



**Drafting National Recovery Plans and stakeholder involvement:
An opportunity to bolster EU legitimacy?**

GREEK & EUROPEAN ECONOMY OBSERVATORY

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Summary

- The EU's Recovery and Resilience Facility (RRF) lies at the heart of the Union's response to the COVID-19 pandemic.
- EU countries should "as a rule" have officially submitted their recovery and resilience plans by 30 April 2021. However, this deadline is flexible.
- The European Commission called on member states to ensure that the national plans are fully implemented in a timely manner and in thorough dialogue with social partners, civil society and other stakeholders.
- In the RRF Regulation, stakeholder involvement is not a legal requirement, nor one of the assessment criteria.
- The "light conditionality" attached to RRF plans and the low stakeholder involvement once again raise legitimacy concerns.

Introduction

The EU's Recovery and Resilience Facility (RRF) lies at the heart of the Union's response to the COVID-19 pandemic, and even though it is meant to be temporary, it could represent a step towards transforming Europe's institutional set-up, which has long been described in the literature as "incomplete" (e.g. Beck, 2020; Blesse et al., 2020). EU countries should "as a rule" have officially submitted their recovery and resilience plans by 30 April 2021. However, this deadline is flexible, and the European Commission has said that countries can submit their plans up to mid-2022. Thirteen countries submitted their plans by the 30 April 2021 deadline or with a one-day delay at most. As of 8 November 2021, all member states except for the Netherlands have submitted their National Plans while, under the RRF, 13% of the total amount allocated to member states has already been disbursed by the European Commission in pre-financing to 16 EU countries.

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While it should be in everyone's interest to disburse recovery funds as soon as possible so as to produce a strong recovery effect, it is equally important to ensure adequate time for political participation—through public consultations or the involvement of national parliaments, for example. 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.

In the light of the abovementioned considerations, this paper seeks to address the following questions: Have national governments managed to balance input and output legitimacy processes in the drafting of the recovery and resilience plans? In the final analysis, is drafting national recovery plans an opportunity to bolster EU legitimacy? The information collection undertaken to inform this paper and address the questions above is based on several surveys (for a preliminary overview, see Lehofer et al., 2021) of stakeholder involvement (civil society organisations, NGOs, and local and regional governments) in the drafting of the national plans.

The European Union's crisis of Legitimacy

EU-focused studies of democratic theory (Scharpf, 1999; Schmidt, 2015) identify three legitimacy concepts: the 'output' effectiveness and performance of EU policies; the EU's 'input' responsiveness to citizens' political demands and concerns; and the 'throughput' quality of EU policymaking processes, judged by their efficacy, accountability, transparency, and inclusiveness. Studies on the legitimacy of EU systems have focused on the responsiveness of the 'input' politics, the effectiveness of the 'output' policies, and the quality of the 'throughput' processes.

Prior to the Eurozone's sovereign debt crisis, the EU appeared to benefit from effective output and throughput legitimacy, while the minimal political input from citizens did not appear unduly problematic (Moravcsik, 2002; Majone, 2002). However, all this changed with the onset of the sovereign debt crisis. A vast reform agenda for some member states became part of the structural reforms introduced by the Memoranda of Understanding (MoUs). The implementation of the MoUs was closely monitored and tied to the disbursement of loan instalments essential to keep countries from defaulting. The necessary know-how was provided in the form of technical assistance from the 'Troika', a consortium of foreign advisers composed of the International Monetary Fund, the

European Commission, and the European Central Bank (Pagoulatos, 2020: 366). The “European democratic deficit” deepened as a result (Follesdal & Hix, 2006: 536).

Returning to the pandemic crisis, the new RRF is no exception in its use of conditionality, since it requires the funds to be specific, time-constrained, and under the direct management of the European Commission (Corti & Ferrer, 2021: 4,5). The scale of the transfer justifies a high level of scrutiny and the imposition of certain conditions by Brussels; however, there are two factors (Moschella, 2020: 20,21) which potentially differentiate this scrutiny from the conditionality attached to the MoU reforms, and which imply a change “from outside”.

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- i) 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.
- ii) 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 that, under the RRF, deeper changes need to come from the inside, as part of a “light conditionality” (Pisani-Ferry, 2021). Consequently, “case by case, it is important to find out what is really the most binding constraint to success in the direction of the objectives that are being pursued, and to address that with specific reforms” (Pisani-Ferry, 2021).

RRF plans and stakeholder involvement

Despite this greater degree of national ownership of the reforms plans, the vast majority of member states have not developed systems for consulting with their citizens through national and regional organisations. This assessment is based on information gathered from several relevant reports examining stakeholder involvement in drafting national recovery and resilience draft plans. Most of them analyse the drafting process up until February 2021, and only in some cases were updated studies conducted following the finalisation of the national RRF plans after the initial presentation of the drafts.

The first of these updated studies is a Report (European Center of Civil Society, 2020) prepared for Civil Society Europe (CSE) in cooperation with the European Center for Not-for-Profit Law (ECNL) and funded by the International Center for Not-for-Profit Law (ICNL). A short survey carried out in the period from 1 to 18 December 2020, was widely distributed to national members of European-level civil society Networks and Platforms, and in particular to the members of Civil Society Europe. The survey brought together responses from the following 17 countries: Belgium, Bulgaria, Cyprus, Czech Republic, France, Germany, Hungary, Italy, Latvia, Malta, Netherlands, Poland, Portugal, Romania, Slovenia, Spain and Sweden.

The conclusion of the survey (European Center of Civil Society, 2020: 11) is that there has been little proactive government-led consultation or engagement with civil society organisations in the preparation of the NRRPs. Except for respondents from Portugal, and to a lesser extent Italy, respondents did not agree that the consultation was well-

structured, transparent or participative; “non-transparent” and “too limited” were the most common answers by far. Moreover, it was not easy for civil society organisations to ascertain which Ministry was actually leading the preparation of the Plans; it seems that, in most cases, it was the Ministry of Finance or the Prime Minister’s office (European Center of Civil Society, 2020: 12,13). Accordingly, the European Economic and Social Committee adopted a resolution on 9 June 2021 which regretfully noted that national administrations had involved organised civil society only slightly in drawing up their Plans (European Economic and Social Committee, 2021).

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A second survey, this one jointly conducted by the European Committee of the Regions (CoR) and the Council of European Municipalities and Regions (CEMR), set out to ascertain the extent to which the intended involvement of local and regional governments in the preparation of national draft plans was carried out (European Committee of Regions, 2021a). The consultation gathered 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 until the start of January 2021. The responses to the consultation suggest that only a minority of member states consulted their local and regional authorities in the preparation of the NRRP, and that an even smaller number actually took their input into consideration. This is particularly evident with regard to the governance of the process (coordination, validation, timelines, etc.), where only one respondent reported being consulted and having an impact on the outcome. The number of respondents who reported a “significant impact” is considerably higher in relation to the defining of priorities and identification of specific investments, but the vast majority remained “not at all involved”, or were “only informed” (European Committee of Regions, 2021a: 3). In July 2021, the CoR presented an updated study, which found that the lack of local and regional authorities involvement meant the territorial dimension was only partially addressed in the NRRPs, and that there was a “miscoordination with Cohesion Policy” (European Committee of Regions, 2021b: 91). Apart from Belgium, and to a lesser extent Poland and Croatia, “the consultation was mostly a formal process to ‘inform’ local and regional authorities about the elaboration of the plan “rather than an 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--carried out a network-wide consultation with its members both to assess and monitor the involvement of European cities in the development of national recovery plans and to gather initial feedback on the upcoming consultations regarding the Operational Programmes of Cohesion Funds. The insights presented below bring together the main takeaways collected from 47 cities across 18 member states in December 2020. The key findings (Eurocities, 2021: 2,3) indicate that: a) the consultations in most EU countries are not sufficient, if meaningful involvement of cities in the recovery is to be achieved; b) over 70% of respondents evaluated the process put in place by their government for consulting cities as insufficient-- only around 5% (all from Italy) evaluating such processes as ‘good’, with around 25% describing them as ‘sufficient’, and none as ‘very good’; and c) in some countries, and generally across most of Eastern Europe, cities have expressed powerful concerns that this lack of involvement will have a negative impact on their ability to invest and kick-start recovery.

The fourth report (Bankwatch Network, 2021) comes from the Green 10, a group of major green NGOs including the European Environmental Bureau, Greenpeace and Friends of the Earth. The CEE Bankwatch Network conducted a survey of the drafting process in a score of EU countries looking to access the RRF. The Bankwatch survey of

how the spending plans are being prepared in 20 countries identifies milestones in the preparation of NRRPs and ascertains whether a member state is complying with EU rules on public participation. In fact, the Report found that only nine countries have made draft plans publicly available, while only eight have launched public consultations. Portugal organised the widest possible consultation (including academics, business organisations, trade unions and municipalities) 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 via the website of the Ministry of Finance. However, both stakeholder involvement and the public consultation period were limited. More specifically, the Greek authorities received 53 contributions and opinions on the reforms and investment from 24 bodies (European Commission, 2021b); in Portugal, 1153 contributions had reached the government by the end of the public consultation period.

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

Conclusions and policy proposals

Prior to the sovereign debt crisis, the EU appeared to have benefited from effective output legitimacy; as a result, the minimal political input did not appear unduly worrying. During the financial crisis, as the performance of Eurozone policies worsened as the EU's hierarchical controls over national economic governance tightened, citizens' attitudes towards both their national governments and EU governance went into decline. Structural reforms, agreed upon in the MoUs, were intended to improve performance, in technical terms, through ambitious fiscal adjustment programmes. Political evaluations of output legitimacy were thus neglected as fiscal reforms were integrated into the coercive context of loan conditionality.

The national recovery and resilience plans feature the member states' own targets, milestones and timetables for implementation. Countries can therefore set out domestic political evaluations of their policies' output. Despite this greater degree of national ownership of reform plans, the vast majority of member states have not developed systems for consulting with their citizens through their national and regional organisations. Following the submission of several national recovery plans, the Commission called on member states through its Communication on the European Semester of 2 June 2021 to “ensure that the RRFs are fully implemented in a timely manner and in thorough dialogue with social partners, civil society and other stakeholders” (European Commission 2021a: 11). However, consultation is neither a legal requirement nor one of the assessment criteria. According to the information collected by several surveys, countries have not provided for a high level of public scrutiny and public consultation processes in the elaboration of their plans. In the light of the above considerations, the “light conditionality” attached to RRF plans coupled with the low stakeholder involvement seem once again to raise legitimacy concerns. As a result, although RRF plans were presented as an opportunity to increase stakeholder ownership of the process, their drafting process seems to be a missed opportunity for strengthening EU legitimacy.

The European Code of Conduct on Partnership (ECCP) might serve as a useful resource for strengthening stakeholder involvement. The Code of Conduct was adopted on 7 January 2014 and takes the form of a legally-binding Commission Regulation. In particular, member states could provide for some of the following in their NRRF drafting processes:

- Transparency in the selection of stakeholders.
- Sufficient information and time to make stakeholders' voice heard in the consultation process.
- Stakeholder involvement in all stages of the process, from planning to evaluation.
- Mutual learning and the exchange of good practices.
- Strengthening institutional capacity to support those stakeholders who are unable to contribute effectively.

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