

THE RELIEF-REFORM DIVIDE: AN ANALYSIS OF NATIONAL RES- PONSES TO COVID-19 IN SEVEN EU MEMBER STATES' RECOVERY PLANS

Daniele Caramani

European University Institute and University of Zurich

Lorenzo Cicchi

European University Institute



Culminating more than a decade of crisis in Europe, the Covid-19 pandemic has opened an important window of opportunity for institutional and policy change, not only at the “reactive” level of emergency responses, but also to tackle more broadly the many socio-political challenges caused or exacerbated by Covid-19. Building on this premise, the Horizon Europe project REGROUP (*Rebuilding governance and resilience out of the pandemic*) aims to: 1) provide the European Union with a body of actionable advice on how to rebuild post-pandemic governance and public policies in an effective and democratic way; anchored to 2) a map of the socio-political dynamics and consequences of Covid-19; and 3) an empirically-informed normative evaluation of the pandemic.



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Abstract

This research paper explores the “recovery divide” in the distribution of funds from Next Generation EU’s the Recovery and Resilience Facility (RRF). The RRF, the central and largest component of the EU’s response to the Covid-19 economic crisis, represents a policy shift by providing aid to all member states with less strict conditionality than previous crises such as the 2008 Great Recession. The paper provides a descriptive overview of the RRF and investigates how the seven largest recipients (France, Germany, Greece, Italy, Poland, Romania, and Spain) prioritize spending the funds. It hypothesizes that ideological orientation and executive type influence whether the extent to which focus on technocratic long-term reforms or politically rewarding short-term relief. A qualitative text analysis of the first national recovery and resilience plans (NRRPs) submitted to the European Commission in 2021 is employed to explore this “relief-reform” dimension, combined with official data from the European Commission and other data sources (Bruegel). Results show that substantial country differences exist, especially in the sectors where the NRRPs pledge intervention. However, EU conditionality still exerts a strong influence, as all NRRPs are consistently reform-oriented and their (minimal) differences are not significantly accounted for by the ideological placement of the executive submitting it.

Keywords: Next Generation EU; Recovery and Resilience Facility (RRF); National Recovery and Resilience Plans (NRRPs); cabinets; policy preferences; technocracy; populism; text analysis

Introduction: The relief-reform policy divide

The recovery plan put in place in response to the economic crisis engendered by the Covid-19 health emergency is the most ambitious financial effort to date by the European Union (EU). This unprecedented move has involved debt issued for the first time by the EU as a safe asset underpinning the economic union. Together with the interventions dealing with the immediate crisis, from the general escape clause from the Stability and Growth Pact to the framework for state aid and safety nets (SURE and the EIB pan-European Guarantee Plan as well as the ESM Pandemic Crisis Fund), this can be considered a major critical juncture.

Differently from similar junctures in the past, it represents a policy and governance shift insofar as it includes all member-states (not only single countries in difficulty as it was the case during the financial crisis) and insofar as the spending of these massive aid resources is not subject to strict conditionality (except for the provision that member states must allocate a minimum of 37% to climate investments and reforms and a minimum of 20% to digital transition). Therefore, countries have a greater degree of freedom in respect to previous schemes of similar nature. The reduced control and assistance from Brussels and the leeway member-states enjoy politicize the governance of resources.

While based on common European will and solidarity, different visions are expected to emerge about how these extraordinary resources should be spent by member-states. Visions vary dramatically creating divisions both territorially between member states and, functionally, between socio-economic interests and ideological positions cutting across countries. This is a “recovery divide” over policy choice about where and how funds are spent, namely immediate relief vs long-term reforms. This paper investigates whether policy preferences over how resources from the Recovery and Resilience Facility (RRF), should be spent represent a substantial reordering of European politics.

The empirical analysis starts from the premise that the distribution of funds in each country is not dictated by technical assessment alone but rather by competition between diverging socio-economic interests mobilized by the main actor responsible for its implementation, namely the executive submitting the national RRF to the European Commission. The paper investigates the way in which spending plans diverge between countries, focusing on the seven main recipients of the RRF (France, Germany, Greece, Italy, Poland, Romania and Spain) that together account for over 58% of the entire amount of €672.5 billion - in 2018 prices - in loans and grants.

Hypotheses are formulated in regard to the type and ideological orientation of the executive and the role of the governing party’s vision on prioritizing a technocratic long-term expenditure on structural reforms (responsibility-driven governance) or a

more politically rewarding short-term relief of sectors of the economy in difficulty (responsiveness-driven governance). While the former may be the preferred option for sectors that have not been affected by the closures due to the pandemic, the latter is hypothesized to be the preferred option of actors interested to provide immediate relief to socio-economic sectors that have been more affected by closures, even when having already received benefits that have been unable to mitigate the negative impact of the pandemic. A qualitative text analysis based on a novel conceptualization of the relief-reform divide is performed on the seven proposals that national cabinets had to submit in April-May 2021 to the European Commission.

The paper proceeds as follows. The first section reconstructs the historical background and context of the European Recovery Fund with a focus on the countries selected for the analysis. The second section reviews the literature and develops the theory with the aim of formulating testable hypotheses. The third section presents the research design and the coding scheme. The fourth section is the main one, in which the analysis is performed and empirical results are presented. The conclusion stresses the theoretical and normative implications of the findings, in particular in regard to EU's conditionality.

The European Recovery Fund

The road to Next Generation EU

In early 2020, as Covid-19 was spreading across Europe, EU ministers were looking into exceptional policies to react to this unprecedented shock. Already in March, European Council President Charles Michel raised the need “to work together and to do everything necessary to tackle the crisis and its consequences” (Council of the EU 2020), acknowledging the urgency of providing unprecedented financial support to ensure a rapid recovery (Capati 2023). Although the EU budget includes flexible mechanisms to face unforeseen events, these are generally insufficient for major adversities such as the pandemic. The size of the budget usually amounts to about 1% of the EU's gross national income (GNI) per year. Similarly to the 2008 financial crisis response, the emergency instruments devised to face this pandemic crisis are mostly off-budget.

However, since this time the moral hazard argument - especially from the so-called “frugal countries” - could not hold due to the exogenous nature of the shock and its potentially symmetric impact, the shift in the political narrative was evident. Coordination and solidarity emerging as the central themes for a collective response to a shared threat. This deviation reflected a new approach, emphasizing collaboration and unity in addressing the common challenges posed by the external threat, in contrast to previous crises where different narratives based on moral hazard and endogeneity prevailed (Cecchi 2023).

In the short term, some immediate responses were agreed upon, taking advantage of the flexibilities allowed in the EU budget, coupled with measures for liquidity provision, such as the creation of three new safety nets: the temporary Support to Mitigate Unemployment Risks in an Emergency (SURE), the pan-European guarantee fund of the European Investment Bank (EIB) and the European Stability Mechanism (ESM) Pandemic Crisis Support (European Commission 2020a). In addition, monetary policies and state aid rules were strongly relaxed and the general escape clause of the Stability and Growth Pact activated, easing the budgetary constraints and allowing countries to use expansive fiscal policies (Cecchi 2023). At the same time, the European Central Bank (ECB) reacted quickly and massively to counter the shock. It launched the new and temporary Pandemic Emergency Purchase Programme for the purchase of assets with a total envelope of €1,350 billion and greater flexibility with respect to previous asset purchase programs (Boeckx et al. 2020).

As a longer-term reaction, EU Member States finally agreed on an exceptional additional budgetary response and the largest stimulus package ever approved: the Next Generation EU. In May 2020, German Chancellor Angela Merkel and French President Emmanuel Macron jointly proposed the establishment of a €500 billion temporary instrument for recovery, targeted to the most impacted Member States and financed through issuing EU-wide, common long-term debt. A first proposal by the Commission (European Commission 2020b), put forward in late May in response to the Franco-German initiative, was negotiated by among EU leaders. The Recovery Fund was finally born on July, 21 2020: €750 billion debt-financed, to sustain EU-wide economic recovery until 2026. According to the final agreement, €750 billion would comprehend a loan component of €360 billion and a grant component of €390 billion (European Council 2020). As Cecchi (2023) points out, two elements make this instrument very different from previous EU crises' responses.

First, the grant component of the Next Generation EU (NGEU) represents a novel manifestation of EU solidarity, distinct from its absence during the prior economic and financial crises. Despite resistance from so-called “frugal” countries that sought to reduce the overall size and fewer grants, the negotiation unfolded under extraordinary circumstances. The pivotal factor contributing to the successful agreement was the exogenous nature and potentially symmetric impact of the shock, minimizing the risk of moral hazard logic for the countries involved. Second, for the first time, the NGEU allowed the EC to borrow up to €750 billion on financial markets under favourable conditions, therefore making the EU a key player on the market. The announcement and implementation of the NGEU in itself had a substantial impact, both on the capital markets, and on the social and economic stance of Member States. According to Pfeiffer et al. (2021), the Recovery Plan has the potential to raise EU GDP by around 1.2 to 1.5 percentage points compared to a baseline scenario where the NGEU is not in place. The very announce-

ment of the agreement on this instrument allowed to keep interest rates low in many EU states and to maintain investment levels. The first issuance of common bonds on the market, on the other hand, was welcomed more than favourably on financial markets, with oversubscriptions up to over 11 times.

The Recovery and Resilience Facility (RRF)

The RRF is the central instrument of the NGEU larger scheme. Out of the total €750 billion of the NGEU, €672.5 are under the RRF instrument, which comprehends the totality of the €360 billion in loans, and €312.5 billion in grants made available to Member States. The main goal of the scheme is to mitigate and recover from the pandemic's impact, while “building more resilient economies and societies” (European Commission 2020a). As part of the NGEU funding strategy, the RRF funds are raised on capital markets by the EU as a collective borrower, able to obtain better interest-rate conditions than those that would be obtained independently by Member States. RRF funds are distributed according to three criteria: (1) the size of a Member State's population, (2) the inverse of its GDP per capita, (3) the average unemployment rate in the years 2015-2019. Starting from 2023, the unemployment criterion is replaced by the change in real GDP observed over 2020 and by the aggregated change in real GDP over the years 2020-2021.

All Member States have requested the disbursement of grants to the European Commission, but only some of them have in addition requested loans, to be reimbursed with relatively favourable interest rates after 2028. In order to receive the RRF funds, each EU country has to comply with a number of requirements. The first is that the country submits a National Recovery and Resilience Plan (NRRP), outlining how they intend to spend the RRF funds, in terms of investment and reforms. More specifically, the EU priority policy areas that the facility should address are structured around six pillars:

1. Green transition.
2. Digital transformation.
3. Smart, sustainable and inclusive growth, including economic cohesion, jobs, productivity, competitiveness, research, development and innovation, and a well-functioning internal market with strong SMEs.
4. Social and territorial cohesion.
5. Health, economic, social and institutional resilience, with the aim of, inter alia, increasing crisis preparedness and crisis response capacity.
6. Policies for the next generation, children and the youth, such as education and skills.

The second condition is that Member States use the RRF funds to address a substantial part of the Country Specific Recommendations (CSRs) formulated by the European Council during the European Semester of 2019 and 2020. Third, a significant part of the investments decided in the plans must be directed to fostering the two transitions on which the European Commission has identified as pivotal way before the emergence of the Covid-19 pandemic: green and digital. In particular, at least 37% of the funds in all national plans must be allocated to measures that contribute to the green transition, while at least 20% to the digital measures. After positive assessment by the Commission, the plans pass under the scrutiny of the EU finance ministers in the Council to be approved by qualified majority.

With the final approval, Member States receive approximately 13% of the total allocated amount in the form of pre-financing to start implementing the first predefined measures. Further disbursements are divided into instalments, which are received upon the achievement of specific objectives. The NRRPs are in fact structured as a set of so-called “milestones” and “targets”. Each instalment, therefore, corresponds to a certain amount of these milestones and targets, and achievement them is a pre-condition to the disbursement of further RRF tranches from the Commission to the Member States. The RRF is, in this sense, a performance-based instrument, and the EU imposes a specific and new form of “conditionality” on Member States for receiving payments. However, it is the national governments that are primarily responsible for the design and implementation of the plans, and thus for the overall RRF spending, This means that, compared to previous crises, it is reasonable to speak about a rather substantial change of paradigm. As Capati points out, the rules-based EU “fiscal surveillance” during the Eurozone crisis was replaced by “fiscal guidance” in the context of the Covid-19 pandemic, (Capati 2022, 2023). Conditionality remains, but of a different kind.

Theoretical framework: Affectedness and the relief-reform divide

Spending preferences in times of crisis

Spending preferences in response to crises vary. On the one hand, Bovens (2005) advocates for responsiveness and adaptability in policy making to address the pressing needs of citizens promptly. This perspective aligns with the argument that immediate relief actions bolster public confidence in the EU institutions (Héritier 2014). On the other hand, scholars like Eising (2007) emphasize the strategic importance of long-term reforms for building resilience and addressing systemic challenges, aligning with insights from the work of Sabel and Zeitlin (2008) on experimentalist governance in the EU.

This dichotomy reflect the EU's ongoing struggle to navigate between short-term crisis response and the need for transformative change (Borrás and Radaelli 2011).

The challenge for the EU lies in harmonizing these divergent preferences to devise policies that not only provide immediate relief but also contribute to the Union's long-term resilience and prosperity (Howlett and Tosun 2018). Until the early 2000s, however, this debate was guided by academia rather than the world of practice, as the EU's economic guiding principle remained that of fiscal restraint. The critical juncture of the 2008 Great Recession underscored the limitations of austerity, intensifying political tensions within and between countries (Beramendi and Stegmueller 2020). The onset of the Covid-19 pandemic, coupled with more relaxed budgetary constraints and joint investment plans at the European level, appears to have altered this paradigm.

The policy shift can be understood through various theories, both in Europe and globally. Initially, the existing paradigm toolkit influenced the economic and health policy responses to the pandemic (Brändström et al. 2004). However, as the pandemic unfolded it gave rise to policy learning processes within and across countries (Weible et al. 2020). The global economic responses to the pandemic varied significantly (Hale et al. 2021), with approximately 50% of countries worldwide adopting economic compensation measures, such as income transfers and debt relief packages, within two months of the pandemic's onset (Hale et al. 2021). In Europe, the shift seems to be driven by historical learning processes (Baumgartner 2013; Cavalieri and Karremans 2023), policy networks (Weible et al. 2020), or objective economic interests of key EU countries, i.e. France and Germany (Armingeon et al. 2022). Factors such as ideological change (Cavalieri and Karremans 2023) and the political and economic imbalances exposed by the 2008 financial crisis (Armingeon et al. 2022) played crucial roles. In particular, the changing stance of Northern European countries, traditionally more hesitant to relax budgetary constraints and mutualize debt, has been key in explaining this policy shift (Armingeon et al. 2022; Luo 2021; Crespy and Schramm 2021).

The pandemic has caused little to no division within countries regarding the approval of NGEU funds. Arguably, the relaxation of budget restrictions has blurred the budgetary trade-offs between social investment and consumption policies (Hemerijck 2015), which fostered consensus among political elites and sectors. Only health-related policies have been heavily politicized, as seen in countries like the US, Spain, or Brazil that have high levels of political polarization (Paraguassu and Eisenhammer 2020). The high levels of support across European countries towards the RRFs, including Northern European ones (Russo 2023) reveal the relative absence of politicization within countries. Given that the funds were preferred by a majority of the political elites and the public, most parties did not contest the funds as this would give the issue ownership of the funds to other parties. Halikiopoulou (2020) similarly argues that the pandemic represents a significant policy opportunity, and most parties would not risk opposing it. Furthermore,

the absence of fund conditionality on EU law enforcement prevented politicization in countries like Hungary (Dudzinska 2023).

The approval of EU common funds has arguably led to a more cohesive EU (Luo 2021), potentially preventing the further rise of anti-EU populism. NGEU has likely shaped public expectations towards a more protective state, thus rebalancing the equilibrium between states and markets (Bergsen 2020). While the RRF further reinforces the conditionalities typical of social investment policies (Huguenot-Nöel 2023), this could lead to a convergence across European countries in implementing these policies.

Interestingly, the literature does not extensively discuss the politicization of the NGEU within countries. However, it is reasonable to expect that political actors, within the limits of EU conditionality, prioritize different types of spending, leading to more relief- or more reform-oriented NRRPs. The conceptualization of relief-oriented and reform-oriented policy spending builds on Caramani, Cicchi and Petrova (2023) and the conceptualization of affectedness. It is based on a series of dimensions: time horizon, effect, spending type, target, multiplier, goal, institutions, legitimacy and representation.

In an ideal-type perspective, a *relief-oriented spending policy* is first of all characterized by its focus on achieving short-term pay-offs and immediate effects, aiming to address pressing issues promptly (effect), with outcomes expected in the near future (time horizon). The nature of spending is directed toward consumption, direct benefits, cash transfers and, in certain cases, debt relief (spending type). The emphasis is on providing direct and tangible assistance to individuals or targeted groups. The main recipients of relief-oriented spending are individuals and policies are designed to directly impact and benefit citizens facing immediate challenges (target). The “multiplier effect” of such policies tends to be smaller than one, which means that the expected return in economic terms tends to be smaller than the amount invested (multiplier). The overarching goal is framed in terms of addressing immediate economic growth, promoting stability, and mitigating the adverse effects of crises (goal). Such policies are often ad hoc, crafted to address specific and immediate needs rather than integrated into long-term institutional frameworks (institutions). Legitimacy is sought through a responsive approach, demonstrating the government’s ability to address citizens’ immediate concerns. Input legitimacy, reflecting public opinion and preferences, is crucial for the success of relief-oriented measures (legitimacy). There is a populist dimension to such policies, with policies tailored to resonate with popular sentiments and concerns. Policymakers aim to align relief measures with the immediate needs and demands of the public (representation). Summing up, relief-oriented spending preferences are characterized by their focus on short-term, immediate effects, directed spending toward individuals, and a responsiveness to popular demands, all within an ad hoc institutional framework.

Conversely, a *reform-oriented spending policy* is characterized by a focus on long-term pay-offs (time horizon), emphasizing enduring impacts (effect). It directs spending primarily towards investments and services, with a key emphasis on institutional improvement (spending type). The target recipients are organizations and institutions, rather than individuals (target). Anticipating a larger than one multiplier effect, this spending policy expects substantial returns on investment (multiplier). The overarching goal is infrastructure development and enhancement (goal). It seeks to establish permanent structures and frameworks, aligning with a vision of lasting impact (institutions). Rooted in responsibility, this preference emphasizes tangible output as a measure of legitimacy (legitimacy) and is characterized by a technocratic orientation, involving expert-driven decision-making (representation). Figure 1 summarizes these ideal-types of policy preferences along the relief-reform dimension.

Hypotheses

The first set of hypotheses tested in the empirical part of the paper concern the cabinets that in the seven countries submitted the NRRP. The type of cabinet is expected to have an impact on the overall allocation of resources in a more relief-oriented or reform-oriented way. In Western economies with integrated labour markets, leftist parties tend to support the expansion of social investment policies due to their likely fiscally progressive impact.

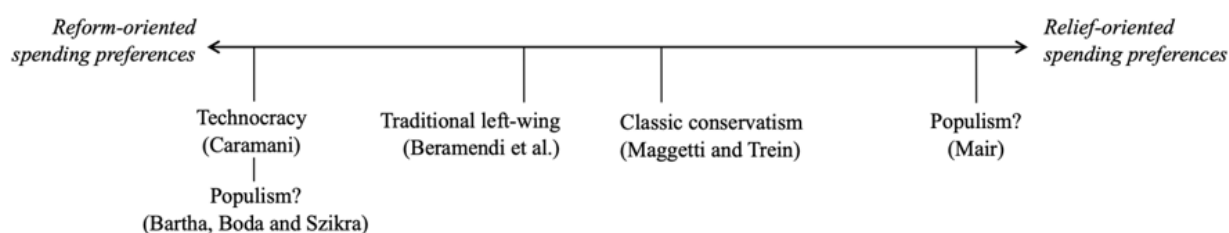
Conversely, in dualized labour markets implementation may not target the most disadvantaged, which potentially has a regressive impact that right-leaning parties might favour (Gingrich and Ansell 2015). In this context, leftist parties in Western democracies often represent a “universalist-statist middle class” (Beramendi et al. 2015), that increasingly advocates for social investment. Maggetti and Trein (2021) contend that the governing political parties’ policy ideologies affect policy integration reforms. In particular, it can be expected that (traditional) left-wing parties in government to increase the frequency of policy integration reforms when compared to (traditional) right-wing governments, which are more inclined to reduce the scope of government.

This leads us to formulate the two following hypotheses:

H1. Left-wing cabinets prioritize reform over relief, especially in policy domains that concern their typical constituencies (social welfare).

H2. Right-wing conservative cabinets prioritize relief over reform, especially in policy domains that concern their typical constituencies (incentives to free market).

Figure 1: Expectations of cabinet spending preferences.



Second, technocratic governments, guided by an economic rationale and with an emphasis on expertise-driven policy-making, are expected to prioritize long-term reforms over short-term relief (Caramani 2017). Populist actors, generally inclined to focus on responding to the electorate’s (shifting) demands while the traditional mainstream parties would assume the mantle of responsible governing actors (Mair 2009), would be expected to promote a relief-oriented spending. However, the literature also shows that when in power populist parties “normalize” their policy-making (Volpi et al. 2021) or even promote radical, fast-paced changes and favour reforms, especially in Eastern Europe (Bartha, Boda and Szikra 2020). This leads us to formulate the following additional hypotheses:

H3. Technocratic cabinets are expected to prioritize reform over relief across all policy domains.

H4a. Populist cabinets pursue a policy agenda shaped by responsiveness rather than responsibility, therefore promote relief-oriented spending.

H4b. Populist cabinets pursue a policy agenda shaped by radical changes, therefore prioritizing reform-oriented spending.

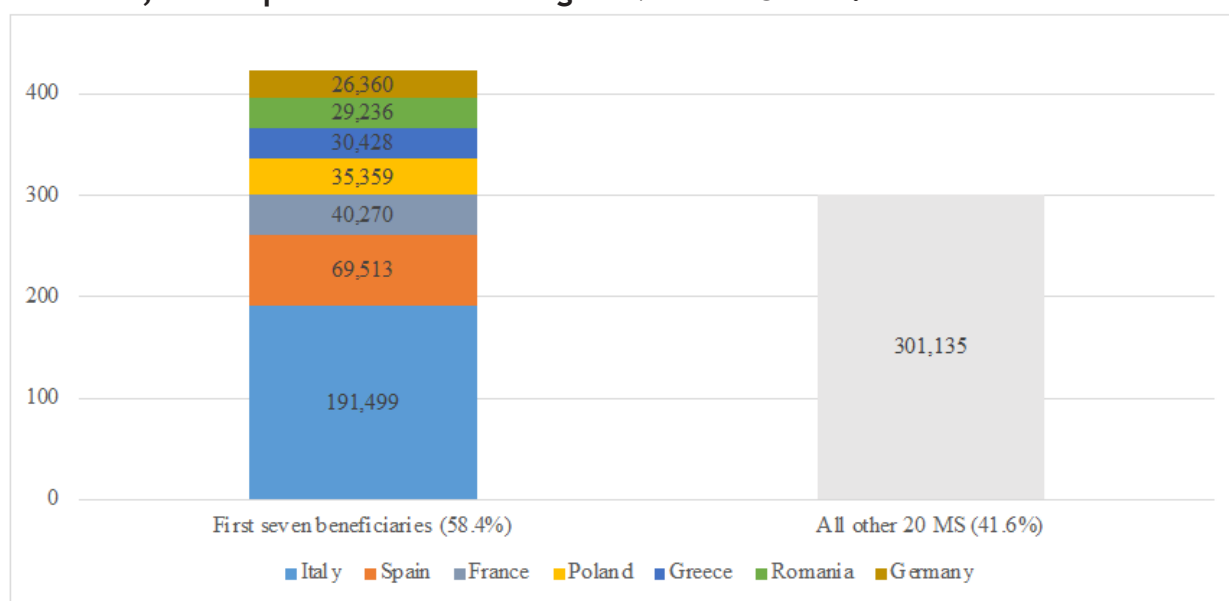
Research design: A qualitative comparative text analysis

The selection of countries for the analysis has been performed on the basis of two criteria. First, it is particularly important to shed light on the seven selected countries because they represent a major share of the overall maximum RRF budget: 58.4%, compared to the 41.6% of the remaining 20 Member States, with Italy alone making up for 26.5% of the entire budget available (Figure 2). It should also be noted, however, that these figures refer to the maximum total available, both in grants and loans, not the amount effectively assigned to Member States. Second, the selected countries should

have governments, at the time of the submission of the NRRP, that vary on a number of dimensions. The selected countries include cabinets spanning from the technocratic cabinet of Mario Draghi (Italy) to the grand coalition led by Angela Merkel (Germany) to more classical left- or right-wing cabinets (Romania, France, Spain) and a populist cabinet (Poland). More information on cabinets can be found in the next section.

In order to test the hypotheses formulated in the previous paragraph, a qualitative text analysis of the seven NRRPs was pursued by seven native speaker country experts. The coding scheme (Table 1) has been prepared on the basis of the features of the two ideal-types of the opposing spending preferences spelled out above (relief- and reform-oriented). On the basis of the above coding scheme, the country experts thoroughly read their respective national RRF documents, aiming to identify sentences that distinctly support one of the two types of policy priorities in each of the six pillars. After a number of meetings aimed at improving the inter-coder reliability, each of the pillars of all national RRFs was given a score through the holistic coding method. Scores range from 1 to 5, with the following scale: 1 = Relief; 2 = Mainly relief; 3 = Mixed logic; 4 = Mainly reform; 5 = Reform.

Figure 2: RRF budget allocations (maximum grants and loans) of seven elected countries, in comparison to remaining 20 Member States.



Source: calculations on data from the European Commission (2023), available at https://ec.europa.eu/economy_finance/recovery-and-resilience-scoreboard/country_overview.html?lang=en

This information has been complemented with the amount of spending in each pillar as reported in the official RRF website, as well as Bruegel’s dataset on “European Union countries’ recovery and resilience plans” (Darvas et al. 2023). The final goal is to determine, as objectively as possible (given the limits of holistic coding), how much

relief-oriented or reform-oriented is each national RRF implementation plan in a comparative perspective.

Empirical analysis

The context of spending preferences

This section provides data and information on the share of the seven selected countries on the overall RRF budget, and then provide a detailed explanation of the political process, in each country, that led to the submission of the NRRP. As explained in the second paragraph, part of the funds - up to €338 billion - are being provided to Member States in the form of grants. Another part - up to €385 billion - funds loans to individual Member States. These loans will be repaid by those Member States. It has to be noted, however, that not all of the available sum for loans have been requested by Member States.

Table 1: Coding scheme for relief and reform policy priorities

Dimensions	Types of policy priorities	
	<i>Relief</i>	<i>Reform</i>
Time horizon	Short-term pay-offs	Long-term pay-offs
Effect	Immediate	Lasting
Spending	Consumption Benefit Cash transfer, debt relief	Investment Services
Target	Individuals	Organizations
Multiplier	Smaller than 1	Larger than 1
Goal	Economic growth	Infrastructure
Institutions	Ad hoc	Permanent
Legitimacy	Responsive Input	Responsible Output
Representation	Populist	Technocratic

In fact, quite the opposite has happened: only three countries (Greece, Italy and Romania) asked for the maximum available in loans, while four countries (Cyprus, Slovenia, Poland, Portugal) did for a smaller share, and the remaining 20 Member States only resorted to grants without asking for loans. In our sample, four countries out of the seven - Italy, Poland, Greece, Romania - resorted to loans, and not only grants. As a result, only less than half of the €385 billion available were requested (€165.4 billion) by these seven countries, while the other half remained unassigned, a possibility scholars

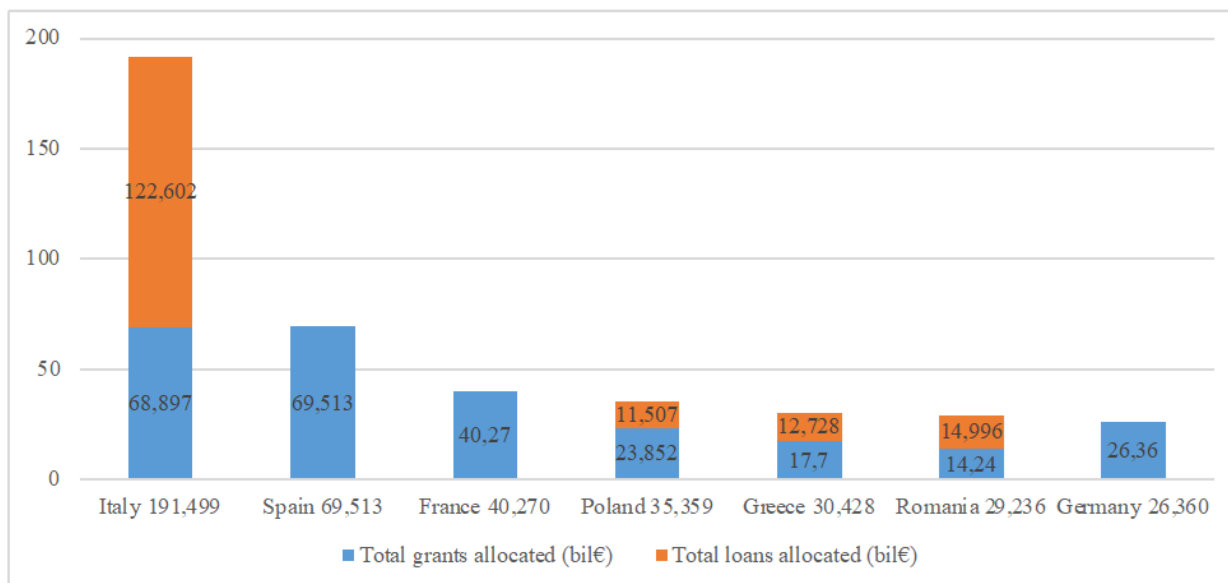
warned about (Jones 2021). The remaining amount of that part of loans not requested by Member States is currently used to finance RE-PowerEU, a programme to accelerate the EU's transition to reduce its reliance on Russian gas. Instead, almost all the funds available in grants (€336 billion out of €338 billion) has been successfully assigned.

Table 2: Effective RRF budget allocation (grants and loans).

Country	Total grants allocated (bil€)	Total loans allocated (bil€)	Total amount allocated (bil€)	RRP allocation as share of GDP
<i>Italy</i>	68.897	122.602	191.499	10.79%
<i>Spain</i>	69.513	0	69.513	5.76%
<i>France</i>	40.270	0	40.270	1.61%
<i>Poland</i>	23.852	11.507	35.359	6.16%
<i>Greece</i>	17.700	12.728	30.428	16.68%
<i>Romania</i>	14.240	14.996	29.236	12.17%
<i>Germany</i>	26.360	0	26.360	0.73%
Portugal	13.907	2.699	16.606	7.86%
Czechia	7.036	0	7.036	2.95%
Slovakia	6.408	0	6.408	6.60%
Croatia	6.295	0	6.295	11.01%
Bulgaria	6.267	0	6.267	9.23%
Belgium	5.924	0	5.924	1.17%
Hungary	5.811	0	5.811	3.77%
Netherlands	4.707	0	4.707	0.55%
Austria	3.461	0	3.461	0.86%
Sweden	3.289	0	3.289	0.61%
Slovenia	1.777	0.705	2.482	4.75%
Lithuania	2.012	0	2.012	3.63%
Latvia	1.826	0	1.826	5.56%
Finland	1.822	0	1.822	0.72%
Denmark	1.551	0	1.551	0.46%
Cyprus	1.006	0.2	1.206	5.15%
Estonia	1.096	0	1.096	3.49%
Ireland	0.914	0	0.914	0.21%
Malta	0.316	0	0.316	2.16%
Luxembourg	0.083	0	0.083	0.11%
<i>Total</i>	336.340	165.437	501.777	

Source: Calculations on data by the European Commission (2023), available at https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility/country-pages_en.

Figure 3: Grants and loans allocated to the selected seven countries



Source: Calculations on data from the European Commission (2023), available at https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility/country-pages_en.

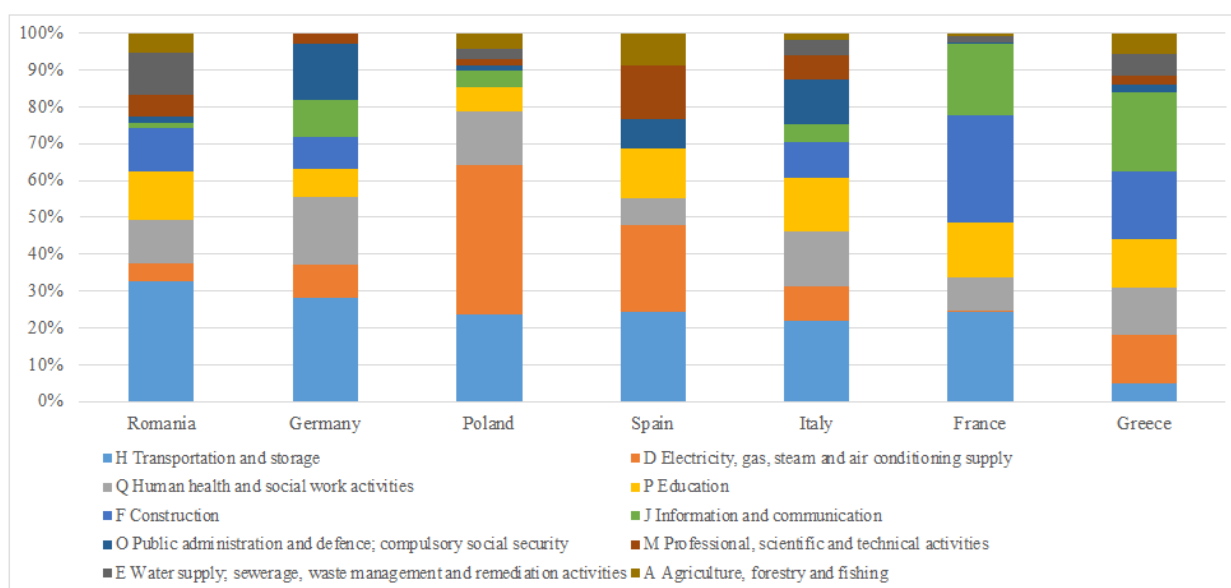
Table 2 shows the effective allocation of grants and loans for all 27 Member States. As it can be seen, the combined figure amounts to slightly over €500 billion, in contrast to the amount of 723.8 billion, usually taken into consideration by the official EU communication, referring to the total available and not effectively assigned. Figure 3 shows the overall amount of grants and loans of the selected seven countries. Italy stands out not only as the absolute largest recipient (more than half of the second biggest recipient, Spain) but also as the only country that has requested more loans (over €122 billion) than grants (around €69 billion).

Repayment of EU borrowing allocated to NGEU will start as of 2028 and will take place over a long-time horizon, that is, until 2058. The loans will be repaid by the borrowing Member States, while the grants will be repaid by the EU budget. To help repay the grant portion of the borrowing, the European Commission has proposed additional own resources (or sources of revenue) to the EU budget in 2021. On 20 June 2023, the European Commission completed its proposal for a next generation of own resources. In addition to the sheer numbers, it is useful to calculate the incidence of each national RRF in respect to the size of the national economy. Table 2 also reports the NRRPs' allocation as share of the country's GDP. Germany remains the smallest of the seven larger beneficiaries of the RRF; Greece moves to number one (16.7%), with Italy (10.8%) now third after Romania, whose €28 billion represent over 12.0% of GDP. Interesting insights also come from the breakdown of the NRRP spending according to the statistical classification of economic activities from the national accounts dataset, NACE (Nomenclature statistique des activités économiques dans la Communauté européenne).

Figure 4 depicts the spending of each country by sector, taking into consideration the 10 sectors that received the highest amount. As it can be seen, the countries differ substantially. In Germany, Romania and Italy, for instance, the sector that received the biggest share of the RRF budget is transportation and storage. In Poland and Spain, it is the electricity and gas sectors, whereas in France it is construction and in Greece information and communication. Water supply and sewerage are practically absent in all countries, except in Romania where it represent a relevant share (around 10%). Public administration, defence and social security is residual in all countries except Germany, Italy and Spain (all countries where the digitalisation of social security has been promoted through RRF funds), Finally, professional, scientific and technical activities is substantial in Spain only.

The selected seven countries also adopted their RRF documents under very different circumstances. Their political contexts (coalition, type of opposition, nature of the executive, governmental stability, type of policy-making process that led to the approval of the document) represent a very rich sample that allows for testing of the hypotheses of how different cabinet types (left-wing, right-wing, populist, technocratic) lead to more relief- or reform-oriented policy making.

Figure 4. Spending by sector for seven selected countries



Source: Calculations on data from Bruegel (2023), available at <https://www.bruegel.org/dataset/european-union-countries-recovery-and-resilience-plans>.

To interpret results, it is important to understand the different countries' political context. France submitted its *Plan national de relance et de résilience* (PNRR) on 28 April 2021, and it was approved by the EU on 13 July 2021. The plan was developed by the Secrétariat Général des Affaires Européennes (SGAE) through inter-ministerial consul-

tations, with the Directorate General of the Treasury (DG Trésor) playing a crucial role. At that time, President Emmanuel Macron was in his first mandate, and the government was led by Prime Minister Jean Castex, member of *La République En Marche* (LREM) party. Castex previously belonged to the right-wing *Les Républicains* party (LR). His profile corresponds to the right-leaning technocratic profile of his government. The PNRR was part of the “France RELANCE” national plan, financing 40% of the previously adopted French recovery plan. High civil servants within SGAE and DG Trésor, led by Secretary General Sandrine Gaudin and Emmanuel Moulin, played a key role in its elaboration. The plan underwent consultations with various stakeholders, including mayors, regional councils, and industry sectors. It also highlighted French-German collaboration and underwent scrutiny by the National Assembly and the CESE (*Conseil économique, social et environnemental*), a constitutional body for citizen-led policy evaluation.

Germany submitted its national recovery plan on the same day as France and it was approved by the EU on 22 June. A grand coalition government of CDU/CSU and SPD had been in power since a new government was sworn in on March 2018, after the German federal election in September 2017. Chancellor Angela Merkel led the cabinet, with Olaf Scholz as vice-chancellor and Minister of Finances. This coalition lasted until October 2021, commanding an absolute majority in the Bundestag. The extreme-right AfD entered the national parliament in the same election, becoming the largest opposition party. The Covid-19 pandemic affected the German economy, causing a recession in 2020 with negative GDP growth. Despite a rebound in the second half of the year, Germany experienced fluctuations in economic performance. Weaknesses in the health sector and bureaucracy were exposed during the pandemic, prompting a high political priority on digitalization. The Public Health Service Pact, agreed upon in September 2020, aimed to modernize procedures with a 4 billion € plan funded through NGEU. Germany emphasized the temporary character and conditionality of the EU package during negotiations. The German Recovery and Resilience Facility, covering €25.6 billion, was approved in July 2021, with half allocated to the Ministry for Economic Affairs and Climate Action for digital and green transformations. These efforts are closely linked to the National Reform Program 2021 under the European Semester framework.

The Greek National Recovery and Resilience Plan was submitted on 28 April 2021 and endorsed by the European Commission on 17 June, amidst a complex political landscape shaped by the COVID-19 pandemic, economic recovery efforts, and regional tensions. Led by Prime Minister Kyriakos Mitsotakis of the New Democracy party, the centre-right government, in power since July 2019, prioritized economic stability, growth, and the attraction of foreign investment. The cabinet included technocrats and non-affiliated experts. Key priorities included pandemic management, economic reforms, and strengthening Greece’s EU position. In 2021, pandemic response and economic recovery were central, addressing the significant impact on the tourism-dependent economy.

Initiatives aimed at stimulating economic growth, improving the business environment, and reducing bureaucratic obstacles were pursued. Greece navigated ongoing tensions with Turkey in the Eastern Mediterranean, dealing with disputes over maritime boundaries and energy resources. Internationally, Greece strengthened EU partnerships, engaged with the United States, and participated in regional initiatives for security and energy cooperation in the Eastern Mediterranean, such as the 3+1 cooperation format with Cyprus and Israel.

Italy is a peculiar case insofar as the *Piano Nazionale di Ripresa e Resilienza* (PNRR) was drafted by one cabinet, and submitted - with relatively minor changes - by the subsequent one, of very different composition (Guidi and Moschella 2021). As the first European country to be hit by Covid-19, Italy faced uncertainty prompting rapid and robust social and governmental responses. The “red-yellow” centre-left populist coalition (PD and M5S), under Prime Minister Giuseppe Conte, enforced a widely accepted strict lockdown. This government was formed in 2019 after a political crisis that led to the breakup of the Lega-M5S coalition, reflecting a M5S’s shift to more moderate EU stances. The heavy reliance on tourism of the Italian economy exacerbated the uncertainty. Italia Viva’s crucial support sustained the coalition amid disagreements. By January 2021, disputes led to a collapse of the cabinet, paving the way for a national unity government led by Mario Draghi. This political evolution marked a process of populist moderation, initiated by Lega’s withdrawal in September 2019, followed by M5S moderation, seen in the inclusion of the Democratic Party in the second Conte government. Populist rhetoric decreased further after Giuseppe Conte’s resignation, culminating in a national unity technocratic government tasked with overseeing Italy’s EU recovery plans. The Italian National Recovery and Resilience Plan aimed to reverse economic stagnation, hindered by political instability and budget constraints. Notably, there is continuity in PNRR implementation also in the key figures. Vittorio Colao, appointed to develop a recovery plan post-pandemic, maintained a pivotal role after the M5S-Democratic Party coalition breakup.

Poland submitted its National Recovery and Resilience Plan (KPO) to the European Commission on 3 May 2021, gaining approval from the Commission on 1 June. As the fourth-largest beneficiary of the (RRF), Poland secured €35.36 billion in EU support, with €23.85 billion in grants and €11.51 billion in loans. Following a reduction to €22.53 billion in the non-refundable RRF contribution after the European Commission’s revision on June 30, 2022, Poland’s KPO encompasses 50 reforms and 54 investments, emphasizing both the socioeconomic impact of the Covid-19 pandemic and long-term challenges, particularly focusing on green and digital transformations. The government was led by party Law and Justice (PiS), in power since the parliamentary elections of 13 October 2019, when PiS secured a majority in the Sejm but lost control of the Senate to the opposition “grand coalition” Koalicja Europejska (KO). PiS identifies as a national

conservative party with Christian-democratic values and Eurosceptic positions, and is generally considered an “ethno-populist” party that, since 2015, has contributed to Poland’s democratic backsliding (Vachudova 2020). According to the official results, in 2019 PiS received 45.4% of votes, and Koalicja Europejska (KO -comprising Platforma Obywatelska - PO, Polskie Stronnictwo Ludowe - PSL, Sojusz Lewicy Demokratycznej - SLD, Nowoczesna and Partia Zieloni) received 38.5% of votes. Koalicja Obywatelska is in direct opposition to PiS, presenting a center-right, pro-European and liberal ideology. The Sejm ratified the KPO bill related to the European Union’s own resources on 4 May 2021, with 290 MPs in favour, 33 against, and 133 abstaining. The political landscape involves various parties with conservative and liberal ideologies, with some opposition from right and far-right populist parties during the KPO approval process.

Romania approved the national RRF while governed by Florin Cîțu’s centre-right cabinet. The Cîțu cabinet was the 131st government of Romania, led by the national liberal (PNL) Prime Minister Florin Cîțu. It was formed on 23 December 2020 and removed from office on 5 October 2021, after the Parliament passed a motion of no confidence with a record of 281 votes, the largest number of votes on a motion of no confidence since the Romanian Revolution. This centre-right coalition comprised PNL (the national liberal party), USR-PLUS (a Romanian liberal, and centrist political alliance active between 2019 and 2021), and UDMR (the Democratic Alliance of Hungarians in Romania with a centre-right position). Romania’s National Recovery and Resilience Plan (NRRP) includes a package of reforms and public investments to be implemented by 2026. The total financial allocation for Romania is €29.2 billion, of which €14.24 billion in grants and €14.94 billion in loans. The official submission date of the resilience and recovery plan for Romania was 31 May 2021. The country has requested the full amount of loans available to them, the same as Italy and Greece. The plan was adopted by the European Commission on 27 September 2021 and financed by 14.2 billion euros in grants and 14.9 billion euros in loans. 41% of the plan’s total allocation for reforms and investments supports climate objectives and, 21% supports digital ones. The focus areas are sustainability of public finance and the pension system, healthcare, public administration, business environment, education, and green and digital transition.

In Spain, the Council of Ministers approved the Recovery and Resilience Facility (RRF) on 27 April 2021, after pre-emptively passing the Royal Decree Law 36 to reduce bureaucratic processes for investment projects, and the RRF was submitted to the European Commission on 30 April 2021. The European Commission agreed to this plan on 16 June 2021. The coalitional government was led by the centre-left Spanish Socialist Workers’ Party (PSOE) in alliance with the left-wing Unidas Podemos (UP), which included smaller and issue-specific parties like United Left (IU) and Greens Equo. Though the royal law decree 36 was passed with the unexpected abstention of the radical-right party Vox, the Spanish government was accused of ignoring other political actors when designing the fund. The centre-left pro-Catalan Independence Republican Left of Catalonia (ERC)

accused the government of excluding subnational actors from the decision-making process, while other parties blamed the government for procedural opacity. Although regional administrations have received over €24.3 million from the fund, they have claimed to feel side-lined from the allocation decisions. Beyond the policy deliberation process, the Spanish government faced criticism for providing favourable loans to unprofitable businesses. The airline company Plus Ultra received a €53.0 million relief rescue package despite registering systematic losses for years. The centre-right opposition party Popular Party and Vox accused the socialist-led government of favouritism, claiming that Plus Ultra ultimately belonged to Venezuelan investors politically proximate to UP. Similarly, by providing state aid to big businesses, civil society groups claimed that the government was “greenwashing” their image and rescuing polluting companies such as the gas utility company Naturgy. On top of controversies around the allocation of the RRF, other politicians accused Sánchez of avoiding the implementation of structural reforms in the educational sector and spending on durable goods without any positive effect on labour productivity (i.e., “fake reforms”) and subsidizing consumption for the middle classes.

Table 3: Summary of main characteristics of the seven cabinets submitting the national RRF

Country	Date of RRF submission to the EC	Prime minister (President of the Republic)	Government political orientation	In government since	Government lasted until
France	29 April 2021	Jean Castex, LREM (Emmanuel Macron, LREM)	Centre-right with technocratic ministers	July 2020	May 2022
Germany	28 April 2021	Angela Merkel (CDU-CSU)	Grand coalition (centre-right + centre-left)	March 2018	October 2021
Greece	28 April 2021	Kyriakos Mitsotakis (ND)	Centre-right with technocratic ministers	July 2019	May 2023
Italy	1 May 2021	Mario Draghi (independent)	Technocratic national unity	February 2021	October 2022
Poland	3 May 2021	Mateusz Morawiecki (PiS)	Far-right ethno-populism	October 2019	October 2023
Romania	31 May 2021	Florin Cîțu (PNL)	Centre-right	December 2020	October 2021
Spain	30 April 2021	Pedro Sánchez (PSOE)	Left-wing	November 2019	July 2023

Table 3 summarizes the main characteristics of each country context, in particular the main type of political orientation of the governmental composition. The seven countries range from Spain’s left wing government to Poland’s far-right ethno-populism, as well as peculiar cases such as Germany’s grand coalition and Italy’s “national unity” technocratic government, and a number of right-wing liberal-conservative governments, with the presence of technocratic ministers (Greece, France) or their absence (Romania).

Extracting relief-reform preferences from NRRPs

The analysis of each country's national recovery and resilience plan (NRRP) is based on a detailed description for each pillar of the main measures and how they have been considered to be more relief- or reform-oriented, on the basis of the holistic coding scheme presented in the previous section. In the Appendix, details are given for each of the six pillars. The holistic coding leads to an overall score for each country.

France's Resilience Plan is a 815 pages long document. The first part (pp. 9-39) summarizes the general aims of the plan and its consistency with the six pillars. The second part (pp. 46-706) consists of a detailed description of the different items of the plan. It is divided into nine components, subdivided into items labelled as "investment" (80 items) or "reform" (22 items). The third part (pp. 707-727) details the implementation of the plan. The fourth part (pp. 728-815) describes the global (macro-economic) impact of the plan and evaluates the projected reduction of CO2 emissions. It follows both the six pillars (first part of the document) and the nine components (second part), but only the latter gives substantial details on the requested amount of money; at the same time, components can overlap with different pillars, therefore making the codification according to the six pillars particularly complex. The overall assessment is that the French NRRP stresses the investment and reform dimensions, it is generally long-term oriented (but with some short-term outcomes and relief-oriented items), and repeatedly claims its responsible and technocratic character.

Overall, France scores 24 out of 30 on the relief-reform comprehensive indicator.

The German NRRP is a comprehensive document spanning about 1,100 pages. It consists of an introduction (pp. 1-51); a detailed description of the programs (pp. 52-1048); an elaboration of their complementarity with overarching goals at both national and European level (pp. 1049-1101); and a short analysis of the effects, both qualitative with regard to the aforementioned goals and quantitative in terms of the macroeconomic impact on the German economy (pp. 1102-1111).

An important element of context for the plan as whole is that it acts as a complement to the national stimulus package that Germany launched in the middle of 2020 with support for private households, businesses and municipalities. With a volume of €130bn, the package dwarfs the total volume of the German NRRP at €28 billion, and included a wide range of measures providing economic relief and short-term boosts for the economy. With the immediate response to the Covid-19-related recession being already rolled out as the German NRRP was prepared for submission to the Commission, the focus of the measures therein lies heavily on investments and reform. The different programmes are organized to match ten thematic components, which are in turn aggregated into six segments. These segments are not congruent with the six pillars of the RRF, however.

According to Bruegel's assignment of primary and secondary pillars to each programme, the bulk of the NRRP can be attributed primarily to pillars 1 and 2. Only just over €2 billion of the total volume of the German NRRP is primarily attributed to pillars 4, 5 and 6. No programmes falls predominantly within the scope of pillar 3. But almost all measures in the extensive pillars 1 and 2, and no measures from other pillars, are assigned pillar 3 as a secondary pillar. Thus, the coding of pillar 3 in this document is derived from that of pillars 1 and 2. Due to the federal structure of the German state, not all programmes are executed at the national level. While most are coordinated by one or several federal ministries, some funds are scheduled to be channelled to states (*Länder*) and then down to municipalities, with only limited oversight at the central level.

Overall, Germany scores 26 out of 30 on the relief-reform comprehensive indicator.

The Greek National Recovery and Resilience Plan (NRRP) "Greece 2.0" aims to transform Greece's economy, institutions, and society into a more extroverted, competitive, green economic model, paired with a digitalized, efficient state, a growth-friendly tax system, and a robust social safety net. The plan envisions fundamental reforms impacting economic activities, technologies, attitudes, and institutions, focusing on combining economic efficiency with innovation, digital transition, environmental protection, social cohesion, and justice. It is projected that these reforms and investments will create 180,000-200,000 new jobs and increase Greece's GDP by 6.9% by 2026, with the growth attributed to private investments, structural reforms improving productivity and competitiveness, and the impact of digitalization and public sector reform. The NRRP, structured around pillars of Green, Digital, Employment, Skills, Social Cohesion, and Economic Transformation, aligns with EU goals, exceeding the mandatory allocation for green transition and digital transformation, and seeks to leverage significant private funding to address investment and employment gaps worsened by the COVID-19 pandemic. A number of investments envisaged in the NPR have a relief dimension as they target vulnerable social groups or economic sectors that have been left behind or significantly harmed by the Covid-19 pandemic. This relief investment has an economic dimension as it falls within the scope of the four pillars but it is taking place usually via cash subsidies, transfers, vouchers, and new equipment.

Overall, Greece scores 24 out of 30 on the relief-reform comprehensive indicator.

The Italian PNNR consistently emphasizes and portrays the funds as investments, demonstrating a responsible approach and a technocratic perspective. Relief policies can be discerned from two primary sources. First, a significant portion of the budget is directed either directly or indirectly towards improving transport infrastructure, bolstering the construction industry, or supporting small and medium-sized enterprises (SMEs). This allocation clearly outlines the intention to generate short and medium-term economic benefits, whether through indirect transfers to the railroad or construction sector or

by supporting SMEs. In certain cases, the objective is to provide short-term economic relief to individuals.

Second, another potential aspect of relief policy arises from the vagueness in which some policies are described. Since the conditionality is often essential to elaborate reform policies, the lack of description can drift into relief or consumption policies through the implementation stage. The remainder of the budget primarily focuses on reform policies, with a few exceptions that represent smaller percentages of the total budget. These policies, such as those related to education reforms, digitalization of the public administration, investments in educational or healthcare infrastructure, exhibit a long-term perspective. They prioritize organizations over individuals and rely on permanent institutions like the Ministry of Health or the Ministry of Education. Furthermore, these policies do not involve specific private sectors. Consequently, throughout most sections of the document, the framing and budget allocations underscore the importance of reform policies with a long-term outlook.

Overall, Italy scores 26 out of 30 on the relief-reform comprehensive indicator.

The Polish KPO focuses on addressing a combination of long and short-term payoffs, with most pillars categorized as reforms across various sectors of the economy. The allocation of the funds has a rather technocratic perspective, as it indicates the objective to create an enduring impact on the Polish infrastructure. In some cases, the prospective target is to also stimulate the market after the Covid-19 pandemic. The former is particularly visible in the first and second pillars, which include substantive investments in transition to renewable energy sources and large-scale digitalization.

However, despite creating permanent instruments with planned lasting effects, the proposed policies target both organizations, as well as individuals, for example in a form of access to green transportation and improved digital competences. Short and mid-term time horizon directed at economic growth is characteristic for pillars 3, 4 and 6, as they focus on introducing new technologies in the business sector and investing in employees (for example, older people, parents, foreigners) with trainings and benefits. Nevertheless, they are indicated as possibly permanent solutions, with a clear aim to stimulate the overall economic performance in Poland. Finally, pillar 5 targeting the health sector, presents a blend of reform and relief approaches. The objective is to permanently improve the medical infrastructure in Poland, including investment in research, but also immediately increase the quality of medical services and staff quantity. Therefore, the policies proposed in the pillars are often interconnected and not clearly distinguishable as reforms or reliefs. Nevertheless, as all of them indicate prospective effects in the future and primarily target organizations creating permanent solutions, they were generally assessed as reforms.

Overall, Poland scores 26 out of 30 on the relief-reform comprehensive indicator.

The implementation of the Romanian RRF underlines three distinct dimensions: distributing in a fair manner the funds geographically (rural-urban, but also between regions), decentralisation through the reliance on local and central authorities to facilitate the transition, and the role of local authorities in elaborating the plan, but also in using their structures to implement and monitor the plan. Romania's NRRP is structured into 15 components covering all six pillars in the Regulation. Each component contains a set of reforms and a detailed operational plan for the allocation of the investments.

Overall, Romania scores 26 out of 30 on the relief-reform comprehensive indicator.

The Spanish Resilience and Recovery Facility (RRF) primarily focuses on the long-term structural transformation of the Spanish economy, aiming to address four interrelated challenges that affect the entire occupational structure: the green transition, the digital transformation, social and territorial cohesiveness, and socio-economic inequalities (p. 8). The Spanish document therefore provides a blueprint for the implementation of policies in connected domains, where pillars are not mutually exclusive from each other. In general, the RRF stresses reform-oriented policy priorities to structurally transform and modernize the Spanish economy over short-term fiscal stimulus objectives (p. 117). As such, it attempts to boost the productive capacity of businesses, leading to a higher supply of goods. However, pillars 1 and 4 can have a “multiplying effect” (p. 129), bringing about short-term economic gains via increasing domestic consumption and the supply of jobs. The plan's design and phrasing stand for logical and demographically neutral policy choices without favouring specific population subsets. This suggests the government's intention to align with the European Commission's technocratic representation.

Overall, Spain scores 26 out of 30 on the relief-reform comprehensive indicator.

Assessment

Table 4 summarizes the relief-reform connotation of the seven RRF documents, by pillar, as well as providing the total by country (overall 30 score) and by pillar (mean 1-5 pillar score). It also provides the average percentage, among the seven countries, of the primary spending of each pillar. Figure 5 shows the incidence of each pillar on the overall budget.

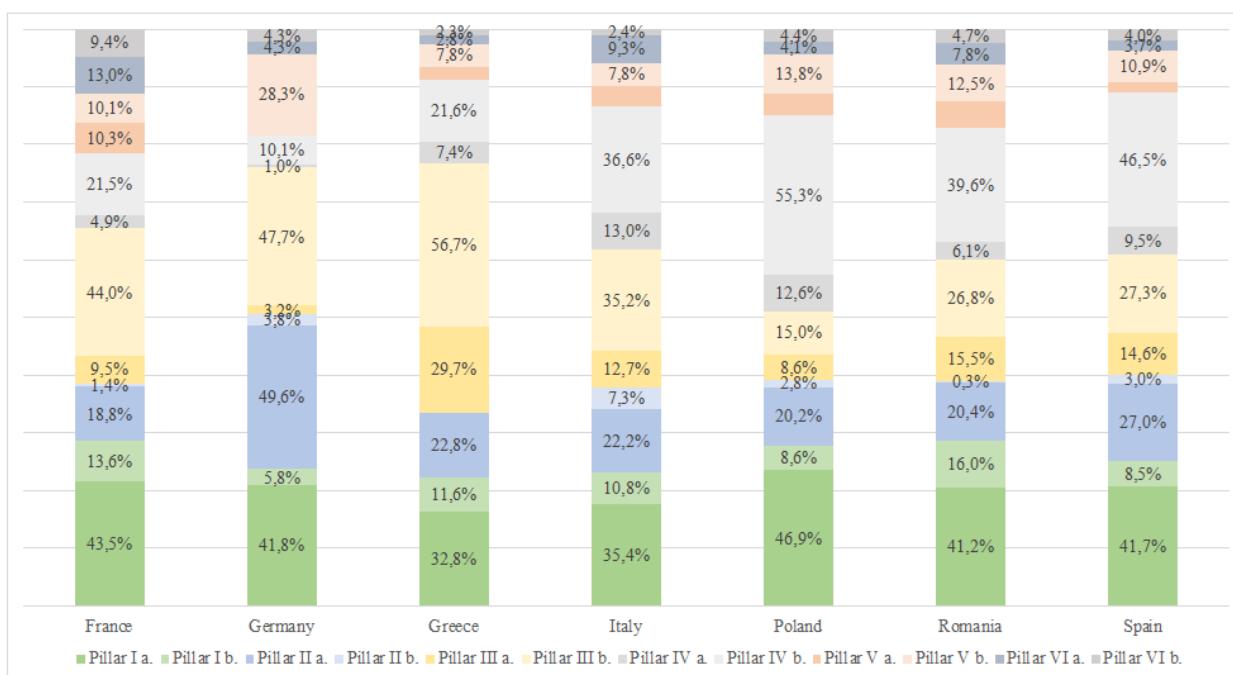
A number of key findings can be highlighted from these results. First of all, all countries are extremely reform-oriented: between 24 and 26 in the overall score. Therefore, none of the hypotheses on the effect of type of cabinet can be confirmed. It is true that the two countries whose score is lower (France and Greece) score the lowest, but the difference is marginal.

Table 4: Score of the relief-reform 5-point scale, by country and pillar

Country	Pillar 1: green	Pillar 2: digital	Pillar 3: growth	Pillar 4: cohesion	Pillar 5: resilience	Pillar 6: next generation	Overall
France	4	5	4	3	4	4	24/30
Germany	3	4	4	5	5	5	26/30
Greece	4	4	3	5	4	4	24/30
Italy	3	4	4	5	5	5	26/30
Poland	5	5	3	4	4	5	26/30
Romania	5	5	3	4	4	5	26/30
Spain	4	5	5	2	5	5	26/30
<i>Overall orientation</i>	4.0	4.6	3.7	4.0	4.4	4.7	
<i>Mean pillar primary spending</i>	40.5%	25.8%	13.4%	7.8%	6.1%	6.4%	

Interestingly, in Spain, consistently with a left-wing government (and against hypothesis 2), the cohesion pillar is much more relief oriented, due to social welfare measures such as a basic income. Italy and Germany are rather relief-oriented on pillar 1, green transition: the reason is to be found in the incidence of building renovation measures devised as non-progressive bonuses. In general, pillar 3 is the most relief oriented (mean of 3.7), followed by pillars 1 and 4 (both scoring a mean of 4.0). Pillars 2 and 6 are instead the most reform oriented. However, pillar 6 is residual in terms of budget magnitude. Therefore, the true transformative scope of the whole RRF plan can be deemed to be in the digital transition of pillar 2, both very reform oriented and substantial in terms of budget allocation (25.8% in our sample of seven countries, that is, above the 20% threshold).

Figure 5: NRRPs magnitude: percentage of primary (a) and secondary (b) spending, by country and pillar



Source: elaboration on data by the European Commission (2023). Note: this figure displays the share of the RRF estimated contribution to each policy pillar. The Commission, in its official analysis, considers that each measure can contribute towards two policy areas of the six pillars (primary and secondary assignments). Therefore, the total contribution to all pillars displayed in this graph amounts to 200%, and not 100%, of the RRF funds allocated to the Member State. Source: https://ec.europa.eu/economy_finance/recovery-and-resilience-scoreboard/country_overview.html?lang=en.

The green pillar, that accounts for the biggest share of the budget (40.5% of primary spending), can be seen as a missed opportunity. There could have been more infrastructural change rather than individual measures, for example in the form of incentive schemes to switch to electric. One final element to note is RRF’s “non compliance” with many of the proclaims made by governments during the Covid-19 crisis that more should be invested in the health care system: pillar 5 is in fact very modest in its primary spending, and mostly cross-cutting with pillar 2 in its secondary spending (digitalisation of hospitals, rather than hiring new personnel and investing in infrastructures such as intensive care units).

Conclusion: The Iron Law of EU Conditionality

The RRF is the largest EU-centred recovery instrument ever put in place. Given the fewer constraints in respect to previous crisis management tools, one could have expected national recovery and resilience plans to politicize and diverge substantially in their re-

lief- or reform-oriented spending preferences. Instead, our analysis based on the seven largest recipients of the RRF show conditionality of the EU works effectively, even in its “expansionary” rather than “austerity-based” mode (Armingeon et al. 2022) form.

The qualitative text analysis of seven documents in France, Germany, Greece, Italy, Poland, Romania, and Spain shows that these are mostly focused on investment, reform-oriented, with a long term time horizon, focused on responsibility rather than responsiveness. Ultimately, these are technocratic documents, with country-specific differences in the sectors where resources are allocated and but, in terms of their positioning on the relief-reform dimension, all rather skewed towards the “reform” end of the spectrum, regardless of the government approving them. It is important to note, however, that this analysis takes into consideration only the first NRRP submitted to the European Commission in Spring 2021. Some of the measures contained in it have been implemented and disbursements have started. However, in the subsequent two years many countries submitted revised versions of the NRRP. This means that within the limits of its “expansionary conditionality”, more measures tending toward the relief-oriented end of the spectrum may still be sought.

Party and cabinet positions may have been, in other words, driven by the goal to obtain money first. This is a rational reaction to EU conditionality. One should therefore not discount the lip service that can be expected in the type of documents analysed in this paper. They must respond to certain criteria and, for a complete assessment, the analysis should be extended to the implementation phase of the programme. In addition, while this paper has stressed the fundamental cross-country similarities of the programmes, focussing on the implementation phase may highlight some of the differences behind the diverging scores resulting from the coding in the analysis of this paper. As for all qualitative analyses, small differences are difficult to account for but this may be less the case once the analysis can rely on more objective and decisive allocation of resources, as one would expect being the case in the implementation phase.

In spite of this, some more leeway is expected in how to spend the money at the later implementation stage, emphasising cross-country differences. In this regard, an avenue for further research would be to analyse the divergence in subsequent amendments of the RRF documents, as well as the capacity of governments to meet guidelines and therefore achieve disbursement of funds. From the perspective of EU governance, the broader implication of the RRF is that the EU uses a technocratic approach, certainly having learnt from the past mistakes (Eurocrisis), but still exposing itself to populist critique. This seem to point to the fact that politicization is not absent, even when documents are redacted in a technocratic way.

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List of national recovery and resilience plans

France https://www.economie.gouv.fr/files/files/directions_services/plan-de-re-lance/PNRR%20Francais.pdf

Germany <https://www.bundesfinanzministerium.de/Content/DE/Standardartikel/Themen/Europa/DARP/deutscher-aufbau-und-resilienzplan.html>

Greece <https://greece20.gov.gr/en/the-complete-plan/>

Italy <https://www.governo.it/sites/governo.it/files/PNRR.pdf>

Poland <https://www.gov.pl/attachment/fe169a37-c5d2-4cf1-8e72-2fb87c610e11>

Romania <https://mfe.gov.ro/pnrr/>

Spain https://www.lamoncloa.gob.es/temas/fondos-recuperacion/Documents/30042021-Plan_Recuperacion_%20Transformacion_%20Resiliencia.pdf

Appendix Coding countries' national recovery and resilience plan (NRRP) by pillar

France

Pillar 1. Green Transition.

The ecological dimension of the French plan is crucial. The pillar focuses on energy-retrofitting of housing (including private housing, social housing, hospitals), thermal efficiency of buildings, clean production (decarbonizing the industry), green transports (investment in railways and green public transport), cross-border investment in the electric grid (with Spain and Italy) and greenhouse gas reduction. The strategy is mainly long term, as most of it is investment, while at the same time it is aimed at including the ecological transition into the 'French strategy of economic recovery' and includes some direct cash-transfers (such as MaPrimeRénov, i.e. up to €20 000 per housing for private housing renovations over 5 years). Thus it also has some elements that can be seen as short-term/relief-oriented. Its targets are housing, industry and infrastructure. The goal is reducing greenhouse gas emissions by 40% in 2030 (as compared to 1990). The pillar includes investments in green technologies, stressing that the short-term effects will be limited but can nonetheless contribute to boosting 'green research' (p. 16). The pillar mentions measures in favour of circular economy, but with not much detail. It stresses its reform-oriented dimension, with the 'green budget' (evaluating the budget's climate-effect) project and the housing policy reform. Output legitimacy is responsible because it mostly refer to long-term effects, and representation is technocratic. Pillar relief-reform score: 4/5.

Pillar 2. Digital Transformation.

The pillar is codified as long term and targets mainly organizations and state services. The amount is 'over 10 billion of euros' (p. 18). It is mainly aimed at infrastructure, boosting internet connectivity at home and high-speed connections (via 5G and fibre) across the territories (it thus also contributes to territorial cohesion). Other key aspects are the digitalization of state services and administrations and creating a unified digital identity of state services (described as a 'republican digital identity') ; digital inclusion (i.e. targeting digitally-excluded populations) ; digitalization of education and healthcare services ; digital transformation of SME; investing in AI and cybersecurity. The pillar aims to create permanent instruments and infrastructure, with long-term investment in state-services. It is thus codified as responsible and technocratic. Pillar relief-reform score: 5/5.

Pillar 3. Smart, Sustainable, and Inclusive Growth.

The pillar contains reforms aimed at research (LPPR law on research, p. 327) and public action, as well as at strengthening the means of the National Research Agency (ANR). It includes investment in RandD, green technology, healthcare, digital teaching and culture ; competitiveness of the spatial sector (p. 322); securing access to job markets for young diploma holders; cross-border projects with Italy, Germany and Spain concerning hydrogen, telecommunications and cloud services. It has both short-term and long-term dimensions, with a combination of permanent instruments (such as the instruments for financing public research and higher education) and cash-transfers (or tax reductions) targeting enterprises (mainly SME). The long-term dimension is stressed as this pillar aims to ‘durably transform the [French] economy’ (p. 19) and stimulate innovation. It targets both public institutions (e.g. higher education institutions) and the private sector (e.g. private RandD). It also includes lowering the taxes to boost the competitiveness of French firms (p. 21-22). The pillar is meant to respond to the recession and ‘counter-balance its effects’ in favour of growth until 2025. It is therefore responsive. Notably, some items (such as boosting innovation of French enterprises) are described as contributing to digital transformation and green transition (i.e. pillars 1and2). Pillar relief-reform score: 4/5.

Pillar 4. Social and Territorial Cohesion.

The pillar is targeting both individuals and local communities, with the aim of boosting employment, social care and equality of opportunity (*égalité des chances*). It is a combination of short-term and long-term oriented policies, with both investment and cash-transfers/benefits, and both ad-hoc temporal instruments and long-term reforms. The NRRP highlights the consequences of Covid on unemployment but also the continuities of current reforms with Macron’s governmental policy since 2017 (p. 22). It includes some direct subsidies, such as subsidies for hiring disabled people, with direct cash-transfers to employers amounting to 4000€ per year per disabled employee (see p. 557). It also stresses its reform dimension (unemployment insurance, work security reform) and the creation of permanent instruments, such as supporting part-time jobs as a way of tackling unemployment. Some parts are redundant with other pillars, such as digital transformation (pillar 4 also stresses high speed internet access across all French territories and digital inclusivity as part of its cohesion strategy, which overlaps with pillar 2). The long-term outcome is adaptation of workers to the evolution of the job market (e.g. through investing in professional formation). Territorial cohesion includes investment in culture, heritage and digital inclusion. It also includes a reform (labelled ‘4D’ - for ‘differentiation, decentralization, deconcentrating, de-complexification’ - p. 25) aimed at transferring competences to local administrations. Overall it is techno-

cratic because of its strong reform dimension, though it includes direct (relief-oriented) cash-transfers/benefits. Pillar relief-reform score: 3/5.

Pillar 5. Health, Economic, Social and Institutional Resilience.

This pillar includes investment in the medical and sanitary sector (€6 bn) (p. 25), hospitals, access to medical services in urban areas, digitalization of hospital services (therefore overlapping with the 2nd pillar), end-of-life care and gender equality. The main reform dimension is the reform of the French retirement system. The pillar description stresses the effects of the Covid-19 pandemic on the elderly and proposes reforms directed at an ageing population. It has a very strong reform dimension, including the Ségur law and investment in digitalization of hospitals but, an increase in salaries of health-workers and investment in new recruitments to the health sector (with the short-term effect of boosting employment) . The reforms and investments aim to foster gender equality and risk prevention (p. 25-26). The reform of the French retirement system is an important component of the plan, justified by the necessity of uniformization of the system, equity and employment of seniors (p. 26) . The reforms also aim to provide ‘budgetary means’ to prevent (and adjust to) future crises (p. 27). The future-oriented dimension also includes crisis prevention on other levels, such as investing in anti-seismic resilience of public infrastructure and crisis-management centres in the overseas territories (mainly Martinique and Guadeloupe) (this is also part of the 1st pillar - p. 124). The time-horizon is long-term and the reforms and investments are aimed at the creation of permanent instruments within state services, arguing for a responsible outcome (technocratic). Pillar relief-reform score: 4/5.

Pillar 6. Policies for the Next Generation.

In general, this pillar proposes instruments that help the insertion of young people into the job market, such as the investment in their formation (professional education of young adults), a hiring benefit, and a structural reform of the French governmental agency for unemployment. The pillar puts forward both long-term investment and short-term subsidies with cash benefits similar to those aimed at boosting employment amongst disabled people (i.e. a cash-transfer to employers hiring people aged under 26). The long-term outcome is a more inclusive job-market, securing employment for young people. It overlaps with digital transformation and digital inclusivity. The pillar has a responsive aspect, because the document stresses the singular risk of unemployment amongst the younger generation after the Covid-19 crisis. The NRRP aims to orient 230 000 young people towards jobs in ‘future sectors’ linked to ecological and digital transformation, health and care (p. 28-29). The other responsive aspect is the diagnosis

of inequalities in access to public education since early childhood (p. 29). The structural changes of the unemployment agency are rather long-term, reform oriented, and so are the investments in public education and day care (i.e. creating more day care centres, investing in accommodation for middle-school or high-school students). This mix of long- and short-term oriented policy, with both consumption/benefit and reforms aiming the creation of permanent instruments makes it technocratic, as the responsive aspect prevails on the short-term. Pillar relief-reform score: 4/5.

Germany

Pillar 1: Green transition.

The first segment of the German NRRP is assigned in its entirety to pillar 1 of the RRF as its primary classification. With a volume of €11.2bn, it accounts on its own for well over a third of all funds requested by Germany. It consists of three thematic components: decarbonization, sustainable mobility, and climate-friendly renovation and construction. The component Decarbonization is entirely geared towards organizations, namely businesses and industry, research institutes as well as municipalities. It supports the building of green infrastructure, the investment by industry into greener production facilities where these are not yet cost-competitive with traditional modes of production, and green research and development. Its pay-offs are long-term. Within this component, the two biggest projects are the IPCEI Hydrogen, and Research and Innovation in the context of the National Hydrogen Strategy. (p. 137-139) The former focuses on the production of green hydrogen, the development of infrastructure to make hydrogen available to industry users, as well as investments in industrial production facilities that substitute hydrogen for fossil fuels. (p. 68) The latter funds three projects conducting research into hydrogen electrolyzers, the offshore production of hydrogen powered by wind, and hydrogen transportation. (p. 91). The component Sustainable mobility contains both programs targeting private individuals and programs directed at organizations, such as public and private companies in the transport sector (bus and rail) and in the automobile sector. It aims at accelerating the roll-out of charging infrastructure for electric vehicles; growing the fleet of electric vehicles as well as of low-emission busses and trains; and stimulating research by the automobile sector. Some items stimulate consumption by subsidizing purchases of vehicles (p.159) and the construction of charging infrastructure by private households and businesses (p. 148, 226). The former is the single biggest program in the component, at €2.5bn. Public charging infrastructure along highways (p. 148, 224-5), but also the equipment of municipal administrations with electric vehicles (p. 152) and funds for mobility research (p. 172) are coded as investments. The balance between stimulus and investment, and between short-term and long-term pay-offs, is roughly 50/50. The component Climate-friendly renovation

and construction contains two small programs providing services to advise construction businesses on climate-friendly construction techniques, and stimulating innovation to support the green transition at the municipal level. (p. 251, 261) These have a volume of €77mln. The third program is valued at €2.5bn and supports the renovation of residential housing for increased energy efficiency. (p. 267) Taken together, the component overwhelmingly focuses on stimulating economic activity by boosting private renovation projects with short-term benefits. In sum, pillar 1 has a mixed short-term and long-term character. All programs, including those aimed at individuals and private households, have strict conditionalities to safeguard their contribution to overarching goals, such as the Paris Climate Accords and the European climate neutrality by 2050, providing responsible output with technocratic legitimation. Pillar relief-reform score: 3/5.

Pillar 2. Digital transformation.

The entirety of segments 2 and 3 of the NRRP, but also individual programs from segments 4-6 are attributed primarily to pillar 2. Added together, these programs have a value of €14.5bn and thus cover about half the volume of the NRRP. Segment 2 consists of two thematic components: Data as the commodity of the future, and Digitalization of the economy. Segment 3 contains the component Digitalization of education. Other included programs come from the components Strengthening social participation, Strengthening the pandemic-resilience of the healthcare system, and Modern administration and dismantling of investment barriers. The component Data as the commodity of the future is directed at organizations: primarily businesses and industry as well as research institutes, and to a lesser extent public administrations. It aligns with the Data Strategy of the German government (p. 325) and aims to accelerate the digital transformation with a specific focus on data competency, digital infrastructure, innovation and research. (p. 329, 331, 33) Its pay-offs are long-term.

The pursued aims are to provide digital infrastructure for federal authorities and increase data competency both within authorities and among citizens and businesses. (p. 335, 359), as well as support two IPCEIs in the field of microelectronics and cloud services. These aim to strengthen European technological sovereignty by supporting research and innovation in the production of microelectronic components, like semiconductors (p. 332, 368), and by reducing dependency on providers of cloud services in foreign jurisdictions through research and infrastructure (p. 326, 381). The component Digitalization of the economy is directed at organizations: primarily businesses and industry as well as research institutes, while one program targets the German national rail service. Its pay-offs are mostly long-term, although it contains the one program in the pillar with short-term payoffs through the provision of employment protection in the rail sector. The largest part of the requested funds goes to research and innovation:

in the automobile sector, where digitalization affects both the production lines and the cars themselves (p. 453, 455); but also more generally with regards to key technologies that can safeguard European technological sovereignty. (p. 480-1) One program, with a volume of €500mln, aims to speed up the digitalization of the German national rail infrastructure, providing employment protection for highly qualified employees as well as contributing to the Digital Rail Germany (Digitale Schiene Deutschland) program that in turn works to implement the European Train Control System (ETCS) (p. 447, 497, 500). This last program has both short-term and long-term payoffs. The component Digitalization of education invests in educational institutions of various types: public schools, universities, but also training centres for teachers and educational facilities of the German armed forces. Its pay-offs are long-term. Among its aims is the provision of digital devices to teaching staff to facilitate digital learning (p. 610), setting up an online educational platform that serves students and teachers alike and lowers barriers to educational access for underprivileged strata of society (p. 617, 623), establishing centres for educational competencies that advise all institutions involved in training teachers on how to integrate digital methods in the classroom (p. 628, 631), and modernizing the training facilities of the armed forces with regard to IT (p. 637). From segment 4, only a small program establishing a digital pension survey is included, that aims to enhance the transparency of the pension system for citizens. (p. 767) Larger programs attributed to pillar 2 in segment 5 relate to the health-care system. These include the Public Health Service Pact mentioned in the country context document, that invests in the digitalization of public health authorities to remedy shortcomings exposed by the pandemic (p. 834), and a €3bn investment program in hospitals to introduce or enhance digital infrastructure and technologies to improve treatment outcomes and facilitate communication and documentation (p. 850-1). These programs are by their nature targeted at organizations and have long-term pay-offs in the form of increased capacities of health authorities as well as improved quality of healthcare services for citizens.

Lastly, some programs in the component Modern administration and dismantling of investment barriers from segment 6 are also attributed to pillar 2. It is directed primarily at various levels of public administration as well as businesses. Its purpose is to support digital reforms of the public administration, and its pay-offs are all long-term through increasing productivity of the public sector, reducing administrative costs and protecting the privacy of citizens. (p. 897-8). Funds are requested for the development of a European digital identification system (p. 902), the digitalization of public administration that allows requests for public services and transfers to be presented online rather than at a physical office (p. 907), and the modernization and interlinking of public registries (p. 922). In sum, pillar 2 is overwhelmingly intended to produce pay-offs in the long term. With the exception of modernizing the German rail system, all programs invest in research and development, digital infrastructure, education and a modern public

administration. Moreover, the programs are rigorously linked to national reforms and European flagships, providing responsible output with technocratic legitimation. Pillar relief-reform score: 4/5.

Pillar 3. Smart, sustainable and inclusive growth.

As mentioned above, following the Bruegel classification no programs in the German NRRP are primarily attributed to pillar 3. The coding is therefore derived from those programs in segments 1 and 2 that are attributed to pillar 3 as secondary: Decarbonization, Sustainable mobility, Climate-friends construction and renovation, and Digitalization of the economy. This results in a classification as mixed short-term and long-term, with responsible output and technocratic legitimation. Pillar relief-reform score: 4/5.

Pillar 4. Social and Territorial Cohesion.

The NRRP contains only one program for which RRF funds are requested that is classified primarily as pillar 4 (and none as secondary). This is the so-called Special fund “Childcare expansion” with a volume of €500mln. (p. 732) It is directed at childcare facilities run by states, municipalities or other organizing bodies such as churches. (p. 736) It aims to provide these entities with funds for building or renovating childcare infrastructure to increase childcare quality as well as address the mismatch between supply and demand for childcare services. This certainly constitutes a long-term investment in early education as well as a way to facilitate labour market participation of young parents. (p. 732, 734), linked to a range of reforms at the national level, providing responsible output with technocratic legitimation. Pillar relief-reform score: 5/5.

Pillar 5. Health, Economic, Social and Institutional Resilience.

Two programs in the NRRP are primarily attributed to pillar 5. They both target organizations, in the form of public administrations and biomedical research companies.

A small measure worth €50mln aims to lower investment barriers by offering advisory services to municipal administrations. (p. 997) Chronic personnel shortages lead to long processing times, for example in the granting of building permits, which discourages investments. Advisory services are intended to remedy this issue. Its pay-offs are long-term.

A larger measure with a value of €750mln is the Special program to accelerate research and development of urgently needed vaccines against SARS-CoV-2. (p. 859) It supports biomedical companies with facilities in Germany in the development of vaccines against

the Coronavirus through the stages of research, clinical trials and production. (p. 860) While the benefits of vaccine production are limited to the pandemic, the program also strengthens Germany's biomedical industry and the increase of vaccine production facilities in Germany. (p. 861) It is therefore coded as mixed long-term and short-term. A handful of other programs included in pillar 2 and already described above carry pillar 5 as a secondary attribute. This concerns the Public Health Service Pact and the investments in the digitalization of hospitals, as well as the component Modern administration and dismantling of investment barriers. They were all coded as long-term investments in healthcare and public services. Pillar 5 as a whole is long-term, providing responsible output with technocratic legitimation. Pillar relief-reform score: 5/5.

Pillar 6. Policies for the Next Generation.

One program in the NRRP with fund requests is primarily attributed to pillar 6: the Program to secure apprenticeships. (p. 749) It is addressed at businesses that train apprentices, and provides them with funds to maintain ongoing apprenticeship contracts throughout the pandemic, conclude new contracts or absorb apprentices from businesses that went bankrupt during the recession. (p. 750) It constitutes an investment in a qualified workforce with long-term payoffs. Moreover, the component Digitalization of education, included in pillar 2, carries pillar 6 as secondary. These were all long-term investments in education, digital learning and teacher training. Therefore, pillar 6 as a whole is long-term with responsible output and technocratic legitimation. Pillar relief-reform score: 5/5.

Greece

Pillar 1. Green Transition.

The strategy of green transition consists of four components in the recovery and resilience plan of Greece. The first component, dubbed "power up", aims at reforms and investments towards a low-carbon energy model, reducing greenhouse gas emissions, improve energy efficiency and increase the share of renewables in the energy mix of the country. The big share of investments aims at the upgrading and modernization of the energy infrastructure grid. Specifically, it allocated funds at the improvement of interconnectedness between mainland and islands and improving energy storage capacity. The long-term objective is to ensure financial sustainability and reduce energy costs. An indicative example is a EUR541,5 million investment to develop and expand the Hellenic Electricity Transmission System by enhancing the electricity network and the uninterrupted transmission of electricity. The second component, dubbed "renew", aims at upgrading and modernizing private infrastructure, rendering houses and residential

buildings more energy efficient. This process is happening via tax incentives and green subsidies to homeowners. Specifically, EUR3,095 million are channelled to individuals to cover part of renovations. While there is an investment component to it, the rationale here is to relieve individuals from the cost of the green transition and stimulate the real estate sector of the economy. The third component, dubbed “recharge and refuel”, aims at a transition to a green and sustainable transport. It promotes investment to infrastructure for electric vehicles and subsidies to owners to replace their vehicles. Therefore, it combines an investment and relief strategy. An indicative measure proposed is the allocation of EUR356 million to professional taxi drivers to purchase green vehicles. The fourth component, dubbed “Sustainable use of resources, climate resilience and environmental protection”, aims at the alignment with the principles of a circular economy, natural environment protection and climate change. Key investments are planned to improve waste management, irrigation infrastructure, protection of water resources, reforestation, and civil protection from extreme weather phenomena. Most of the reforms and investments in this category have a long-term horizon and involve public private partnerships. For instance, EUR900 million are allocated for the improvement of irrigation infrastructure across Greece. Pillar relief-reform score: 4/5.

Pillar 2. Digital Transformation.

The digital transformation pillar of the National Recovery plan aims at modernizing the country’s bureaucracy by digitalizing services, as well as helping businesses to digitalize and be more competitive. Three components consist this pillar. First, “connect” aims at high speed connectivity across the country by investing in 5G networks, fibre optic infrastructure, and utilization of space technologies. Indicatively, EUR131 million are allocated via vouchers to homeowners to install fibre optic cables for high speed internet. This measure relieves 120.000 individuals from the cost of upgrading their internet connection. Second, is the component of “modernize” that aims at digitalizing the state that lags behind compared to other countries when it comes to speed and quality of public services. One of the proposed actions involves an investment of EUR89 million to implement a central interoperability infrastructure for integrated services management and information exchange among government agencies. Third is the component “digitalization of business” that targets the private sector and in particular small and medium enterprises. The objective is to catch up with the rest of Europe and close competitiveness gap of Greek businesses by adopting digital technologies. Within this component, EUR465 million are allocated to businesses to buy equipment (e.g. mobile devices, software, etc.), create online platforms (i.e. e-commerce and web presence) and upgrade registers. It is a form of relief for an inevitable cost that business owners would have to bear soon. Pillar relief-reform score: 4/5.

Pillar 3. Smart, sustainable and inclusive growth.

The third pillar of the National recovery plan aims primarily at mitigating the socio-economic impact of the covid-19 crisis. Furthermore, it is designed in a way that addresses chronic and structural problems of the Greek economy after a decade of recession and divergence from the rest of the Eurozone. The key challenges are social inclusion and unemployment. The investments and reforms are a mixture of active labour market policies, job creation schemes, formation programs to (re-)skill workers and unemployed people as well as vocational education. In a “relief” direction, EUR100,5 million from the RRF are used to increase unemployment benefits and benefits for long-term unemployed (i.e. indexation to adjust to inflation). A different measure to address social cohesion and employment with a “relief” rationale is the allocation of EUR168 million for a guaranteed minimum income to ROMA and homeless people. It consists also of formation schemes, digital literacy and familiarization with new technologies. Pillar relief-reform score: 3/5.

Pillar 4. Social and Territorial cohesion.

The fourth pillar of the National recovery plan has a multidimensional orientation addressing cross cutting challenges and shortcomings of the Greek state and the economy. There are seven components in this pillar: improvement of competitiveness and promote private investments and exports; modernization and improvement of resilience of key economic sectors; promotion of research and innovation; strengthening of the financial sector and capital markets; improvement of the efficiency of the justice system; modernization of the public administration, including through speeding up the implementation of public investments, improving the public procurement framework, capacity building measures and fighting corruption; Making taxes more growth friendly and improving tax administration and tax collection. Most of the reforms and investments have an “investment” long-term horizon aiming at increasing the capacity and services towards citizens and businesses to attract investment, rationalize the tax system and streamline bureaucratic procedures. For instance, EUR10 million are spent to restore the Acropolis museum. On a different component, EUR100 million are spent to digital transformation of fiscal management and supervision in general governance and electronic invoicing. The objective is to modernize and increase the efficiency of the State when it comes to fiscal management, forecasting and planning. Pillar relief-reform score: 5/5.

Pillar 5. Health, and economic, social and institutional resilience.

This pillar of the NRP aims at enhancing health system efficiency, accessibility, and

financial sustainability. It includes reforms in hospital procedure reimbursements, primary health system, healthcare digital transformation, public health strategies, and financial strategies in healthcare. Additionally, the plan addresses economic resilience by improving labour market responsiveness, implementing active and passive labour market policies, and promoting fiscal policies that respond effectively to economic cycles, with the overall goal of increasing Greece's capacity to absorb and recover from economic shocks. One key reform is the reorganization of the primary health care system to act as a gatekeeper to secondary care, which seeks to optimize health system efficiency and ensure equal access to services. On the investment front, a significant project is the digital transformation of health (DigHealth), aimed at optimizing healthcare quality, patient safety, and enhancing system functionalities, with an estimated cost of EUR 1,486 million fully covered by the Recovery and Resilience Facility. Pillar relief-reform score: 4/5.

Pillar 6. Policies for the next generation.

The sixth pillar aims to boost long-term employment and productivity by integrating skills for the green and digital transition into education systems, enhancing digital technologies and research, and fostering collaboration between education and the labor market. The educational reform in Greece focuses on three main areas: primary and secondary education, vocational education and training (VET), and higher education. In primary and secondary education, the focus is on digitizing materials, integrating modern digital tools, supporting students financially, and retraining teachers. VET reforms aim to update curricula to match labor market needs, especially in digital, green, and blue skills, and include upgrading laboratory equipment and apprenticeship programs. Higher education reforms seek to enhance cooperation with foreign universities, boost research, and strengthen ties between higher education and the labour market. Additionally, there's a significant emphasis on inclusive education policies for children and youth, including a comprehensive preschool curriculum, early intervention for learning and developmental disorders, and deinstitutionalization strategies for children and adolescents. For instance, there is an investment planned in upgrading vocational education and training (VET) by supplying laboratory equipment for Laboratory Centers for IEK, EPAL, Post-Secondary Year-Apprenticeship Class and Vocational Training Schools (ID:16933). The estimated sum of grants and loans from the RRF that will finance reforms and investments is EUR2,311 million. On the relief side of investment policies envisaged in this pillar, the government will provide via the RRF vouchers for the purchase of necessary equipment for students coming from vulnerable social groups. Pillar relief-reform score: 4/5.

Italy

Pillar 1. Green Transition.

In general, the document places a strong emphasis on investment, with the main portion of funds directed towards infrastructure projects aimed at increasing renewable energy production, investing in cycling paths, and hydrogen production and storage. Some parts of the first pillar lack detail, especially in sections concerning the circular economy, recycling, or civic education around climate change issues. For example, the investment in the electric grid, with the goal of “improving the resilience of around 4 000 km of railroad network” (pg 136), is focused on infrastructure without specific beneficiaries. A significant portion of the funds has long-term payoffs, targeting organizations and providing services necessary for the green transition. Within these budget items, economic payoffs are expected in the long term, highlighting the reformative nature of these investments. Large investments in infrastructure like high-speed trains, general network/connections, improvements in regional interconnections, and southern stations have short-term economic benefits, with no direct individual beneficiaries. However, the second part of the pillar is distinct. A significant budget item aims to improve energy efficiency and rehabilitate public and private buildings. The rehabilitation of private buildings primarily aims to reduce energy consumption, reducing Italy’s dependency on gas and overall greenhouse gas emissions. It also represents a transfer to individuals and families while economically supporting the construction sector, resulting in short-term economic payoffs (pg 145: “The investment will also stimulate local economies through the creation of jobs in the construction industry”). Therefore, while this large budget item addresses climate change, it also represents a conditional transfer to individuals and enterprises, with concrete short-term benefits. Pillar relief-reform score: 3/5.

Pillar 2. Digital Transformation.

The second pillar focuses on digital transformation and primarily targets the transition towards a centralized system across public administrations. As well, it aims to support Italian companies in the transition towards digitalization in a knowledge economy. Its emphasis on public services positions it as a reformative endeavour, with abstract, if any, short-term benefits. Investments in public infrastructure to digitalize public administration and resources allocated for training public administrators in digital skills point to medium and long-term returns. The investment in cybersecurity, though a small portion within the pillar, represents a quintessential investment element, as the benefits are highly uncertain, and there are no specific short-term beneficiaries. Similarly, funds for training public servants or mentions of producing a more merit-based recruitment

process for the public administration are reform policies. The only relief aspects are those that focus on the task force of around 1000 professionals for the cloud transition (pg 97), or especially 17,600 for the judicial reform (pg 99) that would implement the policies. The judicial reform can be seen partially as a relief policy, as its benefits focus on the short to medium-term, aiming to reduce the judicial backlog by hiring workers (400 permanently, 1600 for 3 years, and 16,500 for a fixed-term).

Moreover, tax deductions for 'innovative' SMEs expand the previous program 'Industria 4.0,' implemented in 2017 can be considered as an indirect transfer. While there may be some conditionality, its monitoring and implementation is not specified. The constant mentions about relaunching the economy in the short-term imply a de facto short-term policy, thus having a relief aspect. Similarly, with SIMEST, a company that helps companies operating in EU markets to be more competitive, important investments in large companies are not specified, only mentioned as 'resilience,' which likely results in short-term benefits for big companies. Pillar relief-reform score: 4/5.

Pillar 3: Smart, Sustainable, and Inclusive Growth.

This pillar includes funds for various sectors: innovative enterprises, labour market policies, and tourism, with the aim of improving competitiveness and diversification. One key component in this pillar targets innovation in small and medium-sized enterprises, including funds for researchers and enterprises collaborating with researchers. A newly created adjunct board to the Ministry of Universities aims to allocate and coordinate the projects. The investment will support 250 innovative small and medium-sized enterprises with investments worth EUR 700 million. The main objective of this policy is to increase economic competitiveness in the long term and produce positive feedback in research, and therefore can be considered more reform-oriented. However, there is a constant emphasis on how research should respond to enterprises' needs rather than creating new markets or driving structural reforms. This indicates that short-term economic returns predominate over long-term objectives to restructure the economy. Another important component in this pillar, Turismo e cultura (Tourism and culture), often focuses on abstract outcomes, such as improving accessibility or diversifying tourism offerings from major tourist hubs to a more dispersed pool of tourist destinations. A number of funds focus on providing insurance for infrastructure (antisismic prevention), an example of a reform policy given its abstract long-term payoffs. Funds for 600 new doctorate scholarships in cultural patrimony represent as well a reform policy. At the same time, some funds allocated to private gardens (pg 112) can be considered as relief policies, as the beneficiaries are individuals or families, even though it is historical patrimony. Funds for touristic patrimony also represents an indirect transfer to stakeholders.

Labor policies have a very ambiguous position when it comes to the distinction between relief and reform. Even if labor policies are framed as active labor policies, they would be consumption policies if there are no structural changes aiming to reduce overall unemployment levels. In this sense, the Italian document does not propose, at least explicitly, a comprehensive transformation of the labor market; thus, labor market policies can be partially understood as relief or consumption policies. Simultaneously, they also represent investments in human capital with a long-term focus, especially when they provide funds for people with disabilities or training for employed people (pg 206) or improve communication between labor demand and supply through digitalization (pg 206). Pillar relief-reform score: 4/5.

Pillar 4: Social and Territorial Cohesion.

The funds allocated to strict territorial cohesion, targeting the Mezzogiorno (southern part of Italy), constitute a small portion of the total funds. Most of the pillar focuses on women's labor market outcomes and disadvantaged people (instead of places) at risk of social exclusion, such as young people from disadvantaged areas or older people. This pillar emphasizes relief aspects in principle, although the framing is more nuanced. Funds for women, old people, or people from disadvantaged areas often focus on providing institutional support rather than direct transfers. For instance, the creation of enterprises led by women has important conditionalities and hardly represents a relief policy. Similarly, funds for students from disadvantaged areas focus on mentoring and other support rather than cash or tax benefits. Moreover, policies targeting older people focus on improving and preventing mobility issues, providing services like the provision of autonomous flat groups with close proximity to assistance. Such policies are often challenging to categorize as investment or consumption policies as they target basic human rights, as mentioned in pg 215. Only the funds allocated to social housing could be categorized as relief policies, as they involve indirect transfers with conditionalities. Finally, important funds for the regeneration of urban areas are vaguely explained. Without more information on the implementation, they can be interpreted only as reform policies as they target infrastructure. Pillar relief-reform score: 5/5.

Pillar 5: Health, Economic, Social, and Institutional Resilience.

This pillar mainly aims to alleviate current issues within the national health system and to prepare it for aging demographic trends. There are mentions of short-term objectives: "the resource requirement... is related to the costs of serving an increasing number of patients" (pg 229). The modernization or renovation of equipment partially aligns with these short-term objectives. However, most of the policies focus on re-

forms, emphasizing infrastructure, insurance, or investment in human capital. Seismic prevention or preparation for future sanitary emergencies are good examples of such abstract, long-term objective reforms. Structural reforms aiming to improve service provision, such as the creation of proximity networks or the digitalization of the national health service, aim to strengthen the NHS in the long term. Similarly, the expansion of scholarships, aiming to meet the prospective need for medical specialists, as there are projects to open around 1288 new health centers (pg 228), represents a long-term investment. Pillar relief-reform score: 5/5.

Pillar 6: Policies for the Next Generation.

In general, this pillar mainly proposes reform policies, focusing on the expansion of the education offer from kindergarten to university. Significant funds are allocated to “construct, upgrade, and secure kindergartens and preschools... for the creation of approximately 228,000 places.” Such measures are examples of long-term investments in human capital. Policies promoting vocational training offerings align with this approach, as well as reforms focused on changing the selection criteria of school teachers. Other similar projects, such as the expansion of gyms or other sports infrastructure, digitalizing classrooms, or rehabilitating buildings, focus on key infrastructure and services, with a long-term outlook.

Only projects to provide affordable housing for students through financial or tax benefits can be categorized as relief policies, as they target individuals and represent a short-term indirect transfers. Pillar relief-reform score: 5/5.

Poland

Pillar 1. Green transformation.

Green transformation, in the Polish context is reformative in nature, as it presumes modernization of the country’s energy market and return from coal, on which Poland currently heavily relies on. The plan presumes extinguishing existing coal mines by 2049 and investment in renewable energy sources, including commissioning the first nuclear plant in 2033. Implicitly, direct beneficiaries of the plan are the entire Polish population, which is going to benefit from infrastructure development. Regarding local communities in the mining regions in southern Poland, the plan presumes developing a “social agreement” on the transformation agenda of the coal sector, with solutions for financing development activities by the EU and national sources. However, it does not include direct compensations to miners or other workers affected by the transformation. The second aspect of this pillar is to increase the quality and environmental effi-

ciency of public transportation, development of new low-carbon industries, increasing the competitiveness and participation of the rail sector and, on a very individual level, increasing the number of charging points and making electric vehicles more attractive on the market in general. Finally, the project involves economic transformation to renewable energy sources and smart mobility to be achieved approximately 10 to 20 years in advance, therefore it is a reform with long-term payoffs and lasting effects on the entire economy, rather than an immediate relief. Pillar relief-reform score: 5/5.

Pillar 2.- Digital transformation.

Digital transformation also presumes long-term time horizon of the general reforms. With extensive network infrastructure development, this pillar aims to simulate the growth of digital competencies of all individuals (and especially citizens at risk of digital exclusion, including the elder, the disabled, or the economically disadvantaged) and adapting education to the challenges of digital transformation. The key solutions include amendments to the existing laws and regulations, which constitute obstacles to universal access to high-speed Internet in Poland. The pillar includes stimulation of the growth of digital competencies (E-competencies) among the Polish population by widespread trainings, with the supervision of newly appointed regional/local digital development leaders who will support the digitization process. In public administration, the pillar aims to increase the range of the offered online public services, with extensive digitization projects and trainings for staff. Moreover, the pillar includes investment in cybersecurity, in a form of strengthening the data processing infrastructure and optimization of the infrastructure of state services responsible for cybersecurity. Therefore, this pillar targets the entire population and civil servants in public administration in particular, to develop their E-competencies with predominant investment in digital infrastructure and personal competences, not direct benefits. Pillar relief-reform score: 5/5.

Pillar 3. Smart and sustainable inclusive growth.

The goal of this pillar is to strengthen Polish economic sector with investments in robotization, digitization and incentives for innovation processes, thus it will have both short and long-term outcomes with future reformative effects on the infrastructure.

It presumes strengthening mechanisms for cooperation between science and industry and introducing necessary reforms in the system of new technologies and innovations in the business sector. The pillar proposes developing of a system of incentives to strengthen interest in creating and implementing breakthrough technologies and innovations in the business sector by, for example, providing a tax credit for companies

which introduce robotization and innovation activities. It would then constitute a rather immediate economic stimuli for enterprises, which derive from the proposed changes in the infrastructure, benefiting the economy also in the long term. Therefore, the pillar targets organizations rather than individuals, and it aims to strengthen the economic growth by stimulating the market, especially in the sectors negatively affected by the COVID-19 pandemic (e.g. gastronomy, culture, tourism). Reforms in the private sector would also involve increasing the quality of lawmaking and strengthening the participation of social partners in consultations of laws and policy documents as well as reinforcing the independence and impartiality of the courts, with adequate reforms to the fiscal framework. This pillar, thus, have the characteristics of both post-pandemic reliefs and long-term reforms for the entire economy with fostering innovation. Pillar relief-reform score: 3/5.

Pillar 4. Social and territorial cohesion.

Reforms in this pillar include broadly increasing the quality and adequacy of the functioning of labor market institutions, reducing segmentation of the labor market, making forms of employment more flexible and finding solutions to keep older persons longer in the labor market. Therefore, it presumes both short- and long-term effects, investing in individuals as well as the organizations. For older citizens, the pillar presumes a system of financial incentives to remain in the labor market despite reaching the legal retirement age. For example, the new pension algorithm would inform the citizens about the effect of delaying retirement, which increases the pension by approximately 8% with every year in the labor. For young adults, the reforms include increasing access to childcare, enhancing labor market participation of people with disabilities and improving the system of hiring foreigners. It will aim to activism especially young women, who provided with stable and affordable childcare would be able to return to work after pregnancy. The overall aim of this pillar is economic growth, and it is connected to other pillars, offering solutions for improving the quality of life in functional areas of depopulating medium-sized cities and rural areas. Finally, it presumes reformulating investment opportunities of cities, including increasing access to public services, such as health, transport, digital, education, as well as revitalization measures and strengthening protection of the natural environment and striving for climate neutrality. This is proposed to be achieved by establishing cooperation and partnership between central and local governments, responsible for introducing these development reforms. Pillar relief-reform score: 4/5.

Pillar 5. Health care and economic, social and institutional resilience.

This pillar is strongly reformative in nature, addressing issues related to health services. The planned improvements are both short- and long-term in their time horizon, serving individuals as well as the organizations. Short-term reforms would introduce creating health-needs maps and strengthening the basis for operation and financing of the health care system in general, to improve its performance and productivity. The planned long-term reforms would embrace restructuring of the hospital sector, health care system, oncological care, digital transformation in the healthcare system and progressively increasing the number of medical staff, with whose shortage Poland is currently struggling. Scientific potential would also be supported by fostering development in the area of medical research, therefore investing in the overall performance of Polish institutional healthcare sector in the future. Pillar relief-reform score: 4/5.

Pillar 6. Policies for the next generation.

The final pillar intends to improve Polish demographic trends, particularly in future predictions in the labor market. Therefore, it presumes long-lasting effects, aiming to reinforce economic growth for the future generations. The reforms target specifically individuals, as the proposed goals include adaptation of education to the challenges of digital transformation and supplementing professional qualifications for people in the working-age who need them. It includes the creation of a network of industry skill centers and providing measures to complement existing vocational education and lifelong learning reforms. The ultimate goal of this pillar is to level the life chances and access to new technologies or trainings across all regions in Poland, but also to standardize methods and equipment in schools and vocational training centers. Pillar relief-reform score: 5/5.

Romania

Pillar 1. Green Transition.

The pillar aims to improve the country's infrastructure, promote economic growth, and ensure environmental sustainability. The investments in this plan have a medium to long-term time horizon, such as the completion of projects such as water and sewerage networks, afforestation programs, waste recycling facilities, and energy efficiency projects. The goal is to align with the EU's 2030 Climate Agenda. The spending in the Green Transition pillar is mainly focused on investments rather than consumption. The emphasis is on reforms and projects that contribute to environmental sustainability, infrastructure development, and overall economic growth. The primary target audience

is organizations, but certain investments also cater to individuals. For instance, water management investments include connecting households to water and sewerage networks, while waste management initiatives involve setting up facilities at both national and conurbation levels. The primary goals of the Green Transition investments are infrastructure development and economic growth. The investments cover a range of sectors, including water management, forests, waste management, sustainable transportation, renovation, and energy, all aimed at transitioning to a green and sustainable economy. The institutional structure emphasizes reforms in various sectors, suggesting a focus on institutional changes rather than ad-hoc instruments. The legitimacy of the investments appears to be responsible, as the reforms and projects are designed to comply with European directives and strategies. In summary, the Green Transition investments prioritize long-term environmental sustainability, infrastructure development, and economic growth, with a focus on responsible and strategic planning to achieve desired outcomes. Pillar relief-reform score: 5/5.

Pillar 2. Digital Transformation.

The investments in digital infrastructure and services are expected to yield medium to long-term returns. The development of a government cloud system, establishment of data centres, digitization of public health institutions, issuance of electronic identity cards, and training initiatives suggest that the outcomes will be realized over several years. The spending is focused on investing in digital infrastructure and services rather than immediate consumption. The primary goal is to develop a government cloud system, data centres, and digital applications, and provide digital skills training, indicating an investment in building technological capabilities. The investments target both organizations and individuals. For instance, the establishment of a government cloud system and data centres benefits various ministries and government agencies. Digital services in labour and social protection, electronic identity cards, and digital skills training target individuals, public officials, SMEs, NGOs, and localities. The investments aim to create a unified government cloud system, data centres, and digital applications. The focus on digital skills training for public officials, individuals, SMEs, and NGOs also contributes to building a digital ecosystem, which lead to economic growth in the long term. The emphasis on reforms, such as developing a unified framework for the government cloud system, suggests a focus on institutional changes and not ad-hoc instruments. The legitimacy of the investments is responsible. The reforms and investments are aligned with the development of digital government services, enhancing public health infrastructure, and promoting digital inclusion through training initiatives. The emphasis on cybersecurity and connectivity in underserved areas also indicates a responsible approach. The representation in this pillar has a technocratic orientation. The focus is on the development of a unified government cloud system, data centres, and digital

applications, as well as training initiatives in advanced digital skills. The language used suggests a technical and strategic approach to achieve the goals outlined in the digital transformation initiatives. Pillar relief-reform score: 5/5.

Pillar 3. Intelligent, Sustainable, and Inclusive Growth.

The investments in this pillar here involve long-term returns. Reforms such as modernizing tax administration, increasing legislative transparency for businesses, and establishing the National Development Bank suggest that economic growth will take some time to materialize. The spending in this area is focused on both benefits and investments. Reforms related to tax administration digitalization and legislative transparency for businesses suggest investments in improving service delivery and creating an environment conducive to business growth.

The target audience for these investments is both organizations and individuals. For example, tax administration reforms impact legal taxpayers and businesses, while support for the private sector, research, development, and innovation involves funding schemes for SMEs, researchers, and entities participating in strategic projects. The primary goals include economic growth, fiscal efficiency, and infrastructure development. Reforms in tax administration aim to increase revenue collection and reduce the VAT gap, while support for the private sector and innovation focuses on creating a conducive environment for businesses and attracting international researchers. The investments imply a focus on institutional changes, and reforms in tax administration and the public pension system imply the need for ongoing institutional improvements. The legitimacy of the investments appears to be a mix of both responsive and responsible approaches. Reforms in tax administration aim to increase revenue collection and reduce the VAT gap, indicating a responsible approach. Support for the private sector and innovation reflects responsiveness to the needs of businesses through funding schemes and incentives. The representation in this area has a technocratic orientation. Pillar relief-reform score: 3/5.

Pillar 4. Social and Territorial Cohesion.

The investments made in sustainable urban mobility frameworks, housing units, zero-emission vehicles, and tourism and cultural attractions involve long-term returns. These investments are primarily focused on services and infrastructure, such as building housing units, purchasing vehicles for community purposes, and developing tourism infrastructure. The aim is to enhance the quality of life for individuals and organizations, with a particular focus on sustainable urban mobility and cultural initiatives. The ultimate goal is to create a conducive environment for economic activities and improve

the quality of life in both urban and rural areas. The investments are expected to bring about institutional changes, with a focus on creating policy frameworks, improving planning systems, and operationalizing Destination Management Organizations. The legitimacy of the investments appears to be responsive, with a technocratic orientation towards achieving the goals of social and territorial cohesion. Pillar relief-reform score: 4/5.

Pillar 5. Health, Economic, Social, and Institutional Resilience.

The investments in this pillar have a medium to long-term time horizon for returns. The focus is on services and investments that improve and expand the health and social sectors. The spending is concentrated on building healthcare infrastructure, equipping medical facilities, implementing social reforms, and training healthcare personnel. The target audience for these investments is both organizations and individuals. Healthcare system reforms target medical facilities, family doctors, and health-related personnel, while social reforms focus on individuals, families, and various service centres, such as daily service centres for the elderly. The primary goals include both infrastructure development and social well-being. Healthcare system reforms aim to improve health infrastructure, enhance healthcare services, and train personnel. Social reforms aim to prevent child separation, deinstitutionalize people with disabilities, and provide support for vulnerable populations, contributing to societal well-being. The emphasis on reforms in healthcare, social protection, and governance suggests a focus on institutional changes and ongoing improvements rather than ad-hoc measures. The legitimacy of the investments is both responsive and responsible, aligned with specific legislative frameworks and aimed at addressing identified vulnerabilities in communities. The representation in this pillar appears to have a mix of technocratic and responsible orientations, with a focus on policy coordination, impact analysis, and effective public consultations to address societal needs. Pillar relief-reform score: 4/5.

Pillar 6. Policies for the Next Generation.

The investments outlined in this plan are focused on long-term educational development. The primary goal is to enhance the education system by improving infrastructure and resources. The investments target educational institutions, teachers, and students, with a strong emphasis on improving educational services. The spending is predominantly on investments, including establishing educational facilities, digitizing schools, providing training for teachers, and creating innovative technology centres. The focus is on laying the foundation for sustainable educational growth. The reforms in the compulsory education system, vocational education, and governance of the education system

suggest a focus on ongoing institutional improvements rather than ad-hoc measures. The legitimacy of the investments appears to be responsible, with a focus on digitization and green standards aligning with responsible and sustainable development. The representation in this pillar leans towards a technocratic orientation, with a strategic and technical approach to achieving the goals of educational development and modernization. Pillar relief-reform score: 5/5.

Spain

Pillar 1. Green Transition.

This pillar (pp.57-61) demonstrates a blend of reform and relief policies. Initiatives like the deployment of renewables and hydrogen production represent long-term investments, which align with the 'Reform' objectives. However, investments in green infrastructure such as home insulation or charging stations for electric vehicles stimulate the economy by providing jobs in the construction sector and subsidizing household investments. In this sense, the document explicitly mentions the role of these investments in providing short-term economic relief while bringing the climate transition closer to fulfilment (p.57). Pillar relief-reform score: 4/5.

Pillar 2. Digital transformation.

This pillar (pp.61-66) stresses digital connectivity across territories and upskilling the population in digital competencies. This initiative aims to reduce socio-economic inequality (overlapping with pillar 3) while fast-tracking the ecological transition (also, overlapping with pillar 1). These reform-oriented policies cut across specific economic sectors, as digitalization applies to agriculture and tourism, as well as industry and mobility. Small and medium enterprises (SMEs) deserve special emphasis, whose digitalization should contribute to a long-term increase in labour productivity and economic growth (p.63). This pillar reflects a technocratic approach to problem-solving, where responsible policymaking is framed as unambiguously positive for all sectors of society. This section concludes with the creation of permanent legal instruments ('Carta de Derechos Digitales') coupled with a long-term vision to transversally transform the occupational structure. Pillar relief-reform score: 5/5.

Pillar 3. Smart, sustainable, and inclusive growth.

In alignment with reform-oriented digital transformations, pillar 3 (pp.67-70) aims to increase the competitiveness and productivity of SMEs. Policies include eliminat-

ing bureaucratic hurdles to innovation or developing industrial knowledge hubs, where geographically concentrated sectors benefit from learning spillovers. The document emphasizes the need to create permanent institutions that underscore transformative changes to the Spanish economy (p.67). Although reforms should cut across all economic sectors, strategic industries relevant to the ecological and digital transformation take priority (p.68). In this regard, the plan mentions powering Spain's industrial fabric (e.g.. automotive, agri-food, aeronautic sectors) through renewable energy sources. In line with reform-oriented policies, the ultimate goal is to achieve long-term sustainable economic growth by facilitating the creation and development of SMEs in a wide array of sectors. Pillar relief-reform score: 5/5.

Pillar 4. Social and Territorial Cohesion.

This pillar (pp.70-74) leans towards 'Relief' policies. By reinforcing social policies and emphasizing the care economy, the plan directly targets individuals, especially the vulnerable. The document introduces policies like the Ingreso Mínimo Vital, a minimum income guarantee aimed at providing relief to the very poor (p.72). Beyond the vulnerable population, the plan underlines the right to sport and culture in both peripheral (rural) and central (urban) territories alike. This pillar prioritizes specific economic sectors (sports and culture) and demographic groups (vulnerable populations) and implicitly speaks to the responsive dimension of legitimacy, as particular subgroups take programmatic precedence. Furthermore, the document mentions the importance of mitigating the social impact of the crisis (p.71), implicitly highlighting the short-term relief-oriented impact of this pillar on the economy. Pillar relief-reform score: 2/5.

Pillar 5. Health, economic, social, and institutional resilience.

This pillar (pp.74-77) aims to build permanent institutions that allow to counteract future shocks, such as pandemics or economic crises. This long-term orientation implies emphasizing capacitating labour market policies, the creation of technologically cutting-edge Centros Estatales de Salud (State Health Centers) or the modernization of public administrations (p.74-76). The overall intent is to conduct structural reforms that ease the capacity of the economy to adapt to unforeseen circumstances (i.e. resilience). The image of society portrayed in the document resounds with technocratic and reform-oriented priorities such as 'efficiency', 'financial sustainability' or 'productivity' (pp.75-6). Pillar relief-reform score: 5/5.

Pillar 6. Policies for the next generations.

This pillar primarily focuses on comprehensive educational reforms, particularly within Vocational Education and Training Education (VET). The document underscores the need to develop digital skills aimed at reducing territorial and gender inequalities. The main object of reform are educational and labour market institutions, wherein permanent instruments such as support networks for digital skills and youth-oriented active labour market policies should reduce unemployment. The aim is to integrate younger generations into the workforce and foster skills that are universally applicable across economic sectors. Since this pillar aligns with long-term service-oriented policies without a sectoral bias, it can be considered as a responsible, technocratic reform. Pillar relief-reform score: 5/5.