committee of Regions (2021b), "Regional and local authorities and the National Recovery and Resilience Plans", European Union.

European Economic and Social Committee (2021), "European Economic and Social Committee's contribution to the 2022 European Commission's work programme", Resolution, June 9.

European Economic and Social Committee (2020a), "Recovery and Resilience Facility: what's in it for civil society?", November 20. Retrieved from: https://www.eesc.europa.eu/en/news-media/press-releases/recovery-and-resilience-facility-whats-it-civil-society

European Economic and Social Committee (2020b), "National Recovery Plans must be drawn up in partnership with Civil Society Organisations and Social Partners", December 23. Retrieved from: https://www.eesc.europa.eu/en/news-media/news/national-recovery-plans-must-be-drawn-partnership-civil-society-organisations-and-social-partners-0

European Parliament (2020), "Report on the proposal for a regulation of the European Parliament and of the Council establishing a Recovery and Resilience Facility", November 10.

European Parliament (2021a), "European Parliament legislative resolution of 10 February 2021 on the proposal for a regulation of the European Parliament and of the Council establishing a Recovery and Resilience Facility, COM(2020)0408 – C9-0150/2020 – 2020/0104(COD)", February 10.

European Parliament (2021b), "Flash Eurobarometer: State of the European Union", Public Opinion Monitoring Unit – DG Communication, September.

Ferrer. N.J. (2021), "Avoiding the Main Risks in the Recovery Plans of Member States", CEPS Recovery and Resilience Reflection Papers 2021, March 8.

Finke B. (2007), "Civil society participation in EU governance". European Governance 2(2). Retrieved from: http://www.livingreviews.org/lreg-2007-2

Follesdal, A. & Hix S. (2006), "Why is There a Democratic Deficit in the EU? A Response to Majone and Moravcsik", *Journal of Common Market Studies* 44 (3): 533-562.

Gallardo C. (2021), "Spain's far right helps Pedro Sánchez unlock EU coronavirus recovery funds", politico.eu, January 28.

Heidbreder E. (2015), "Governance in the European Union: A Policy Analysis of the Attempts to Raise Legitimacy through Civil Society Participation", *Journal of Comparative Policy Analysis: Research and Practice* 17:(4): 359-377.

Jakubowska, J., O. Plevák, Szicherle P. & Gabrizova Z. (2021), "Drafting national recovery plans: A laborious exercise for Visegrad countries", euractiv.com, February 10.

Khan, M. & Sharma S. (2001), "IMF conditionality and country ownership of programs", IMF/WP/01/142.

Khan, M. & Sharma S. (2003), "IMF Conditionality and Country Ownership of Programs", *The World Bank Research Observer* 18(2).

Kritikos A. (2021), "Cohesion Policy in the European Union: The next day after the pandemic" (in Greek), Hellenic Foundation for European and Foreign Policy (ELIAMEP), Policy Paper 65/2021.

Leali, G. & Tamma P. (2021), "Italy's Conte redrafts recovery plan to avoid political crisis", politico.eu, January 12.

Lehofer, W., C. Dias, K. Komazec & G. Gotti (2021), "Recovery and Resilience Plans: stakeholders' involvement", In-depth analysis requested by Economic Governance Support Unit, European Parliament, July.

Lindgren K-L. & Persson T. (2010), "Input and output legitimacy: synergy or trade-off? Empirical evidence from an EU survey", *Journal of European Public Policy* 17(4): 449-467.

Majone G. (2002), "The European Commission: The Limits of Centralization and the Perils of Parliamentarization", *Governance* 15 (3): 375–92.

March, J.G. & Olsen J.P. (1989), *Rediscovering Institutions*, New York: Free Press.

Moravcsik A. (2002a), "In Defence of the "Democratic Deficit: Reassessing the Legitimacy of the European Union", *Journal of Common Market Studies* 40 (4): 603-634.

Moravcsik, A. (2002b), "Reassessing Legitimacy in the European Union", *Journal of Common Market Studies* 40 (4), 603-624.

Moschella M. (2020), "What role for the European Semester in the recovery plan?" European Parliament, Directorate-General for Internal Policies PE 651.377 – November.

Pagoulatos G. (2020), "EMU and the Greek Crisis: Testing the Extreme Limits of an Asymmetric Union", *Journal of European Integration* 42 (3): 363–379.

Pilati M. (2021), "National Recovery and Resilience Plans: Empowering the green and digital transitions?", European Policy Center, Discussion Paper, April.

Pisani-Ferry J. (2013), "Distressed Europe should not be bribed to reform", Bruegel blog.

Pisani-Ferry J. (2021), "Brussels' recovery bet: Tying funds to structural reforms", politico.eu, February 8.

Rodrik D. (2019), "Putting Global Governance in its Place", NBER Working Paper 26213.

Sacchi S. (2015), "Conditionality by Other Means: EU Involvement in Italy's Structural Reforms in the Sovereign Debt Crisis", *Comparative European Politics* 13(1): 77-92.

Sadowski P. (2020), "Open letter on the European Recovery and Resilience Plans and the involvement of civil society organizations at national levels", Social Platform, Brussels.

Scharpf F.W. (2006), "Problem-Solving Effectiveness and Democratic Accountability in the EU", *Political Science Series* 107, Vienna: Institute for Advanced Studies.

Scharpf, F.W. (1999), *Governing in Europe: Effective and Democratic?* Oxford: Oxford University Press.

Scharpf, F.W. (2012), "Legitimacy Intermediation in the Multilevel European Polity and its Collapse in the Eurocrisis", MPIfG Discussion Paper 12/6. Retrieved from: http://www.mpifg.de/pu/mpifg_dp/dp12-6.pdf

Schmidt V. A. (2013), "Democracy and Legitimacy in the European Union Revisited: Input, Output and 'Throughput'", *Political Studies* 61(1): 2–22.

Schmidt V.A. (2015), "The Eurozone's Crisis of Democratic Legitimacy: Can the EU Rebuild Public Trust and Support for European Economic Integration?", Discussion Paper 015, European Commission, September.

Slovak Spectator (2020), "The Finance Ministry publishes its much-awaited reform plan", October 5. Retrieved from: https://spectator.sme.sk/c/22502978/the-finance-ministry-introduced-a-reform-plan-for-slovakia.html

Spanou C. (2016), "Policy Conditionality, Structural Adjustment and the Domestic Policy System: Conceptual Framework and Research Agenda", Robert Schuman Centre for Advanced Studies Research Paper No. RSCAS 2016/60.

Valero J. (2021), "EU's Gentiloni calls for greater involvement of unions in recovery plans", euractiv.com, January 27.

Wieser T. (2020), "What Role for the European Semester in the recovery plan?", In-depth analysis requested by the ECON committee, European Parliament, PE 651.368 – October.