

UNIVERSITÀ DEGLI STUDI DI PADOVA

DEPARTMENT OF POLITICAL SCIENCE, LAW
AND INTERNATIONAL STUDIES

**Master's degree in
European and Global Studies**



THE EFFECTS OF MARGINALISING REGIONS
FROM THE DESIGN OF NATIONAL RECOVERY
AND RESILIENCE PLANS ON THE
IMPLEMENTATION PHASE: THE CASES OF ITALY
AND SPAIN

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Matriculation No. 2058079

A.Y. 2022/2023

ABSTRACT

The Recovery and Resilience Facility, launched in 2021, has been a breakthrough in the EU's economic policy as part of the Next Generation EU, a plan to overcome the crisis that followed the COVID-19 pandemic. Regardless of its relevance in EU politics due to its significance as a shift from austerity towards solidarity in front of economic crisis and the doubling of the EU's budget, the RRF is having an impact on the existing relationship between the EU, its Member States and the Regions within them. Previous research has shown, in fact, that the design and the execution of the RRF have seen a re-centralisation of the governance over EU funds. This inverted the decades-old trend of regionalisation and Multi-level Governance. Against this background, this dissertation investigates the point of view of Regions regarding this shift from Multi-level Governance towards a re-centralisation of EU policies, to understand the consequences of this decision. The research focuses on two case studies: Italy and Spain. They are among the main recipients of the RRF and have a similar territorial articulation. Based on analysis of primary and secondary sources, and interviews with regional representatives in the two countries, the research highlights a series of common concerns across the two countries but also useful lessons for the future of EU cohesion policy. On the whole, the RRF is confirmed as a game changer. Its implementation should be closely monitored in the next few years, to ensure that any good practices are kept and any potential weaknesses addressed.

TABLE OF CONTENTS	2
LIST OF ABBREVIATIONS	3
INTRODUCTION	4
1 LITERATURE REVIEW	8
1.1 MULTI-LEVEL GOVERNANCE AND THE NEXT GENERATION EU: EXPLAINING THE RESEARCH CASE	8
1.2 THE ITALIAN NRRP	17
1.3 THE SPANISH NRRP	23
1.4 SIMILARITIES AND DIFFERENCES IN THE ITALIAN AND SPANISH NRRPs	29
2 RESEARCH DESIGN AND METHODOLOGY	32
2.1 PRESENTATION OF THE RESEARCH CASE	32
2.2 RESEARCH QUESTIONS	34
2.3 THE CHOICE OF CASE STUDIES	35
2.4 THE LITERATURE REVIEW	36
2.5 THE INTERVIEWS	37
2.6 RATIONALE FOR THE QUALITATIVE APPROACH	39
2.7 CHOOSING THE QUESTIONS FOR THE INTERVIEWS	40
3 EMPIRICAL ANALYSIS	42
3.1 THE MARGINALISATION OF REGIONS	42
3.2 THE IMPLEMENTATION	44
3.3 REGIONAL GOALS	47
3.4 RE-CENTRALISATION	49
3.5 FUTURE PROSPECTS	51
4 DISCUSSION OF THE RESULTS AND FINDINGS	55
4.1 DISCUSSION OF THE RESEARCH QUESTIONS	55
4.2 DIFFERENCES AND SIMILARITIES BETWEEN REGIONS AND COUNTRIES	62
4.3 STRENGTHS AND LIMITS OF THE RESEARCH	64
4.4 INTERPRETATION OF THE FINDINGS	65
CONCLUSION	70
ANNEXES	73
BIBLIOGRAPHY	84

LIST OF ABBREVIATIONS

AC	Autonomous Community
CdR	Conferenza delle Regioni
CEOE	Confederación Española de Organizaciones Empresariales
CoR	Committee of the Regions
CP	Cohesion Policy
CSOs	Civil Society Organisations
CSRs	Country Specific Recommendations
ES	European Semester
ESIF	European Structural and Investment Funds
FEMP	Federación Española de Municipios y Provincias
FOI	Fondo Opere Indifferibili
LRA	Local and Regional Authorities
MEF	Ministry of Economy and Finance
MLG	Multi-level Governance
MS	Member State
NGEU	Next Generation EU
NGO	Non-Governmental Organisation
NOP	National Operational Programme
NRRP	National Recovery and Resilience Plan
PERTEs	Proyectos Estratégicos para la Recuperación y Transformación Económica
PRTR	Plan de Recuperación, Transformación y Resiliencia
RFI	Rete Ferroviaria Italiana
ROP	Regional Operational Programme
RQ	Research Question
RRF	Recovery and Resilience Facility
SMEs	Small and Medium Enterprises
S3	Smart Specialisation Strategies

INTRODUCTION

After the COVID-19 pandemic, the European Union has put into place a new instrument to restart the European economy. This instrument is the Next Generation EU (NGEU), and it has three main novelties. First, the funds have been put together via common EU borrowing. For the first time in its history, the EU has issued its own debt instead of relying on funds diverted from the budget of its Member States (MSs) (da Costa Cabral, 2021; Christie et al., 2021). Second, this recovery plan shows a reaction from EU Institutions to the economic crisis via countercyclical investments, as opposed to the austerity that followed the global financial crisis and the sovereign debt crisis (Armingeon et al., 2022). Third, the funds will be made available to the countries if they manage to implement the reforms and investments, linked to the Country Specific Recommendations (CSRs) of the European Semester, that they pledge to do in their national Plans (Regulation (EU) 2021/241). Of the total €806.9 billion of the NGEU the majority, €723.8 billion, make up the Recovery and Resilience Facility (RRF). Of these funds, €338 billion are made available in the form of grants, for which the debt will be repaid by the EU as a whole, and €385.8 billion in the form of low-interest loans. The Facility is thus the bulk of the whole action for recovery (European Commission, 2021). Every EU Member State had to write a National Recovery and Resilience Plan (NRRP) and submit it for approval to the Commission and then the Council. The goal of the Facility is both to spend money as to avoid a deepening of the recession and to invest into what the EU should look like in the future. In their national Plans, the Member States had to outline what amount of money it would request and how it would be spent (Corti and Vesan, 2023). The two largest beneficiaries of the Facility, in absolute terms, are Italy and Spain. They were amongst the worst hit by the economic crisis that followed the COVID-19 pandemic, but also among the Member States with the worse economic performance before the pandemic started (Armingeon et al., 2022). Italy requested the full amount of loans and grants already in the

Plan it submitted on May 1st, 2021. The annexed Operational Arrangements also include the highest number of Milestones and Targets of any MS. Spain, on the other hand, at first only requested the grants, thus presenting an initially lighter plan, with the anticipation of requesting the loans later, which it did at the beginning of June 2023.

The NGEU, however, is not going to impact only the recovery from the pandemic. In fact, secondary, but not less important, effects will be felt on the future governance of the EU budget. In particular, of its significant part that consists of the Cohesion Policy (CP). The method of intervention of the EU with its budget for the Cohesion Policy can be explained with the Multi-level Governance (MLG) theory. Under Multi-level Governance all different levels of government in the EU should cooperate in the management of the funds, in order to obtain the best results, through increased ownership of the policies and also presuming that every level can contribute with its specific expertise and perspective to design and implement a policy (Piattoni, 2010). With the Recovery and Resilience Facility, however, even though the inclusion of Local and Regional Authorities is cited in the Regulation establishing it, each Member State could effectively decide the plan at the government level, without consulting extensively lower levels of government. Following various reports and academic analyses, it seems that both Italy and Spain, although perhaps with some differences, did not include satisfactorily enough their Regions or Autonomous Communities (ACs): the national governments mostly informed them of what was to be included, instead of involving them in a comprehensive dialogue (Committee of the Regions, 2021; Profeti and Baldi, 2021; Regions for EU Recovery, 2022; Carrosio et al., 2022; Baena et al., 2023).

The dissertation will analyse the implementation of the NRRPs in Italy and Spain from the perspective of their Regions and of Multi-level Governance. To do so, both written sources and interviews with regional functionaries will be used. The content of the dissertation is organised as

follows. First, through a literature review, an overview of the Multi-level Governance framework theory, Cohesion Policy and the RRF. Then there is a description of the Italian and Spanish Plans, including the role Regions play in them. After the part of documental analysis, there is the section on the research design and the methodology followed in the research. The following section is the empirical analysis, with the description of the contents of the interviews. Then, the part of discussion of the findings, based on the documents and interviews, to answer the research questions and address the topics raised during the research. Finally, the concluding remarks and the issues raised, needing further studies.

1 LITERATURE REVIEW

1.1 MULTI-LEVEL GOVERNANCE AND THE NEXT GENERATION EU: EXPLAINING THE RESEARCH CASE

To better understand the possible turning point that the NextGenEU represents it is necessary to explain what is Multi-level Governance, the framework theory that explains how EU funds are usually spent, managed and accounted for in Cohesion Policy.

The main spending area of the EU budget, excluding the Common Agricultural Policy (CAP), is that of Cohesion Policy. CP has its theoretical origins in the Treaty of Rome of 1957, as an instrument to equalise the areas at different development levels in the European Community to allow for a better integration of European economies in the Common Market. Later, this instrument was transformed to address new challenges facing the European Community and later the EU. A proper Regional Fund was a request of Italy since the beginning of European integration, due to its less developed regions in the *Mezzogiorno*. A first breakthrough came with the accession talks with the UK, that did not stand to gain from the agriculture funds, already present at the time, and thus saw regional funds as a way to equalise the contributions to the Community in case of accession (Marks, 1992). Afterwards, a remodulation of Cohesion Policy came in the second half of the 1980s. The Regional Fund was strengthened, with both an increase in budget and a more integrated approach, with a greater role of the Commission. This was driven by the accession of Greece in 1981 and then Portugal and Spain in 1986. These countries wanted funds to catch up with other European countries, and other regions also found new competition in these new Member States (Manzella and Mendez, 2009).

At the same time, a process of regionalisation of (Western) European States was happening, starting from after the Second World War. The factors that lead to regionalism, as opposed to the previous centralism of

the State were: a negative connotation of the concept of Province; a reaction to the national homogenization deriving from mass culture; the role of the EU, that sought a kind of alliance with Regions, to compensate its distance from regular citizens and as a counterbalance to the power of the Member States; the switch from a national struggle in WW2 to a struggle of democracy against communism, with democracy being compatible with regionalism, unlike nationalism (Anderson, 1994).

Multi-Level Governance was first theorised during the academic analysis of the Cohesion Policy and its governance by Marks (1993). As Piattoni (2010) explains, this theory can be used to explain the politics, policy and polity of the EU. First, politics as in the political mobilization that happens in the EU. Unlike for previous theories, the actors of EU politics are not only the Member States versus the EU institutions (Intergovernmentalism) and EU politics are not shaped solely by market forces. Instead, many actors, at different levels of governance and both institutional and non-institutional (civil society) participate in EU politics. This was the case of Cohesion Policy, under which MLG was first recognised. Instead of a two-level game, other actors could participate in shaping EU politics, without the State acting as a gate-keeper (Marks et al., 1996). Second, EU policy has been and is being studied to explore if there is a specific mode of policy-making in the EU, with three strands being “network governance”, “committee governance” and “new modes of governance”. Third, MLG is used to study the EU as a polity, or state structure.

As Piattoni (2010) synthetises, previous literature (Hooghe and Marks, 2003) proposed two types of MLG, that are not mutually exclusive, but rather coexist. Type I represents how authority is normally distributed in a state, with elected representatives at various levels, that are usually territorialised. In MLG these levels overcome the usual hierarchy of the centralised state to resemble instead a federal state, with competing competences. Type II is one with specialised authorities, that are

superimposed for a specific competence over the territorialised ones, to overcome the lack of flexibility of these authorities. Multi-level Governance is thus a type of governance under which there are not only two levels, supranational and national, but also more smaller ones at sub-national level, thus “multi-level”. Moreover, “governance” explains how in EU policy-making a great role is played by non-governmental actors, at all levels (Bache and Flinders, 2004). The requirement to test the applicability of MLG in Piattoni (2010) are that: different levels of government are simultaneously involved in policy-making; non-governmental actors are also involved, at different government levels; the interrelationships that are thus created defy existing hierarchies and rather take the form of non-hierarchical networks.

What separates MLG from the previous intergovernmental theory is that instead of two levels of interaction in policy, at EU level between governments and inside the Member States between the government and national actors, depending on the type of policy, the subnational or supranational levels may have more competences than the national one, such as in the case of Cohesion Policy (Marks et al., 1996).

After the initial development of the MLG theory as linked to CP, it also started being applied to other settings, outside the EU. Two examples are those of two federal countries, Canada and Australia. Here, MLG was sometimes seen in contrast with a federal state structure, or as too broad of a theory to be useful (Alcantara et al., 2016), as a case of conceptual stretching, as defined by Sartori (1970). What Alcantara et al. (2016) proposed in relation to the Canadian system, is that of redefining MLG as: “an instance of policy-making in which government(s) engage with a variety of non-governmental actors, organized at different territorial scales, in a process of decision-making that aims to collaboratively produce some sort of public good”, instead of a system of governance, as it is applied to the EU. In this way, they propose to analyse policy-making under this lens, to differentiate between the traditionally federal

Intergovernmental relations (IGR) and more complex situations with actors necessarily at different levels and also non-governmental ones.

In the case of Australia, MLG can also be a useful framework for analysing its political system. Instead of concentrating on the relationship between different levels of government, both in a normative and descriptive way, it can provide the necessary framework to analyse the governance of a federal system, thus including non-governmental actors, too (Fawcett and Marsh, 2017). Fawcett and Marsh also argue that Australian studies on federalism have found issues of non-hierarchical cooperation and hybrid decision-making that would be compatible with, and explained by, MLG. To show this, they make reference to Horak and Young (2012), who explained, in a Canadian setting, that MLG can be adapted to different systems, with more or less coordinated networks and policy-making, and that it would be a mistake to ignore the reality in federal systems. In this reality, it is not sufficient to look at IGR to fully understand the policy-making process. MLG as analysed by scholars in federal Countries is sometimes at odds with federalism theories, and attempts to localise it are being undertaken (Horak and Young, 2012; Fawcett and Marsh, 2017). This could be also relevant to a discourse of MLG in a normative sense, in the EU, in case of further integration and development of its institutions.

Regarding type II MLG, Schout and Luining (2018) assess the specific role that is played in the EU by its Agencies. Due to a lack of institutional arrangements of the type I, meaning the half-federalism that makes the EU a *sui generis* entity, many of the challenges deriving from EU integration have been tackled through these Agencies. In the case of various regulations, there was a need to establish strong national authorities and a coordinating EU one, as for example in food regulation, aviation and statistics. In order for these EU networks of agencies to work properly, they need a skilful manager, as managed networks have been found to work better than voluntary ones (Macciò and Cristofoli, 2017).

What Schout and Luining (2018) thus claim, is that on one hand well-managed networks of independent agencies can de-politicize certain fields and yield better results. On the other hand, the two risks of possible technocratic interference in the democratic process and the independence of these agencies have to be kept into account.

Other than only Regions inside Member States, a role in Multi-level Governance is also played by Euroregions. They are cross-border macro-regions that have the objective of increasing cooperation in what would often be peripheral regions of the EU's Member States, in a process of re-territorialization. At the same time, their shortcomings come as a reminder of the continued importance of national states, in the form of substantial issues deriving from cooperation across different jurisdictions in the MSs. However, it is not clear whether Euroregions have an economic objective, that of managing cross-border infrastructure, or a more political one, to project the regional dimension into the international field (Noferini et al., 2019).

In the study of MLG, initial authors have investigated how the emergence of Regions has shaped the governance of the EU, in particular Cohesion Policy, both formally, with the CP governance reforms (Marks, 1992) and with the emergence of regionalism, as opposed to nationalism (Anderson, 1994). The role of Regions, as the most relevant new actor in the theory, has been also further analysed. MLG, in fact, shows that Regions exert more influence over EU policy-making than formally expected. This happens in three ways: through the Committee of the Regions, via direct access to the Council of the EU of certain Regions, and with regional lobby offices in Brussels. All three channels, and more heavily the latter, work as a symbiotic relationship. Regions use the access at EU level to shape policy toward their interests and to gather relevant information of new policy and funding opportunities. The EU obtains data of regional relevance, that it would otherwise not have access to (Schakel, 2020).

The most important aspect of CP, in relation to this research, is its shared management nature, as opposed to the direct management of the NRRPs. Practically, this means that for CP, after the intergovernmental decision on the financial allocation of the EU's budget, funds are mandatorily managed with a MLG system, through Regional or National Operational Programmes, leading to a necessary crucial role of Regions in the managing process (Allen, 2010). In the case of the RRF, instead, each Member State had to write a Recovery and Resilience Plan, for which implementation and supervision it is responsible. The inclusion of LRAs, and its extent, is left to domestic choices. This difference is crucial to understanding the change that the RRF has brought to the management of EU funds. An additional difference in management, that could change the role of Regions is at European Commission level. For Cohesion Policy DG REGIO is the competent Directorate General. For the RRF, instead, a Recovery and Resilience Task Force has been instituted at the Secretariat General of the Commission, which works together with the DG ECFIN to steer the implementation of the RRF. This change shows that the management at EU level is not one of regional policy. Additionally, the officials of DG ECFIN perhaps lack the links and connections with regional officials that DG REGIO has built in decades of management of CP.

As we have seen, Cohesion Policy is heavily intertwined with MLG. As a part of the EU budget, CP is decided by the Multiannual Financial Framework (MFF). The Policy is composed of various funds, that have different rules and objectives and that reflect the process of construction of CP itself. The first one chronologically was the European Social Fund (ESF) in 1957, that includes projects for employment and human capital all over the EU. Following the accession of the UK, the European Regional Development Fund (ERDF) was established, which is distributed to all EU regions, proportionally based on the GDP and employment rate of each region. The Cohesion Fund was then added following the accession of

Greece, Portugal and Spain, which is distributed to all countries with a GNI under 90% of the EU average, providing funding for transport and environmental projects. And the new Just Transition Fund, included in the 2021-27 programming period, which aim is to aid the areas most impacted by the green transition. Additional Funds, in synergy with CP but currently not part of it, are the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF). In the 2021-27 period, CP amounts to one third of the EU budget.

The CP is governed by various principles: programming, concentration, additionality, co-financing, subsidiarity and partnership. First, programming, introduced in the reforms of 1988, means that in order for funds to be disbursed, States and Regions have to write Operational Programmes that include how the funds will be spent to reach the objectives set by the Commission. Previously, Member States proposed projects that were directly awarded funds.

The principle of concentration includes the need to concentrate funds to projects part of programs that follow the objectives set by the Commission. The overarching objectives for the 2021-27 period are: a smarter Europe, a greener Europe, a more connected Europe, a Europe closer to its citizens, a social Europe.

Additionality means that EU funds should not substitute domestic resources, Member States should not reduce public investment and substitute it with EU funds instead. This principle is needed both to keep the integrity of the EU budget, and as a guarantee that the EU does not substitute the role of Member States as public investors, but only intervene because there is an added value in managing these investments at EU level.

Co-financing represents the necessity that EU funds are in addition to already existing funds for the project. The amount of EU funds as a share of total financing of projects is proportional to the prosperity of the

Region, but they do not cover the whole cost. Then subsidiarity is a general EU principle, that explains that the EU should act only if results cannot be sufficiently achieved at lower levels of government (Art. 5.3, TEU). In the case of CP, subsidiarity means that there should be an added value given by EU contribution, or that the project would not have been possible without the intervention of the EU.

Last, but not least, partnership was also introduced in the 1988 reform, first with the meaning that Cohesion Policy had to be designed, implemented and monitored by the Commission with the partnership of all levels of government, including regional and local, and not only national. This principle is at the basis of the theory of Multi-level Governance. After the 1988 reform, new ones were implemented for the principle of partnership, that make it more recognisable to those who study MLG. In 1993, partnership was extended to established non-governmental partners, such as trade unions and business associations. In 1999 the access was broadened to include environmental groups and equal opportunity groups, and in 2006 it was further expanded to include civil society organizations (CSOs) (Batory and Cartwright, 2011).

Managing the Multiannual Financial Framework, and within it the Cohesion Policy, is a very lengthy process. For the 2021-27 period, for example, preparations began in 2017, with the White paper on the future of Europe by the Commission (Begg, 2019). The first proposal was then announced on 2 May 2018. After that, negotiations began between the Parliament and the Council, with the European Parliament elections happening in May 2019. Lengthy negotiations followed, and following presidencies of the Council failed in finding an accord with Parliament, with difficulties coming, among others, from: the COVID-19 pandemic, the negotiations for the Next Generation EU and the proposed linkage of access to funds with the guarantee of rule of law. The final approval arrived only on 17 December 2020, just weeks before the effective beginning of the programming period (European Parliamentary Research

Service, 2021). This late approval, as well as the focus on the RRF, has led to further delays in approving the necessary Operational Programmes, with the only approval of the Greek one by December 2021 (Viesti, 2022).

Multi-level Governance, due to its ability to explain how Cohesion Policy, and not only, operates, has become a framework theory to explain many of the aspects of the contemporary European Union. Some of the main aspects that come to light in a comparison between Multi-level Governance and the RRF must be listed, so to control throughout the analysis of the NRRPs and of the empirical research what is changing and what differences exist.

Using the five overarching principles of CP, one can understand some of these differences between CP and the RRF. Programming is maintained, although in a different way, with the NRRPs setting out the measures that will be adopted, and after approval of the NRRPs the implementation begins. Concentration is also present in the RRF, with the need to devote a minimum percentage of the funds to the green and digital transitions, as well as the other Pillars. Additionality is instead maintained, as meaning that the EU investments provide an added value, that would not be otherwise possible, but at the same time the policy is substituting national countercyclical investments in many Member States. Co-financing is not followed as a principle in the RRF, since the measures included in the NRRPs are completely funded by the RRF, and there is no conditionality on separate funding in addition to the RRF one. Partnership, as the current research has shown, is not maintained as a principle. The RRF Regulation includes the need to consult with various actors, but this requirement is an invitation, and there are no specific rules to guarantee a meaningful involvement of the actors consulted.

Two other novelties of the RRF are the payment by results, as general method of funding, and the direct link of the Country Specific Recommendations to the structural reforms included in the NRRPs. The

payment by results method was already partly introduced in CP, starting from the 2014-2020 programming period (Ansuategi and Barredo, 2023; Darvas et al., 2023), and is stated to be at the basis of the RRF. However, from an actual analysis of the NRRPs, results are not actually a defining part of the RRF. Milestones and targets, instead, are often phrased as processes to obtain an output, rather than through the result that the measure should produce (Darvas et al., 2023). The novelty regarding the CSRs lies in the explicit, mandatory link between addressing them with structural reforms and receiving the RRF funding (Bekker, 2021). CP in fact already takes into account the CSRs, as reforms that the MSs should implement. A form of ex-ante conditionality with reforms was included in the 2014-2020 programming period. The reforms included, however, are of smaller scale than the structural reforms included in the RRF (Alcidi and Gros, 2017).

Due to the diffuse governance nature of MLG, one can see some positive and negative aspects. As Piattoni and Polverari (2019) lay out, in an economic sense, research has been generally positive about the results of CP, since slight convergence of Regions across the EU can be seen, although it is not always clear what are the best indicators to study convergence, whether GDP per capita, unemployment, productivity. This positive effect has been different among Member States and Regions inside them. One possible explanation of this difference is the high degree of complexity of the approach. With the promise of more ownership of the investments by local communities, linked to the involvement of many local actors in the decision-making process, there is also the need for lengthy processes, necessary to include as many actors as possible and to coordinate them.

This complexity has two main effects on its own. The first is that of administrative capacity. Governments and Regions, as well as municipalities, have to devote a large number of resources in specialized staff for the purpose of managing EU funds. While this happens more

easily at the State level and in richer, larger Regions, other Regions or small municipalities may have more difficulties in doing so. This issue is showcased by the delayed absorption rates of certain administrations across the EU, which have by now become almost a chronic issue (Viesti, 2016). The second effect is that of the possible democratic deficit. If all levels of government and non-institutional actors come together to coordinate the expenditure of the funds, who is to be made accountable for eventual failures or mistakes? How can citizens inform how their governments, be them national or local, should spend the funds, if it is not clear who controls what? (Polverari, 2015; Piattoni, 2010).

Despite of these problems deriving from the complexity of the mechanism, it is also important to note that in the past programming cycles, in Italy, EU Cohesion Policy funds managed by regional authorities had a higher expenditure rate than the ones managed by the central government. For the 2014-2020 programming period, in fact, data adjourned up to 30 April 2023 show that ERDF and ESF funds managed through National Operational Programmes (NOP) were at 72.89% of funds allocated and 46.42% spent, while for the same funds managed through Regional Operational Programmes the percentages were respectively 87.85% and 60.71%, although with differences among the single Regions (Ragioneria Generale dello Stato, 2023). With a return to centrally managed funds under the RRF, it will be interesting to appraise if and how the Plan's effectiveness is affected by this centralisation in the design of the NRRPs.

1.2 THE ITALIAN NRRP

The Italian National Recovery and Resilience Plan includes the highest amount of total funds in absolute terms of all Member States. Italy, in fact, has the third biggest economy in the EU, and was also one of the most affected by the COVID pandemic. Moreover, Italy requested in its initial Plan the maximum amount of both grants and loans from the RRF.

The NRRP includes €191.5 billion, of which €68.9 billion in grants and €122.6 billion of loans. As stated in the NRRP, the Italian Government decided to request all the funds in the initial plan to fill the gap in infrastructural investments, in particular after the austerity phase after the sovereign debt crisis, and to tackle the great social and territorial divide, with particular focus on the *Mezzogiorno*. Moreover, the loans have also been deemed necessary in order to reach the goals for the digital and green double transition. The Operational Arrangements related to the Italian Plan include 150 reforms and 377 investments, the highest amount of all Member States. The plan comprises of 6 missions: Digitalization, innovation, competitiveness, culture and tourism; Green revolution and ecological transition; Infrastructure for sustainable mobility; Education and research; Cohesion and inclusion; Health. These missions are further divided into components, 2,3 or 4 per mission, for a total of 16 components. Approximately 37% of the resources of the Plan will be devoted to the green transition, and 25% for the digital transition, both figures above the minimum required by the EU rules. Moreover, the Italian NRRP pledges 40% of the total expenditure towards the Southern, least developed Regions (the already mentioned *Mezzogiorno*). It is a notable figure when considering that these Regions make up around 1/3 of the total Italian population, with almost 20 million inhabitants (ISTAT, 2023).

The allocation of funds is managed by the responsible ministries. As Viesti (2022) explains, there are five methods of funds allocation for the Plan. First, direct allocation from the central administrations to private individuals, as the cases of house renovations or tax credits for the digitalisation of enterprises. Second, funds directly allocated to the public sector, as is the case of investments in the rail network, assigned to Rete Ferroviaria Italiana (RFI). Third, funds directly managed by the holders of the funds, as is the case for the digitalisation of the public sector. Fourth, allocations to public authorities such as LRAs or local health

authorities, that organise the interventions. Fifth, allocation through public tenders, organised often regionally, to which either local public authorities or private entities apply.

According to reports and academic studies, the designing of the Italian NRRP has not seen an adequate inclusion of LRAs (Local and Regional Authorities) in the designing phase of the Plan. The Plan itself does not include a specific section explaining how Local and Regional Authorities were included (Committee of the Regions, 2021). Due to the imperfect version of federalism present in Italy, there is a lack of precise division of competences between the Regions and the State, as well as of an institutional body for dialogue. There is no regional chamber in the Parliament (similar to the *German Bundesrat*) nor a constitutional body for this purpose. Thus, the institutional body, the State-Region Conference has no real power and is instead substituted by the private Conference of Regions and Autonomous Provinces (*Conferenza delle Regioni e delle Province Autonome*, CdR). The Regions and the State acted in a confrontational way, and the Regions were divided among themselves too, in particular along the North-South divide. This political confrontation did not allow for an effective dialogue (Profeti and Baldi, 2021). The rationale for the choice of low inclusion of LRAs could be a supposedly more efficient management deriving from a more centralised system that can avoid lengthening the decision-making process. However, in the case of ESIF (European Structural and Investment Funds) for the programming period 2014-2020, centrally managed programmes had an absorption rate of 50% by January 2022 and regionally managed ones had spent around 70% of funds and allocated 100% of them (Domorenok and Guardiancich, 2022). One of the conclusions of Domorenok and Guardancich is that the lack of inclusion of LRAs may prove to be a problem in the implementation phase, considering the absorption problems in Italy. Another, linked, issue, is that of administrative capacity, in relation with ESI Funds. The already

present absorption problems that Italy faces (Viesti, 2015) may be exacerbated by the NRRP implementation. National and sub-national authorities will have to implement both the NRRP and the Structural Funds, with coordination between the two being cited in their inception, but not then swiftly transposed into reality (Piattoni and Polverari, 2022). As the report by the Committee of the Regions highlighted via interviews with local representatives, some aspects of the NRRP may interfere with the implementation of CP, thus potentially jeopardising its long-term viability.

Due to the ongoing nature of the RRF, there have been significant changes in the period following the approval of the NRRP. In Italy, unlike perhaps in other EU Member States, the NRRP has a prime role in the current political discourse. Managing a facility that is worth around 10% of the Italian GDP is perhaps the main factor of accountability for the standing governments. After the implementation of the Plan started under the Draghi government in 2021, major political change happened. In July 2022, following disagreements within the governing coalition, Draghi asked for a vote of confidence in the Senate. The vote had the majority but did not include the votes of all governing parties. Formally the government could have continued to operate but the Prime Minister decided to resign, ruling out governing with a different or restricted majority coalition. After the government crisis, snap elections were called, and the new legislature presented a new majority in Parliament. Thus, the new Meloni government was inaugurated on the 22nd of October 2022.

The new government implemented a revisited governance model for the NRRP. Previously, following the Decree-law n.77/2021, there were two main components: the steering committee (*cabina di regia*) at the Presidency of the Council of Ministers and the Central service for the NRRP at the Ministry of Economy and Finance (MEF), that had the roles of coordination with the European Commission and of oversight. The steering committee also included: a technical secretariat, a unit for

rationalising the efficacy of regulations and a permanent consultative body with social and economic partners, as well as LRAs. At the MEF were also instituted an NRRP audit and anti-corruption body. All Ministries in charge of parts of the NRRP also had to institute coordinating bodies with the MEF. After the Decree-law n.13/2023 the governance was changed by the new government, with generally a centralization of the oversight in the hands of the Presidency of the Council. Mainly, the Central Service for the NRRP was substituted with a Mission Structure (*Struttura di Missione*), delegated to the Ministry of European Affairs, the South, Cohesion Policy and NRRP, headed by Minister Fitto.

The change in governance has been deemed as a risk, as it could lead to a waste of precious time during the implementation phase (Corte dei Conti, 2023; openpolis, 2023). In fact, there were delays and uncertainty in the cases of the 3rd and 4th disbursements. The 3rd one, relative to the 55 milestones and targets of the second semester of 2022, was requested at the end of 2022. It was finally approved by the Commission after several months of negotiations, due to various doubts over the achievement of 4 of the milestones and targets. The funds were finally disbursed on 9th of October 2023, after the payment was approved by the Council, and also following its approval of the amendment to Italy's NRRP with the Council implementing decision 12259/23 on 19 September 2023. This amendment concerns 11 measures, that were modified in various ways, adjourning the Plan based on the achievability of the targets, or due to technical changes in the measures. In particular, the target relative to building new accommodation for students, that was holding back the 3rd disbursement, was changed into a milestone, thus requiring the tenders to have been launched, instead of the actual construction of the accommodation, and was moved as a requirement for the 4th disbursement, instead. The 4th disbursement was then requested on 22 September 2023 and is under assessment by the Commission at the moment of writing.

Other external issues have arisen during the implementation of the NRRP that have caused changes to the management of the Plan. These are of course the spike in the cost of energy that has followed the Russian invasion of Ukraine, and the rise of inflation, which have also contributed to a lower GDP growth than expected at the launch of the RRF. Under these circumstances Italy proposed a more substantial modification to its Plan on 7th August 2023, that includes the revision of 144 investments and reforms and a REPowerEU chapter of EUR 2.76 billion, according to the press release of the Commission. More information about the single requests and their rationales is provided in a draft, dated 27th July 2023, titled “Proposals for the revision of the NRRP and REPowerEU chapter” that was presented to the Parliament by the Ministry for European Affairs, the South, Cohesion Policy and NRRP. This draft first set out the modifications to the already mentioned 11 measures that were approved. Then it listed all the components for which a revision request has been presented. Finally, it sets out the draft proposal for the REPowerEU chapter. The chapter would contain three parts that are grids, green transition and energy efficiency, and supply chains. It would also encompass six reforms: on biomethane, on Power Purchasing Agreement on renewables, two on green skills in the private and public sectors, roadmap on subsidies to fossil fuels, a renewables single act.

Regarding the section on the involvement of Regions in the revision of the Plan, the corresponding paragraph is quite limited. It cites that the Steering Committee is the competent body for relations with sub-national levels of government. It also tells that sub-national bodies requested a simplification of the administrative processes and that the consultation with them has led to a unitary vision on RRF and CP measures. On this last matter, it is cited that the competent Minister has expressed the will of the Government to strengthen the coherence of these two instruments.

Moreover, the Government launched at the end of 2022 the *Fondo per l'avvio di opere indifferibili* (FOI), a Fund for measures that cannot be

deferred. This is a Fund of EUR 8.8 billion for 2022, that also finances part of the measures of Italy's Complementary Plan (complementary to the NRRP) and of the 2026 winter Olympics. It has been and will be used to fund those measures of the NRRP that are affected by increased costs and will last throughout the NRRP period, up until 2026 with additional funding in the next years (Camera dei Deputati, 2023).

1.3 THE SPANISH NRRP

The Spanish NRRP, called in Spanish *Plan de Recuperación, Transformación y Resiliencia* (Recovery, Transformation and Resilience Plan), naturally differs to some degree from the Italian one in the length, contents and timetable of expenditure and interventions. It consists, in its current form, of €69.5 billion in grants, divided between 4 transversal axes: Ecological transition, Digital transformation, Social and territorial cohesion and Gender equality. These axes are then subdivided into ten key policies or “lever policies”. 39.7% of the amount is given to the green transition, above the 37% required by the Regulation (EU) 2021/241 establishing the RRF. The digital transformation share of funds is at 28.2% of the total, well above the 20% required by the RRF Regulation.

The reforms included in the Plan are in line with the Country Specific Recommendations, as required by RRF rules, with the main ones being a comprehensive pension reform, following a social dialogue, and a focus on reforms of the labour market, regarding temporary contracts, flexibility and stability for firms and workers, sectorial bargaining and others. Outside of the required investment portion devoted to the green and digital transitions, Spain uses a significant part of its assigned funds for the tourism sector, especially in islands, as well as on support to SMEs and R&D and innovation (Bisciari et al., 2022). The Plan in general focuses on the need to improve the productivity of the Spanish economy, which, together with the small size of its enterprises and the low female

employment rate, make it particularly vulnerable to economic downturns (PRTR, 2021).

A peculiarity of the Spanish NRRP is that of the PERTEs (*Proyectos Estratégicos para la Recuperación y Transformación Económica*, Strategic Projects for the Economic Recovery and Transformation). These are strategic projects, as the name suggests, with the objectives of economic growth, employment and competitiveness, that are characterized by a public-private partnership. They intend to act as an impulse for investment in those value chains that will be strategic for the future. The initial Plan does not specify which PERTEs will exist, as the process for their selection will be initiated by the Council of Ministers, with the identification of the interested partners and their connection into alliances or consortia. The list of approved PERTEs is available online, on the website of the Spanish Plan. It includes 12 approved PERTEs, the first one in July 2021, and the last one, at the time of writing, in December 2022. They range from electric vehicles to agrifood, renewable energies and semiconductors.

Notably, Spain had initially only requested the full amount of grants in its Plan, with the purpose of having more manageable initial funding and concentrating expenditure in the first three years (2021-2023) for a countercyclical effect (Recovery, Transformation and Resilience Plan, 2021). However, the Government specified already in the original Plan that its objective was to later present a request for the loans, too. In fact, on 6th June 2023, the Spanish Government requested the full amount of loans possible, €84 billion. This new request was made through an addendum (*Adenda*) titled “Boosting strategic industrialization”, which also includes the upward revision of RRF grant allocation worth €7.6 billion and a €2.6 billion Chapter for the REPowerEU facility (European Commission, 2023). The addendum includes both new reforms and investments, respectively 18 and 25, and recalculations of already

existing investments that are affected by price increases due to the Russian invasion of Ukraine (Spanish Government, 2023).

The governance of the Plan, as presented in the PRTR, is divided in various structures. First, the Commission for Recovery, Transformation and Resilience, headed by the President of the Government, that comprises of all Ministers and various State Secretaries, with the aim of controlling the general strategic and political direction of the Plan. Second, a General Secretariat for European Funds was created at the Ministry of Finance, that acts as coordinator with the European Commission, and with the role of coordinating the Ministries, Local and Regional Authorities and all the implementers of the Plan. Third, a Technical Committee, made up of 20 PA members, presided by the General Secretariat for European Funds, with the scope of providing technical and legal support for the implementation. For the implementation, then, the single Ministries will be in charge of managing those measures that fall within their responsibilities. In addition, the General Secretariat will act as supervisor, keeping account of the targets and milestones, as well as of the funds and projects, for which it is responsible to the European Commission.

The Spanish NRRP also includes a section on the consultation progress behind the Plan, and a specific sub-section on Autonomous Communities. In Section 4.5.2 of the Plan, in fact, there is an explanation on how the Government consulted the Spanish Regions through Sectorial Conferences (*Conferencias Sectoriales*). These were meetings on specific topics between the competent Minister and regional representatives, that included the topic of the NRRP. In addition, specific Sectorial Conferences about the NRRP were held with local and regional representatives by the Minister of Finance.

However, the objective mentioned for the two specific Sectorial Conferences is “for the Government to present in a formal way the project

of the Plan to Autonomous Communities, Autonomous Cities and to FEMP, as well as to establish ways of cooperation in the implementation of the European Funds” (Recovery, Transformation and Resilience Plan, 2021, p. 196, translation by the author). Moreover, as the 2021 Report from the Committee of the Regions highlighted, there is no specific delineation of what the contributions made by Autonomous Communities were, and if they were taken into consideration. Interviews included in the Report also explained that the Conferences were not a place of dialogue, and that “there was no way to share orientations by Regional Authorities” (Valenza et al., 2021, p. 31).

Other reports and articles also confirmed the marginalisation of Regional Authorities in Spain, despite their importance during the implementation phase (Baena et al., 2023; Regions for EU Recovery, 2022). As Carrosio et al. (2022, p. 40) point out, “while regional and local governments have not been particularly involved in the programme construction, they are expected to play a more significant role in the implementation phase. However, a mere executive function could be difficult to carry out if they are just informed of contents which are designed at national level”. The first issue they highlight is that different territories have different needs, and Regions would have been among the most adequate authorities for providing information about these needs. The second is that this places a burden on regional administrations, but it is not outlined in the Plan if and how their administrative capacity would be assessed and enhanced.

Autonomous Communities are implementing authorities of the Spanish NRRP in various ways. At the end of 2022, Autonomous Communities had received more than €20.6 billion to manage directly under the NRRP in the remit of their competences. The Spanish Government is foreseeing that up to 54% of the RRF in Spain will be managed by regional authorities (Spanish Government, 2023). This is of course a significant

part of the total amount, that is also due to the constitutional competences of the Spanish Regions.



Errore. Nel documento non esiste testo dello stile specificato. 1.1
Allocation of funds to Autonomous Communities. Available at <https://planderecuperacion.gob.es/ejecucion/mapa-de-inversiones-gestionadas-por-las-comunidades-autonomas>

As in the case of Italy, although in somewhat different ways, the RRF is an ongoing process, and to testify to that is the already mentioned *Adenda* that was proposed by Spain to the Commission on 6th June 2023. It is worth noting that the part on the inclusion of regional authorities is more in depth than its version in the original Plan. Analysing it using the criticisms written in the CoR Report, in fact, it seems that this second time the Spanish Government learned from its shortcomings. The Report said that “the plan does not include a comprehensive summary of the consultation process, only the number of meetings organised with LRAs” and “All in all, the plan does not include the contribution of LRAs to the plan” (Valenza et al., 2021, pp. 17-18).

In the *Adenda* the section regarding Autonomous Communities was expanded to include more information about the process: First, a description of further Sectorial Conferences that were held and why they were important. Second, it cites the work by the Vice-Prime Minister, the Minister for Economic Affairs and Digital Transition, who visited the various Autonomous Communities, with more than 32 trips in total, and

met with regional Presidents to discuss both the PRTR and the *Adenda*. Third, it explains the process of written communications with Regions. These happened both during the designing of the first Plan, as well as for the addendum, through a request of project proposals by ACs. This request led to more than 500 projects and initiatives in the various fields of the NRRP. The thematic areas are, from biggest to smallest, the green transition, digitalization, science and health, industrial competitiveness and SMEs, social protection and education, transport and culture and sport. The instruments that had the most interest were included in the *Adenda* through the PERTEs, financial instruments including the Fund for Autonomic Resilience of Autonomous Communities and the REPowerEU chapter. And last, a description of how the requests by ACs were translated into the *Adenda*, examples of this are: a strengthening of PERTEs and a new one for industrial decarbonisation, the creation of various Funds (Spain Audiovisual Hub Fund, for social housing, for the touristic sector, Autonomic Resilience Fund) and facilitating the inclusion of autonomic projects and their access to funding (Addendum: Second phase of the PRTR of the Kingdom of Spain, 2023).

This renovated section on the inclusion of regional authorities is perhaps the demonstration that calls for further involvement of ACs was heard by the Spanish Government, that, having more time for consultations, decided to deepen the process, compared to what happened for the first phase of the Plan. The section includes both an explanation of how the involvement process happened, and what were the inputs provided by Regions, the shortcomings that the Committee of the Regions pointed to. Of course, it will be necessary to ask for confirmation by consulting Regions about it, both preliminarily, regarding the process, and after the approval of the *Adenda*, to see if the expected deepened involvement will become reality in the next years of implementation.

1.4 SIMILARITIES AND DIFFERENCES IN THE ITALIAN AND SPANISH NRRPs

To summarise what we know about the two Plans, it may prove useful to provide a review of the similarities and differences between them, first about some general information, and then for the matters closer to the goal of this research. Explaining clearly what sets the two Plans apart can help in keeping the focus on if and how these differences might influence the results of the research.

As was previously stated, the two countries are the biggest receivers of RRF funds. As Bisciari et al. (2022) explained, Italy and Spain received a significant amount of funds, relative to their GDP, unlike, for example, in Germany. This fact meant that both countries devoted slightly more than the minimum necessary to the green and digital transitions (above 37% and 20% respectively). They then used the rest to make investments in various areas, benefitting greatly from this opportunity. In the case of reforms, both countries included important ones in their Plans, although not the same. Spain focused on the labour market and pensions reforms, while Italy focused more on the justice system and its public administration (Bisciari et al., 2022). On the other hand, Italy requested all available funds, grants and loans, with the initial Plan, while Spain initially only requested the grants, and later prepared a request for the loans, which was presented in June 2023.

Another similarity regards the marginalisation of Regions in both countries during the design phase of the Plans. Their role was not emphasised in the Plans, and academic and non-academic research has confirmed this lack of involvement through interviews and consultations with the Regions themselves. A newer question is instead whether or not this marginalisation was replicated during the phase of adjournment of the two NRRPs. As was seen, having the *Adenda* for Spain and the presentation of the adjourned Plan to the Parliament for Italy, the picture

seems to have changed. The Spanish *Adenda*, in fact, has a more extensive section on how ACs were involved and what was their contribution. Italy instead seems to have repeated the process similarly to the first Plan. In both cases, however, it is necessary to check with empirical methods if the change actually happened, in the Spanish case, or if it really did not in the Italian one.

The role of Regions in the two Member States is also comparable face the NRRPs. They play a role in the implementation of the Plans, but following the direction set by the national government in the NRRP (Valenza et al., 2021; Regions for EU Recovery, 2022). Spanish ACs seem to have a higher share of the funds assigned directly to them, while Italian Regions a lower one (Spanish Government, 2023; Regione del Veneto, 2023).

Finally, a point should be made about the efficiency of the implementation. As we have seen, Italy has experienced some delays in the third disbursement, also in asking the approval for the fourth one. The delays seem to have been solved, for now, as the third disbursement has been approved and the fourth one should be forthcoming. The recently approved modification to the Italian NRRP should, in fact, have given a solution to any existing issues in it. In the near future much will rest on the more extensive revision of the Plan, which is still under approval by the Council.

The Spanish Plan, on the other hand, seems to be going much more smoothly. Spain is at the head of the implementation, with all the disbursement received on schedule, **as per the third one**. Still, some issues are being reported and may become a problem in the future. Two such examples, as reported by the Confederación Española de Organizaciones Empresariales (CEOE, Spanish Confederation of Enterprise Organisations), are the difficulty of Small and Medium Enterprises (SMEs) to participate in calls for proposals and some limited delays in the absorption of the funds available. According to the CEOE,

SMEs have problems with the bureaucratic burden linked to participating in the calls, as well as issues related to the fragmentation of the calls. In particular, the large amount of calls, managed by different authorities makes it more difficult to find the appropriate one to participate in, especially for SMEs, which have fewer resources than bigger companies. Moreover, the majority of funds assigned to subsidies to the private sector has not been actually adjudicated as yet, with most mobilised funds being those assigned to ACs and local authorities, instead (CEOE, 2023; Hidalgo Pérez, 2022). Most funds have thus been passed by the Central Government to sub-national ones, but fewer resources have actually reached the enterprises. Although both reports describe an accelerating rhythm of adjudications, this situation may pose a risk for a successful implementation of the Plan. The concrete risk lays in whether the enterprises will prove able to absorb all the funds or not.

2 RESEARCH DESIGN AND METHODOLOGY

2.1 PRESENTATION OF THE RESEARCH CASE

After analysing the present literature regarding the topic of regionalism and the NRRP in the EU and in Italy and Spain, it is possible to inquire into some aspects related to these themes and their mutual relationship. It is necessary to present some assumptions about the situation and what can be investigated to reach a better understanding of the governance of RRF funding.

First, Multi-level Governance has been used in the last decades to describe the functioning of the EU over a variety of cases, including Cohesion Policy. The lasting effect of MLG in the RRF can be shown by the Regulation (EU) 2021/241 establishing the RRF, which states at article 18.4(q) that: *“for the preparation and, where available, for the implementation of the recovery and resilience plan, a summary of the consultation process, conducted in accordance with the national legal framework, **of local and regional authorities**, social partners, civil society organisations, youth organisations and other relevant stakeholders, and how the input of the stakeholders is reflected in the recovery and resilience plan”*. Irrespective of the origin of this wording, whether it was included because of pressure from Regions or for a belief in the necessity of MLG in European policy-making and politics, the fact that it was included shows in itself that the necessity to involve more levels of government in policies is felt by EU lawmakers.

However, the design of the Next Generation EU, which includes the RRF, while headed by the European Commission, had to be approved and finalised by the European Council, which works in an intergovernmental way. Following the COVID-19 crisis, Member States in the European Council had to decide to institute this facility to overcome the economic crisis, due to the inability of the EU to levy direct taxes without the approval of Member States themselves (Kassim, 2022). Without

autonomous direct taxation of the EU, its budget is strictly under the control of its Member States.

Other than in the conception of the Facility, also designing the NRRPs has been directed mainly by national governments. As was seen previously, research has already shown that governments designed the plans mostly in relation to the European requirements and not in consultation of sub-national actors, at least in Italy and Spain, the two MSs taken into consideration in this research (Profeti and Baldi, 2021; Viesti, 2022; Committee of the Regions, 2021, 2022; Regions4EURecovery, 2022; Colás Tenas, 2021).

It is also important to note that the scope of the RRF is different than that of Cohesion Policy. CP has the objective, via its various components, of bridging the gap between richer and poorer areas of the EU, to allow for a better functioning of the Single Market, for the benefit of all EU citizens. The RRF, instead, was birthed with the goal of being a countercyclical investment of funds after the COVID-19 crisis, as opposed to the austerity policy that followed the 2008 financial crisis.

However, the objective of the funding does not render useless any comparison between the two in scope of Multi-level Governance. First, because the RRF funds have to be spent following criteria set by the EU, meaning that MSs do not just choose to spend the funds they are granted with in any way they wish. As we have seen, they still have to follow quotas established regarding funding for the green and digital transitions and design the Plans according to the CSRs of the European Semester. Their National Plans also have to be approved by EU institutions and follow the planned areas of spending. Second, Countries like Italy and Spain do not have absolute powers inside their borders, instead, Regions and Autonomous Communities have constitutionally assigned powers, that means that even if RRF funds are given by the EU to the central

Government, this then has to assign them to Regions respective to their competences in their territories.

Following the discrepancy between the existing praxis of Cohesion Policy, in which Multi-level Governance is used, and that of the RRF, that assigns funds directly to Member States, a question arises, regardless of the political belief in regionalism or centralism: Is one of the two methods more effective than the other?

2.2 RESEARCH QUESTIONS

In order to inquire in the matter, it is useful to set Research Questions (RQs) that can guide the process of the investigation. The RQs will then have to be answered in the research via empirical analysis.

As we have seen, the main question, and objective, of the research regards if the method of managing EU funds in the RRF is more or less adequate than the approach of MLG in Italy and Spain. Having determined via existing academic literature that there was a centralistic approach in Italy and Spain in the design of the NRRPs, the first Research Question is:

RQ1: How are Regions in Italy and Spain being included in the implementation phase of the NRRPs?

Considering that the approach in the design of the NRRPs was driven by the central state, the second question is as follows:

RQ2: What are the effects of the marginalisation of Regions in the design phase on the implementation of the plans?

The third question can move the results of the research closer to the research goal, of understanding the effectiveness of the approach used for the Recovery and Resilience Facility:

RQ3: Are there issues deriving from the centralised governance of the NRRPs, compared to a Multi-level Governance approach of EU cohesion policy? Does the RRF governance present advantages, too?

2.3 THE CHOICE OF CASE STUDIES

The research rests on a comparative case study research design. The two cases selected for the research are Italy and Spain. There are some reasons why these two countries were selected for the analysis, based on their similarities.

First, as already said, they are the biggest recipients of RRF funds in absolute terms, due to the impact of the COVID-19 economic crisis on their economies. In fact, they are also the 2nd (Spain) and 5th (Italy) biggest recipients relatively to their GDP, if we consider the loans that Spain has requested, too (Recovery and Resilience Scoreboard, 2023). Spain and Italy are of comparable size inside the European Union, as they are the 3rd and 4th biggest Member States by population and GDP (Eurostat, 2023).

Second, the two countries have a similar institutional setting regarding their territorial articulation. They both transformed from a centralist State to a regionalist one. Italy set its path to devolution with the 1948 Constitution, that instituted five Special Statute Regions. The process had a turn in the 1970s with the creation of the other Regions, and then in the 2001 constitutional reform, that enhanced the role of Regions, giving them legislative powers on devolved matters, in accordance with the subsidiarity principle (Giovannini and Vampa, 2019). Spain started devolving powers to its Autonomous Communities (ACs) with the 1978 Constitution. The ACs also have legislative powers within their competences, established through their Statutes of Autonomy. While there are certainly differences between the two institutional settings, they are comparable in having the existence and right to powers of Regions

established by the respective Constitution, although without being federal states (Hooghe et al., 2020).

Other than selecting the two States, a choice has been made in analysing the role of Regions specifically. On a theoretical ground, because Regions are the most important, in terms of direct power and relevance, among the sub-national levels of government in both Italy and Spain. Provincial authorities have little relevance in Italy, after their redefinition in 2014, and little power. Municipalities, on the other hand, would also have made a good choice to be included in the research, they cover a great role in both NRRPs and have gained prominence in politics at EU level. On a practical level, however, practical constraints demanded the exclusion of municipalities from this work. Regions can be included quite easily, there are few of them, 20 Regions in Italy and 17 Autonomous Communities in Spain, so even a smaller number of them can yield relevant information for the purpose of the research. There are instead 7,901 municipalities in Italy (ISTAT, 2023), and 8,131 in Spain (INE, 2023). With enormous differences between the single municipalities, it would be necessary to set up a sample with a substantial number of municipalities, and the need to use considerable resources, economic and time-wise, that are simply not available.

2.4 THE LITERATURE REVIEW

The methodology of the research includes two parts, first, a literature review and gathering of information, then, an empirical analysis of the situation in the selected Regions. The literature review is used to identify a research gap and to refine the research questions. Understanding the existing academic knowledge on a topic allows one to find what the literature is missing. Therefore, to fill this gap in the existing knowledge, it is necessary to identify the questions that need an answer. The literature review includes both academic literature and primary

documents regarding the RRF and the NRRPs of Italy and Spain. Academic studies were needed for the analysis of Multi-level Governance as a framework theory, as well as for analysing the RRF and the NRRPs, specifically how they resembled or not the MLG method of governing EU funds. Primary sources were used primarily for the content of the NRRPs, as well as their development. Due to the timeliness of the theme, in fact, it is not possible to find all the information about the Plans on academic work, since modifications of the Plans or novelties in their implementation happen in contemporaneity with the research work. During this phase, knowing both Italian and Spanish allowed me to conduct more thorough research. It was possible to access and read in the original language the NRRPs, as well as declarations and information from the Governments and Regions. The knowledge of the languages also allowed accessing academic and grey literature that would otherwise not be available using only English.

On a secondary note, as previously mentioned, it was at times difficult to find official documents on the Italian NRRP website. Research had to rely in those cases on other institutional bodies, or on news and press releases or declarations by the Government.

2.5 THE INTERVIEWS

Regarding the empirical section of the investigation, a qualitative approach was chosen, in the form of semi-structured interviews. After choosing this qualitative approach, the following step in the research design was choosing which Regions to contact, and the key actors within. The interviewees were going to be officials from two Regions in Italy and two in Spain, with knowledge of the implementation of the NRRPs in their respective Region. The number of two interviews was chosen based on the need for multiple voices to be heard inside each country, but keeping in mind the material limitations. The interviews had to be planned in

advance, with a considerable amount of time needed to make a transcription and present it to the interviewees for a revision. All the subjects to be interviewed were contacted over the month of August and identified via contacts with different officials in EU institutions, who provided suggestions. In Spain, the Catalan interviewee was contacted first and the interview was also the occasion for obtaining the contact information for the Basque Country representatives. In Italy, Veneto and Sicily were chosen as a case of a Northern and a Southern Region, with Veneto being the most easily accessible from the University of Padova. As a sidenote, during the interviews for the Veneto Region and the Basque Country Autonomous Community two representatives were interviewed, while for Catalonia it was only one. The interviews were based on two virtually identical lists of questions (but in the different languages), one for the Italian Regions and one for the Spanish ones that are available in Annexes I and II. There was only one difference between the two sets of questions, other than a slight difference in wording due to translation. For the Spanish Regions, the second question refers to the *Adenda*, that was already published at the time of the interviews. For the Italian Regions the same question refers to the process relative to the updated Plan that was submitted to the Commission in August 2023, when the requests for the interviews were made.

The interviews took place between the end of August and the end of September. Unfortunately, it was not possible, over the course of two months, to obtain an interview with Sicilian officials, despite repeated attempts and an initial manifestation of openness to concede one. Therefore, there is only one interview covering the questions for Italian Regions. This represents a limit of this research. The answers given by officials of only one Region may still be valid, but there is no comparison possible to confirm or not the statements made.

The interviews were conducted following research ethical standards, in observance of the General Data Protection Regulation. Interviewees

agreed to sign a privacy policy form, that is available at Annex III. Their personal data is processed fairly, lawfully and transparently, as well as in a manner that safeguards the privacy and rights of all data subjects. In the analysis of the interviews codes are used to cite them, in order to guarantee the anonymity of the interviewed.

2.6 RATIONALE FOR THE QUALITATIVE APPROACH

For the empirical section of the investigation, a choice was made by choosing qualitative semi-structured interviews instead of a quantitative approach. A quantitative approach includes the gathering of data and the following analysis of the variables. The data can be either in the form of answers to a questionnaire, or of other types, such as economic data, or proxy variables. An example of quantitative research on the RRF is the consultation of Local and Regional Authorities by the Committee of the Regions of 2021 and 2022, that used questionnaires with closed answers, to then analyse the answers and answer the research hypotheses. Another example is that of comparing the structure of various NRRPs by analysing the share of funds that went into the various headings, or the number of targets and milestones, such as in Bisciari et al. (2021, 2022).

The qualitative approach was chosen primarily to provide more information and deeper knowledge of the regional point of view on this early implementation period. The implementation of investments has begun, but it is still in an initial phase. Previous research already showed the marginalisation of Regions in the design phase, also through interviews, and the consequent risks were already presented, too. A quantitative approach may prove useful later on, for example with ex-post evaluations of the policy or with questionnaires deriving from them. In this intermediate moment regional officials know best what problems they are facing and whether they can be traced back to faults in the design. Additionally, asking the interviewees what the problems or

priorities of their Region are allows us to compare their answers, that presumably encompass a bigger variety of cases than with closed questions. The qualitative approach, in the form of semi-structured, semi-open interviews, indeed is the approach that is best suited to reach my research goals.

2.7 CHOOSING THE QUESTIONS FOR THE INTERVIEWS

As anticipated in part 2.5, two sets of questions were prepared to conduct the interviews in the two countries. These two lists can be consulted in the Annexes I and II. The questions were chosen as the basis for the interviews. The language was Italian for the Italian Regions, and English for the Spanish ones. An alternative set written in Spanish was also prepared, but, as the Spanish interviewees preferred to use English during the communication and the interviews, the English version was the only one used. The questions were prepared prior to contacting the Regions, having in mind the literature and data already collected and analysed at that point, as well as the research questions.

The first two questions were included as introductory to the interview, but also to check if the view on marginalisation of the single Region was consistent with previous literature and reports. The second question derived from novelties in the design of both NRRPs, that arose during the first phase of collection of data, that was not yet covered by existing investigations. Then, the following questions were more on point with the research questions, directly involving the topic of implementation in the Regions. Implementation was considered in the aspects of time constraints, administrative capacity and feasibility. Then, the last three questions were included to ask about the effectiveness of the RRF, regardless of implementation issues. This effectiveness is meant as an opportunity cost. The RRF is a historic investment plan, and the first concern is of course for the funds to be spent fully. However, it is important to question whether the investments were planned in the most

impactful way possible. In simple terms, were there instances of investments with low impact, that were included instead of ones with a better outcome because of the RRF centralised governance?

3 EMPIRICAL ANALYSIS

3.1 THE MARGINALISATION OF REGIONS

The empirical section of this dissertation is, as explained, based on semi-structured interviews with regional representatives. Thus, it has to be kept into account that the answers between interviews can be very different and cover also topics that were not specifically foreseen. The analysis of the interviews will thus cover both the common themes among them, as well as particular ones for each topic.

The first topic in each interview was the inclusion of Regions in the design phase. All answers expressed decisively the unsatisfactory involvement of Regions in the design of the NRRPs. In int INT1 and INT2 it was also mentioned that Regions in their country were generally dissatisfied with the consultation organised by their national government. INT3 also included that: “not only [the Basque Country] was not included in the design, but also in the implementation, it’s in the whole process”. In INT1, to explain how its Autonomous Community decided to influence the matter, the interviewed cited the initiative “Regions for EU Recovery” that has been launched by Catalonia. The initiative includes 31 Regions across the EU, that requested the application of the subsidiarity principle to the RRF. In 2022 it released a benchmark study that investigated the application of the subsidiarity principle in the NRRPs, with only three Regions out of 31 (Aland, Flanders and Lower Austria) declaring that they were able to provide a meaningful contribution to the design of the NRRP of their MS and thus “successfully addresses territorial specificities in its implementation” (Regions for EU Recovery, 2022, p. 1). In addition, in INT1 and INT2 it is mentioned that their Region had done some kind of preparatory work in consulting regional stakeholders to produce possible investment proposals to include in the National Plans. According to INT2, Veneto participated in gathering projects together with the other Italian Regions, in the *Conferenza delle Regioni*, with the goal of synthetising

project proposals to present to the Government in a united way. However, due to the government change at the time, and the ensuing rush to complete a rework of the NRRP, the proposal from the Regions was not then included in the Plan. The Catalan proposals were not taken into consideration by their government, either. In any case, these answers were in line with the previous knowledge gathered in the literature review, thus confirming the main assumption of the whole dissertation, that Regions were marginalised in the design phase of the Plans in Italy and Spain.

The question about the updated Plans, the *Adenda* for the Spanish one, saw less categorical answers by the interviewed. According to INT3 the consultation of Autonomous Communities in preparing the *Adenda* was more extensive than for the initial Plan. It was confirmed what is written in the dedicated section of the *Adenda*, that various *Conferencias Sectoriales* were held, bilateral meetings with regional representatives were conducted and that ACs were asked to provide in writing what were their priorities in the Plan. This was seen by INT3 as a step in the right direction, compared to the initial Plan, for which only Sectorial Conferences were held, and these had the only goal of informing Regions of the Government's intentions, not of obtaining their input. However, two things were also said. First, that until the *Adenda* was accepted by the European Commission, and with it finalised the contributions in it, it will not be certain whether the needs of the ACs were actively listened to and included. Second, that throughout the Plan and the *Adenda* "in general, the involvement of regional authorities in the Plan has not been very structured". The only structured approach was that of Sectorial Conferences, which are an institutional instrument. These, however, were used to univocally inform Regions, not to include them. Consequently, the only involvement happened through the one-on-one meetings and the one-off written consultation. Compared to what Regions are used to, meaning the structured dialogue that precedes the Regional

Operational Programmes in CP, the Spanish approach to the RRF has been very different. In the Italian adjournment to the Plan, the section on regional consultation was still limited, as we have seen. According to INT2, the Government has “formally received the needs of the Regions, although in a phase during which the text was about to be sent to Brussels”. The Ministry for the NRRP has opened to dialogue with Regions and municipalities in its approach. However, there were no formal approvals of documents including the regional proposals. Similarly to the Spanish case, it is not certain what the outcome will be of this seeming increased openness towards Regions while adjourning the Plans.

3.2 THE IMPLEMENTATION

After the initial questions about the involvement of Regions in a dialogue about the NRRPs and their adjourned versions, the following group of questions revolves around the implementation and the contents of the Plans. There were some common points raised in the interviews and some specificities among the questions three to six. Moreover, the answers to these questions were not always given linearly, with respondents anticipating sometimes the questions.

First, all respondents pointed out the difference between funds that are managed by Regions and those assigned by the central Government to entities inside the Regions. In any case, they all separately agreed that their Region did not choose how to spend the funds that it was managing. INT3 pointed out that “you do not only receive in your Region the funds and you decide how to give the grants to projects, it is a direct order from the Government. You don’t have any opportunity to adapt it to the reality of the territory”. The Basque Country, for example, was assigned funds for various fields. These generally resemble in degree of importance the share they occupy in the NRRP, although with some differences, such as justice and social policies, education and employment, which, at a

regional level are of comparable significance with the green transition (Eusko Jauriaritza, 2023). On a similar note, in Veneto of the €2 billion that were assigned directly to the Region, €1.2 billion are under the health component of the Plan (Regione del Veneto, 2023). These are also part of the competences of these Regions in their country (Ley Organica 3/1979; Costituzione della Repubblica Italiana). INT2 also specified the difference in expenditure nominally managed by the Region through its agencies (such as Veneto Lavoro or Veneto Infrastrutture) and those directly managed by regional offices themselves. In general, two of the most important measures to implement for Veneto are the GOL programme and health related investments.

On the matter of issues in the implementation, there was some variance in the answers between the two countries, although with possibly similar effects. For administrative capacity, INT2 reported no significant issues, saying that the Region did not hire new officials to manage RRF funds. However, according to INT2, the reason for that could be that Veneto is managing a small number of projects, with big sums of money, while national Ministries and municipalities are managing many more projects, in quantity, also compared to other Regions. With Veneto already being a well-structured Region, with experience in managing EU funds, it did not need further help in the implementation. The Spanish Regions, instead, hired staff specifically to manage the RRF funds. Perhaps because of that, both Catalonia and the Basque Country were not reporting particular issues on their part regarding the regional management. However, what both INT1 and INT3 pointed out is that significant delays have been caused to the implementation of Cohesion Policy for the 2021-27 programming period. For INT1 “due to the NGEU funds, the programme of the structural funds was only approved at the end of last year”, the Spanish Government “gave priority to the NGEU, due to the calendar time of all the expenses”. As presented in INT3, the problem is twofold. First, as for Catalonia, the Basque Country officials have to prioritise the RRF

funds over the ERDF or ESF ones, with the same team managing both, because of the tighter deadlines in the NRRP. Second, RRF funds do not follow the co-financing principle as CP ones, so the technical staff has had problems with the interest in CP funds when RRF ones are available.

The reported problems in the implementation of the NRRPs were perhaps more linked to faults in the design and governance, rather than administrative capacity. For INT2, in fact, “the weaknesses for the regional administration consist in delays at ministerial level. Because, as happened in the case of hydrogen, a field in which the regional administration played a role, there are delays in agreeing on a common framework for the call for proposals [...] when Ministries take their time the difficulties are passed on downstream”. Moreover, still according to INT2, Italian Ministries operate singularly. Each Ministry has its own guidelines, which are different from one another. At regional level, therefore, it is not possible to easily work in teams over different fields, because each separate type of funding, organised by a different Ministry, has different rules and references. Nonetheless, the delays at ministerial level have not led to delays by the Region, which, INT2 assures, are not happening. The criticality lays in the stress that regional structures are put under to complete their tasks on time, instead of being eased in their work. The Spanish interviews instead cite as a problem in implementation one reported by those actors that respond to the calls, rather than by the Regions themselves. According to INT3, Basque authorities have received complaints by Basque enterprises and SMEs about the difficulty in participating to the calls for proposals, because of significant administrative burdens that enterprises are not ready for. INT1 also notes the same situation, adding the fragmentation of calls and the tight deadlines. Both, as already noted, agreed on the little manoeuvre space that was conceded to ACs, that are solely implementers of governmental decisions.

3.3 REGIONAL GOALS

The next two questions, seven and eight, were instead in relation to the content of the Plans, and what Regions would have preferred to see in them. All the Regions proposed alternative investments they would have considered ideal, if not necessary. Only Veneto showed interest in possible reforms that were not included in the Italian Plan. As already written in part 3.1, Catalonia and Veneto had gathered project proposals at regional level at the start of the design phase of the NRRPs. In the case of Veneto, when asked about measures that would have been necessary or desirable in the Plan, INT2 cited two instances. First, a proposal of 16 strategic projects that Veneto launched in 2022 with DGR 296/22. This proposal worth €7.8 billion was only minimally satisfied by RRF funds and could have represented a need expressed by the territorial actors. Second, a more specific measure that could not be included was that of the Romea road. The road connects Venice with Ravenna, a city in the Emilia-Romagna Region and, according to INT2 would have benefitted greatly from an expansion with alternative surrounding roads to reduce the traffic congestion. However, road construction was not an admissible type of investment for RRF funds, and the Romea expansion was thus not even proposed. For INT1, in Catalonia “the problem is the gap between what we really want to do and what we have to do”. The priority for the Autonomous Community lays in the re-industrialisation of Catalonia. Specifically in sectors such as electric vehicles and their components, life science and advanced therapies and in biotechnology. INT1 lamented that even though Spain has created a specific PERTE for electric vehicles, its funds have been used in other Regions, instead of Catalonia, that would have a ready investment “ecosystem”. The problem though does not consist only in a lack of investment, but rather in the choice of investments that was made by the central Government. An example of this kind of choice that INT1 provided was that of funding for public libraries: “And investments that we can use to reform our economy

and be more resilient, instead of, as I told you before, buying books, that we usually already do. We have to spend €900.000 on books. You can do other things with these money. We have a really good network of public libraries. For example, in my town of 30.000 people, we have 2 public libraries [...] But usually [funding public libraries] is done by the Catalan government and by the municipalities”. On this topic, INT3 included that what the Basque Country would have liked to be included as a measure is industrial decarbonisation, due to the industrial nature of the Region. In INT3 it was also referenced a more comprehensive approach to this gap between the measures adopted in the NRRP and the request by the Basque Government. The latter has, in fact, requested a direct link between the RRF funds and the regional Smart Specialisation Strategies (S3). The S3 is a scheme that was launched by the Commission and included in the 2014-2020 programming period, as an ex-ante conditionality to concentrate ERDF investments in innovative fields that build on existing comparative advantages by bottom-up consultations with all regional stakeholders (European Commission, 2017). What INT3 argued is that, in the RRF framework, that aimed not only at recovery but also at building a resilient and competitive Europe, Smart Specialization Strategies could have been the perfect basis to identify appropriate measures, in line with regional needs. For INT3, the S3 was the product of a great work of rationalisation of local needs and already guiding the Basque economic policy. Therefore, it was seen as a missed opportunity by the Government. Because of the already mentioned marginalisation, it was the central Government that decided where to invest, and even a minimal lack of consultation of Autonomous Communities could have helped in pointing to this Strategy.

On the matter of reforms Regions had generally less to say, presumably because the ones included in the two Plans were in fields, such as pensions, justice, public administration and labour market, over which Regions do not have competence. For the Basque Country, in fact, INT3

explained that one of the reforms that the Region was responsible for implementing was in the education system. However, the Basque administration had already done such reforms prior to the NRRP. In other fields, instead the competence is national, so the Region does not concern itself too much. INT3 cited as an example the justice system and its digitalisation, for which, even though there are courts in the territory of the given region, they are under the competence of the central state. A different approach to the question of reforms was that of INT2. The answer was on point with “significant issues for the Region”. In fact, INT2 affirmed that, since the issue of reforms was on the table when designing the NRRP, it would have been possible to include at least a debate on the institutional structure of Italy, specifically on regional autonomy. The Veneto Region is very interested in this issue as a matter of efficiency of the administration.

3.4 RE-CENTRALISATION

The last question on the list was also the most hypothetical one. It asked whether, in the opinion of the interviewed, more regional involvement would have led to better outcomes in the NRRP. In all three interviews the respondents gave an affirmative answer, with the understanding that a counterfactual does not exist. A common point for all three interviews was that of the knowledge that Regions have of their territories and the needs and interests that they represent. This common spirit is showcased in their words. The interviewed in INT1 answered positively and added that: “Each Region knows what it needs [...] and it could be useful if you had into account all the needs. It would be easier to implement and to develop all the programs”. The one in INT2 was more sceptic about a straightforward affirmative answer but added nonetheless that “maybe a greater involvement of Regions would have brought in, because of their experience in managing EU funds, a particular sensibility in the

management”. The representative in INT3 first presented some doubts about a completely positive answer, too, but then similarly followed with: “I’m quite convinced that the results would have been better, because we wouldn’t have these examples of needing to invest somewhere where the investment is already there, or it is not a priority for us, or it wouldn’t have an impact in our Region, and we could have identified where we should invest, instead”.

In addition to this opinion about the role that Regions could have played in the NNRPs, INT2 and INT3 also proposed similar considerations regarding the centralisation that was done for the RRF. INT3 first made a point about the need for more meetings and coordination, in case of more regional involvement. This was linked to the already tight deadlines and workload for implementing actors, that could have been exacerbated by this. The main point of the answer, though, was relative to the institutional design of the whole RRF, instead of only the Spanish NRRP. According to INT3, in fact, the marginalisation has two comprehensible causes. First, the Government had little time to prepare the Plan, and centralising the design process simplified it. Second, the European Commission needed to keep the process as simple as possible, too. Having just one contact point in each MS meant that the workload would be smaller for the managing task force. It was also repeated that it would have been better to include Regions from the beginning. In addition, it would have been much better to increase the efforts for the design of the *Adenda*. For them “it was a very shy attempt”, also considering that there would have been more time available for it than for the first Plan. In the view of INT2, the Italian Government also centralised the design of its NRRP for two reasons. The first one, as for the other representative, was to have a single contact point with the European Commission. The second was that the various Ministries had to keep on going like “bulldozers”, in order to overcome the excessive granularity of LRAs and their different, and sometimes conflicting, opinions.

A different point was also raised in INT2, that also arose in the interview with INT1. As a possible alternative to the marginalisation of Regions that is part of the RRF, INT2 proposed a sort of differentiated participation. “At least, hypothesise a model in which, based on experience, capacity, credibility, some Regions can take the responsibility, easing the Government at the same time, to manage some domains. And perhaps for other Regions, less structured, less convinced, less interested, a sort of ministerial substitution, of vertical subsidiarity. This could have been a flexible model”. When the INT1 was talking about administrative capacity, in the case of Regions that lag behind in expenditure for Structural Funds, I asked whether the central Government investing directly in the Region could be a viable solution. They did not rule out the hypothesis, but included that even direct investment “has to be done in a conversation in order to know what is really needed”.

3.5 FUTURE PROSPECTS

Other than the specific matters raised in answering the questions, some more topics were discussed in the interviews, namely monitoring the investments, general opinions on the NRRPs, the issue of withdrawals and, perhaps most importantly, the possible effects on the future of EU governance.

The matter of monitoring was raised in all three interviews, either as a question or from a different discussion. Here, monitoring was used in the interviews to talk about two things. One, general oversight on the implementation, with general data on where funds were being assigned and what was the progress on the measures. And two, monitoring as audit and control over the compliance and fairness of the investments. In INT1 it was explained that for the case of controlling double-financing between RRF and CP funds, the Catalan Region was not experiencing issues yet, because of the mentioned delays in the implementation of

ESIF. INT3 instead cited the case of the Basque Government wanting to sue the Spanish Government at the Constitutional Tribunal over the monitoring database. The Basque Government has in fact opened negotiations with the central Government over a possible infringement of its constitutional competences. Their issue is that all data relative to the NRRP are loaded on a common Spanish database, and the central Government is going to do checks of conflict of interest also on the investments that are managed directly by the Basque Government. The dispute was solved on 10 October 2023, with an agreement reached in the Bilateral Commission deputed to resolve the conflict. INT2 instead explained, about the matter of auditing, that the issue is already known by the authorities, of course. In the Italian case the audit system is managed by the State General Accounting and its regional offices, although there are also other competent audit authorities, including regional ones. The issue of double financing is well known, but of course, “it should not even be like that, meaning that one should declare everything and should already know where the money comes from”. The system is organised around the CUP code (*Codice Unico di Progetto*, Single Project Code), which is linked to each project and its funding and the data are uploaded on the REGIS database. A possible problem may come from the fact that “because of the rising prices, the State created the *Fondo Opere Indifferibili*, [...] the CUP code may be even triple, so NRRP, private resources and FOI”. Additionally, all three Regions have a specific section on their website dedicated to the NRRP. In all three it is possible to find regionalised data, as well as information about the NRRP and the opportunities it brings.

It is not easy, or perhaps possible, to provide a precise description of the opinion of the interviewed on the general topic of the NRRP. There was not one precise question about it, so the opinion could be expressed in the interview, or it could be extrapolated from the general discussion. In INT3, for example, it was said explicitly that: “I think that the results with

the implementation of the funds is not bad in Spain, they are doing quite well, and this is my opinion. But it could have been better involving from the beginning the Regions”. The Veneto representative pointed to the great importance that the NRRP has for Italy as a whole. Italy’s credibility is at stake, and everyone is working to make the NRRP a success story. Regions are thus eager to be allowed to contribute as much as possible to implement the Plan.

Finally, one of the interviewees, in particular INT3, touched the topic of the future developments of the RRF and CP. They presented various possibilities for what the future may hold for Cohesion Policy and the Regions in the EU. First, the issue of the delays in the 2021-27 ESIF implementation, also raised by INT1. These delays may influence the approaching negotiations for the next programming period, according to them. Due to the delays, CP risks being weakened during the negotiations. Arguing for increased funding of CP, which Regions would be in favour of, would be difficult to justify if the current programming period is facing delays and has few successes to show. Second, there is the possibility of introducing reforms in the next CP cycle, as “for the first time, the European Union is paying also for reforms, not only for investments”. This needs to be taken into account by Regions, as “it was never very welcome, because, in the end, Regions have no control on reforms”. The frugal countries in the EU “like that they have something to say on reforms, they are not just paying your investments” (INT3). And third, the novelty of payments for results, instead of the traditional method of reimbursements. This last possibility was also cited to be of interest to the Basque Government, that sees it as possibly useful in the simplification of procedures, which is always an issue in CP.

On the future of the RRF, instead, in INT2 there was also a comment about the issue of withdrawals, meaning the situation in which the single projects may be revoked, and the funds redirected towards other measures. According to INT2, the central Government could and should

involve lower levels of government in dealing with this issue in the coming months and years. “This topic will come forward, with the necessity of having ready project options, deployable quickly. [...] There have been talks about this withdrawal thing. Maybe Regions could have a space, in the final phase of the NRRP to show their efficiency, their project-planning capabilities”. This possible future cooperation could be seen as important for the already mentioned issue of credibility of Italy, linked to the success of the NRRP.

4 DISCUSSION OF THE RESULTS AND FINDINGS

After understanding the content of the interviews in section 3, the next step lies in interpreting the results in what they mean for this research and for the whole topic, too. The structure of the discussion of the results will be as follows. First, I shall try to answer the research questions listed in section 2.2, and see if and how there can be conclusive answers. Second, I shall provide an interpretation of the findings expressed in section 3 and a discussion of the strengths and weaknesses of the research. Last, I will aim to shed light on what contribution the results bring to the knowledge of the RRF and of Multi-level Governance.

4.1 DISCUSSION ON THE RESEARCH QUESTIONS

The first step in the discussion of the results of the research is thus understanding the results of the interviews in relation to the research questions. The first RQ is as follows:

RQ1: How are Regions in Italy and Spain being included in the implementation phase of the NRRPs?

In a simply descriptive way Regions both in Spain and Italy are being included in the implementation phase of the NRRPs. As the CoR report (Valenza et al., 2021) was anticipating, however, they play a role because of their constitutional competences, and there seems to be a lack of ownership of the measures being implemented. In both INT1 and INT3 it was expressed that the calls for proposals prepared by the Regions are only done in compliance with Government rules and decisions. The functionaries are preparing them with new sets of rules, and without trainings by the Government (INT3). The Veneto Region, as appears in INT2, is working on few projects, and often through regional-owned entities. All three Regions, however, shared the similar role of aiding other actors and keeping active at all levels to remain relevant in the discourse.

Catalonia and the Basque Country are used by local enterprises as representatives of their interests. The enterprises are asking them to vocalise their issues in front of the national Government. This attitude could be confirming the role of regions as aggregators of local interests (Piattoni and Polverari, 2022), and closer to the territories. Veneto has also been aiding local actors, namely municipalities, in their difficulties in implementation. In their activity, Regions have been trying to continue promoting themselves, and playing a public service by publishing data relevant to their role in the NRRP, and the NRRP in their Regions.

In general, Regions are included in the implementation because of constitutional arrangements. However, the overall implementation structure remains top-down, with processes beginning at central Government level and Regions responding to them.

The second RQ is:

RQ2: What are the effects of the marginalisation of Regions in the design phase on the implementation of the plans?

Perhaps the main criticality in the RRF approach, regarding the causal effect of marginalisation from design to implementation is linked to one of the main features of Regions in MLG. As Schakel (2020) describes, Regions have a crucial role, face the EU, in offering knowledge on local needs. This was, indeed, the main response to RQ2 that all interviews granted. As already mentioned, all three regions had proposals for the NRRP that were not taken into consideration. Veneto and Catalonia both prepared project proposals after consultations with local stakeholders. The Basque Country wanted to see included in the NRRP the proposals and needs expressed in the Smart Specialisation Strategies. INT1 and INT2 mentioned that other Regions in their Member States were in agreement with this view and were hoping for more involvement. Overall, the Catalanian and the Basque interviewees mentioned mismatches between what these regions considered necessary for the development of

their territory and what the NRRP proposed. They also lamented possible overlaps between the NRRP and Cohesion Policy. The projects proposed by Veneto were also largely ignored. In INT2 it was also said that Veneto is managing fewer projects than the municipalities in its territory, and that the municipalities were instead having an excessive workload. This could be pointing to a possible mismatch in the capabilities of local actors, with the entity with the highest capacity, namely the Region, having a lower workload than the less ready ones, the municipalities. In INT2 it was, in fact, lamented that “Regions were not included as implementing actors, even indirectly, if not in very few cases, in the labour policies, with the GOL project, [...] health is another case. [...] it could have been possible to invent a more engaging role for Regions”. This mismatch between regional or local authorities may prove interesting to investigate from the point of view of municipalities, too. In that case, two perspectives could be used. The role of Italian municipalities in the implementation may be studied in general, but also comparatively in relation to a bigger or smaller role played by their Region. INT2, in fact, argued that other Regions may have a different distribution of work between Region and municipalities.

With regards to the timetable, and whether the marginalisation is having an impact on it, then the results of this research cannot provide an answer to that. Spain has been, to date, on time with its requirements and has received the first three disbursements in a timely manner. Italy has received the third disbursement following negotiations with the European Commission, with a delay of few months. The fourth one should not see further problems, after the limited modification to the Plan, approved in September. For both Plans, we will not know if delays happen or are protracted until the end of their implementation. The only hints towards the possibility of delays are in INT1, when talking about the unanswered calls, and in INT2, regarding ministerial delays. The latter is not an issue of lack of involvement of regional authorities, the

former instead may be. Anyways, the data collected in this research do not corroborate any of the two possibilities.

To summarise, as a consequence of the marginal role of Regions in the design of the Plans, there have been mismatches. Mismatches between what Regions, as representatives of regional interests, felt that they needed, and the interventions planned in the NRRPs. There were also mis-matches between the workload assigned to different actors – regional, local or non-governmental – and their capabilities to manage it.

The third research question is the following:

RQ3: Are there issues deriving from the centralised governance of the NRRPs, compared to a Multi-level Governance approach of EU cohesion policy? Does the RRF governance present advantages, too?

To answer this question, it is first needed to briefly list the defining features of the two types of governance. MLG in CP, as we have seen, is characterised by a long process of consultations between governmental actors at different levels (European, national, regional, local), and also with non-governmental actors (corporations, trade unions, NGOs, CSOs). These consultations also happen in a not strictly hierarchical way, with any actors possibly playing a bigger role than expected by the rules. On the other hand, the RRF, as an emergency instrument, follows different procedures. In general, the design of the Plans was solely a discussion between the national governments, the European Commission, and the governments of the other Member States through the Council of the European Union. Any further involvement, although mentioned in the RRF Regulation, was a responsibility and decision of the Government. The differences revolving around the overarching principles of CP are explained more extensively in part 1.1 of the dissertation. In addition, the difference between the two policies lies in the payment by results method, and the direct CSRs link also mentioned in section 1.1.

From the analysis of the available documents, and the contents of the interviews, a picture appears which shows both advantages and disadvantages in the RRF approach. The overall opinion of the regional interviewees, about the governance structure of the RRF is evidently negative. This is in line with what was found in the research and literature reviewed, which showed that Regions in most Member States were dissatisfied with the design process, and the interviews conducted during this research confirmed this view. Moreover, the marginalisation appears to continue during the implementation phase too. The consequences of this condition are exemplified by the incoherence between funding and territorial needs, and by the discrepancies between the administrative capacities of implementing actors and their workload. Ignoring the proposals made by Regions could be especially harmful in a country such as Italy that, according to Viesti (2022, p. 205), has a “lack of long-term planning in many important areas of public action (from industrial policies to health)”. The unstructured dialogue between the State and LRAs also makes it difficult to know if and how the dialogue produces effects or not. If Regions have needs or proposals, they have to hope that at national level the message is received and understood. The method thus relies on a good management at the national level, with consequences for all other actors.

In the first case, one can take the examples of the Spanish *Adenda* and the Italian revised Plan. Even though in INT3 and INT2 it was conceded that there was an attempt for a more inclusive approach, it is not clear if and how this improved consultation was included in the document presented to the Commission. The negotiations are led by the national Government that can or cannot take into account the Regions’ needs.

In the second case, the most striking example is the disregard for the projects and proposals from the Regions at the time of the first Plans for Italy and Spain. Additionally, there is the case of withdrawals, cited in INT2 as a surging topic in the NRRP, with the possibility of various actors

to renounce to the projects already proposed, and therefore funds needing to be allocated again. In case of withdrawals, thus, Regions could come to help the implementation by proposing alternative projects. Again, this possibility is dependent on the Italian Government, in this case, being ready to ask for these alternatives and including those, instead.

Of course, even if all three regional interviewees across both countries expressed overall negative opinions about the RRF governance, they also recognised the RRF as a positive policy and opportunity. And, precisely because they recognised the importance of the instrument, they wished to be more involved in its development. The relevance of the RRF will probably have a wider impact than just that deriving directly from the investments it contains. Thus, it is important to specify other aspects of this instrument and whether they are positive or not.

First, the main positive aspect was the quickness of the design. What all the interviewees agreed on was that the marginalisation of Regions and other actors was born out of necessity. As an emergency measure, meant to provide investments for a countercyclical macroeconomic effect, a quick approval of the Plans was imperative. For the RRF, in fact, the discussions about its inception began in 2020, after the start of the pandemic, and the Italian and Spanish NRRPs were both approved in 2021. This is extremely fast, if compared to the 2021-2027 programming period of CP. As previously seen, the first preliminary works began in 2017, and, as said in INT1, the ROPs in Spain were approved at the end of 2022 (also because of the interference of the RRF negotiations). However, this quick design did not need to be prolonged for the following modifications. In any case, all three Regions were adamant in not wanting a shift away from the role they play in Cohesion Policy.

Something that could be counted as a positive from the RRF may be the payment by results method and the inclusion of structural reforms as requisites for receiving the funds. Payment by results could be used to

ensure that funds are spent in the best way possible. Instead of simply paying for the output or input of a project, the payment is subject to the project producing a positive effect. This method could address what Viesti (2022) sees as a problem, in the lack of clarity of the targets, especially ensuring that these are specified in terms of increased living standards, instead of merely quantitative outputs. Also, as Ansuategi and Barredo (2023) propose, this new method must provide a lighter administrative burden than the current one, and should also not be applied to any field indiscriminately. If a lighter administrative burden is not included in the method, it would create problems in its adoption, with officials having already to switch from the cost based payments method. Moreover, payment by results should not be applied to cases in which the external risk for a positive outcome is too great. Payment by results, in fact, makes the payment dependent on achieving an outcome, rather than an action, and this entails risks (Clist and Verschoor, 2014). However, as was said in INT3, what regional officials reported was not a significant decrease in the administrative burden in the RRF, compared to CP. The RRF should perhaps not be hailed as a real game-changer in the field of payment by results, rather than payment by actual costs. The process of switching from one to the other was in motion before it, and the RRF cannot be considered a thorough implementation of this method. As explained by Darvas et al. (2023), in fact, the RRF does not use results as conditions for payments, but rather the reaching of Milestones and Targets, that are mostly input and output indicators.

On the matter of reforms, instead, Regions had a different opinion. First, they are not concerned with the implementation of most of the structural reforms of the CSRs, since these are often a national competence. Even for the RRF, the focus in interviews was on investments, rather than reforms. About the topic, two main points were raised by the respondents. In INT2, there was the wish for an institutional restructuring of Italy regarding regional autonomies. In INT3, however, it was expressed that,

while reforms are not bad per se, linking the disbursement of funds to reforms may become a risk for Regions. Reforms are in fact generally implemented at national level, and such an arrangement could penalise Regions for something that they have no control over.

In conclusion, Regions recognised the centralisation of the RRF as necessary for the quick deployment of the Funds. However, this centralisation should not be reflected in the future of Cohesion Policy nor should Governments continue to marginalise Regions in the implementation of the Plans and their revisions. In addition, the RRF could bring novelties in the future of CP, in the fields of structural reforms, and perhaps to the discourse of payment by results. Now that structural reforms have been made a requirement for RRF funds, it is possible that this model will be replicated in CP. With payment by results, even though its application in the RRF is not as it was expected from the beginning (Darvas et al., 2023), the intentions expressed in the RRF show, nonetheless, a possible future direction towards the payment by results method.

4.2 DIFFERENCES AND SIMILARITIES BETWEEN REGIONS AND COUNTRIES

After providing answers to the research questions through the interviews and the documentation found during the research, it is useful to summarise the differences or similarities between the case study Regions, as well as some general points about the two Countries.

The first general point may be how remarkably similar the attitudes of all three Regions were. All the interviewed representatives saw the role of their Region as natural implementers of EU funds that were marginalised in the RRF. They considered the Regions capable and willing to take on a more active role in the NRRPs. However, some minor differences emerged, mainly along the national differences. First, the representatives from

Veneto were seemingly more satisfied with the approach of the Government in the updating of the Italian Plan. This satisfaction seems misplaced in view of both the description of the involvement process by the two governments, as well as how it was described in the interview. In INT3, relative to the *Adenda* it was said that the process was more inclusive, but still not necessarily satisfying, and also not structured. In INT2, relative to the Italian update request, the regional representative seemed pleased with “an increased openness, at least in the approach”, even though “they [the Government] acknowledged the needs of the Regions, but in a phase in which the text was about to be sent to Brussels”. Second, the main advantage that would derive from an increased involvement of Regions was slightly different in the two Member States. For Catalonia and the Basque Country, the highest importance seemed to be in the capability to define priorities and of lower increasing the efficiency of the system. For Veneto, the inverse was true. First, Regions were considered to be of great assistance to ensure a swifter implementation, and second, they were considered actors who could provide project ideas or information about the priorities of their territory. This difference might be perhaps due to what could be perceived as more important for an optimal result of the NRRPs. In Italy, a big focus in the news and public opinion has been put in the ability to not waste resources and implement the whole Plan. In Spain, perhaps, investing the funds in more efficient fields has been found more crucial, since the Country did not experience the delays in implementation that Italy has seen.

In addition, a key difference has become evident from the interviews: The absence of a regional representative body in Spain. Veneto proposed its initial projects in the common work done in the *Conferenza delle Regioni*. Both Spanish Regions, instead, cannot work in such an institution and coordinate with other Autonomous Communities, because it does not exist. This could help explain, perhaps, why Catalonia launched the

Regions for EU Recovery initiative, to which the Basque Country participates, too. Veneto authorities can hope to have an impact at national level through the CdR, instead.

4.3 STRENGTHS AND LIMITS OF THE RESEARCH

The considerations on the differences in the regional answers, which I consider to be few, lead to the point of the limits of the research. In general, the main limit lies in the lack of variety of the Regions contacted for the interviews in the two countries. In Spain, both Catalonia and the Basque Country are Autonomous Communities with a strong regional identity and call for autonomy or even independence. Due to the non-randomisation of the ACs selected, the contacts were with Regions that had previous contacts between them, and therefore also perhaps similar attitudes and conditions. It would have been interesting to have the possibility to interview functionaries of less autonomist ACs, or of less economically developed ones. In Italy, due to the lack of response by Sicilian officials, Veneto was the only Region interviewed. Having more time, it could have been possible to try and contact other Southern Italian Regions that could provide a different perspective on the matter. Another possibility was that of including municipalities in the research. The rationale for their exclusion was laid out in part 2.3. In any case, their point of view could prove very insightful in analysing the implementation phase. As was pointed out in INT2 and in Viesti (2022), in Italy municipalities are playing a very important role in the NRRP.

Still, Regions have a clear view on programming, both in CP and the RRF that municipalities may not have. They are also the main focus of research on MLG, rather than municipalities, and variations in their role in the EU's economic governance is very important for its future. The Regions included in this study, although perhaps similar, still showed

differences between them, and provided a picture of their national governance of the Plans, nonetheless.

4.4 INTERPRETATION OF THE FINDINGS

The broader objective of the research was that of studying the NRRPs of Italy and Spain, through their Regions, as to obtain a better understanding of the governance of EU policies. Starting from a Multi-level Governance approach and an analysis of Cohesion Policy, we could then test whether the centralised approach used in the RRF can provide or not suggestions for improvements to the EU's governance. MLG in Cohesion Policy is adopted as a normative model and thus expected to produce certain results. First, that it leads to ownership of the policies by all levels of government and by non-governmental actors, due to their extensive involvement. Second, that as a consequence the absorption of the funds will be enhanced. Third, that, as a by-product, there is a heavier administrative burden at all levels. Fourth, that it should produce long-lasting increases in the administrative capabilities of all actors involved, in particular regional and local ones (Piattoni and Polverari, 2019).

Now, then, we can control if the governance model proposed in the RRF is producing better results in these fields and if there are other aspects about it. All this keeping into account that the RRF was designed as an emergency instrument, unlike Cohesion Policy.

Following the same order, the first point is about ownership of the policy. What we can say about it in the RRF is that less ownership is perceived by the Regions. The interviews confirmed what was found in previous reports, that Regions in Italy and Spain did not play a role in shaping the NRRPs, and are thus now implementing the Plans based on decisions by the central government.

The second point is relative to the absorption of the funds. An improved absorption is what ideally a long term MLG model promotes, with long-lasting and resilient networks that can cooperate better. This has however not always been the case, as seen by low absorption rates in those Regions that present less developed socio-economic conditions. One point in favour of the re-centralisation of investment decisions may be exactly the one, also pointed out in INT1 and INT2, that the national level can overcome some shortcomings in these areas. However, on the opposite, funds in CP managed by the central government in Italy have shown less absorption (Domorenok and Guardiancich, 2022). Even in the opinion of the interviewees in INT1 and INT2, the opinion of local officials needs to be kept into account. As per INT2, “it has to be done in a conversation in order to know what is really needed”. It is still too early to assess the spending results of the RRF, but it will be necessary to check whether this substitution is effective, or if it results in a worse outcome.

Third, the point about the administrative burden. The answer to this point should be divided in two instances. One, the time and resources needed in designing the Plans, and two, the burden in their implementation. By purely seeing the RRF as an emergency instrument, designed to provide investments for a countercyclical effect against the economic downturn, its assessment should be positive. The NRRPs were approved in far less time than the Operational Programmes of CP, and investment could thus begin at a much faster rate. Nonetheless, the RRF is not solely an emergency instrument. The funds will be spent up until 2026, and it remains to be seen if the time saved in designing the NRRPs was worth the risk of writing a Plan that might not be comprehensive enough. In all three interviews, Regions unanimously agreed that the choice was made to save time and act quicker. However, they also pointed to shortcomings in the choices of investments, that they considered could have been better, if taken together with other partners. Marginalising the

programming bodies that are the Regions in Italy and Spain for the sake of quickness may prove to be an error. On the side of implementation, based on the interviews, the RRF in Italy and Spain does not provide a lighter administrative burden in its procedures. The Veneto Region reported issues in the top-down design, that creates problems in coordinating at regional level, and Regions having to wait for the Ministries to start, sometimes late, and then catch up with the delays. For Spain, INT3 affirmed that the payment by results method did not improve the situation regarding the administrative burden on either regional authorities or enterprises. In both INT1 and INT3, in fact, it was reported that enterprises are having problems in participating in the calls on time, as the calls are very fragmented and burdensome. In INT2 it was reported a similar problem for municipalities, that require extra help to cover the work they are required to do under the NRRP. The new instrument does not appear to offer a lighter administration, which was reported as an issue in CP for a long time (INT3). However, the issues may come as a consequence of the novelty of the instrument, rather than its setup. Due to the short time available, implementers have to adopt the paperwork as they go, rather than beforehand.

The fourth point is about a long-lasting increase in administrative capacity at all levels. This point is also linked to the one about the absorption of funds. In the debate about CP, administrative capacity is one of the most contentious points. The fundamental reason why CP exists is to lift up poorer European Regions to the standard of the richer ones (Piattoni and Polverari, 2019). By providing funds for these less economically developed Regions, they should be able to use the resources to improve their condition. However, due to the heavy administrative burden of CP, with its MLG approach, a paradox is created. The richest Regions, that need less help, are able to spend the fewer funds they receive, because they have more capabilities, as they have more resources on their own. The poorest Regions, on the opposite, receive more funds,

but have fewer resources to handle them. Much research has focused on how their administrative capacity can be enhanced (Terracciano and Graziano, 2016; Domorenok et al., 2021; Polverari et al., 2022), and CP thus also includes resources to build up these capacities. The RRF, as a stated goal, should help produce a more resilient Europe. But increasing the resilience of poorer Regions means that they should become less dependent on European or national funds for their economies to thrive (Viesti, 2016). Transversal reforms may be a way to improve the overall administration in the Member States. The RRF often grants funds for the digitalisation of the PAs, and the Italian NRRP includes the reform of the PA as a measure (Bisciari et al., 2022). At the same time, the increased amount of funds does not seem to be aimed well enough at improving the capacity of local administrations, as was said in INT2 and INT3. In INT2 it was said that there is no overarching amount of funds for a general support to administrators, as happens in CP, but help is rather a possibility on a project-by-project basis. In INT3, it was stressed that administrators have to prioritise the RRF over the ESIF work. This happens both on purpose by the shorter duration of the RRF, until 2026, and the pressure to deliver on the Plan, but also because the funding is more appealing for those who apply, and thus CP spending is delayed. By doing that, a temporary measure risks harming the future development of a long-standing policy. In this way, once the RRF is over, administrative structures risk being put under further stress to catch up with the work on Cohesion Policy.

Overall, the RRF seems to have achieved the goal of rapidly enacting countercyclical investment in the two countries in question. Linking the reforms indicated in the European Semester to funding and the common European borrowing may prove true game-changers for the future of the CP and of the EU, respectively. However, it remains to be seen if it will achieve the objective of building a greener, more digital and resilient economy. The information gathered in this research shows that the

centralised approach used in the RRF may not be as good as the decentralised approach of Cohesion Policy to produce resilience in the system.

CONCLUSION

The dissertation started from the analysis of the Recovery and Resilience Facility, and the role Regions play in it. The RRF, inside the Next Generation EU, is generally considered a game-changer for its novelties. For its funding, common European borrowing has been launched for the first time. It links the content of the NRRPs directly with the Country Specific Recommendations of the European Semester. The method of payment is based on performance, with funds being disbursed only upon reaching completion of the foreseen Milestones and Targets.

Research had shown, however, that the RRF has also seen the marginalisation of Regions and local authorities in the design of many NRRPs. Italy and Spain, two Mediterranean countries and the third and fourth biggest economies in the EU, are the two biggest receivers of RRF funds. Both Member States have had a notable decentralisation in their recent past and their Regions play a considerable role in the use of EU funds under Cohesion Policy. The focus of the research has been on Regions inside these two countries. Regions are at the forefront of Cohesion Policy, and at the core of the Multi-level Governance theory. Their role seemed to have been subverted in the RRF. Thus, a question arose about this new instrument, the RRF, and the results of this approach.

Through interviews with regional representatives and documental analysis, the dissertation has covered the issue of marginalisation of Regions in the implementation of the RRF in Italy and Spain and the possible shortcomings or successes of the RRF approach. First, it was confirmed that Regions were marginalised in the design of the two NRRPs. Then, it was discovered that Regions are also playing a limited role in the implementation of the Plans, even though their constitutional competences guarantee they play some part in it. The centralised approach under the RRF may also cause problems in how the resources are allocated. There is a mismatch between the workload assigned to

regional or local authorities, especially in Italy. The resources are not allocated based on realistic territorial needs, that were defined either in the previous years, through the Smart Specialisation Strategies, or at the beginning of the NRRPs design. Overall, the implementation has a top-down management.

Regarding a comparison between the RRF and CP, some points have been touched during the research. Common borrowing was not covered in the interviews but is certainly a great turning point for the future of the EU. The CSR linkage is not viewed as a negative issue by the Regions, but it can be a risk for them, since reforms are often out of the control of Regions. The centralised approach can be considered successful in quickly preparing the Plans, thus allowing for a quick roll out of funds for a countercyclical effect. The interviews however confirmed the issues that appeared in the previous research and literature. Their marginalisation risks hampering the further effort of building a greener, more digital and more resilient European economy. There is the issue of calls for proposals going unanswered, also in poorer Regions. The Plans may also not include answers to territorial needs. There is still time for some forms of regional involvement, such as in the case of substituting cancelled investments.

Another finding of the research is that the RRF is going to have an impact on the future of CP. Prioritising the RRF has caused delays in the implementation of the 2021-27 CP, thus damaging the case of Regions for further funds in the next programming period. The linkage to CSRs may also be kept, as well as a focus on payment by results, rather than reimbursements for actual costs. Regions will also fight back against a possible re-centralisation of Cohesion Policy in general.

Following the findings of this research, further studies are needed in the future. Most importantly, evaluations should be carried out at the end of the RRF, after 2026, to fully understand its results. Ex-post evaluations

will be able to analyse the outcome of this instrument, to see if the economic parameters will have significantly improved across the EU. During the implementation it will be useful to follow any further developments on the role of LRAs in the RRF. In addition to adopting the point of view of Regions, as in this dissertation, it would be of interest to investigate the role of municipalities in the RRF, too. On the side of EU governance and rules three topics will also need to be followed, regarding also the future of Cohesion Policy. First, the question of common EU borrowing. Not only in an economic sense, but also from the perspective of the future of EU politics. Will EU borrowing continue? Will the loans be repaid through common EU taxes, or continuing pooling funds from Member States? Second, the linkage of CSRs to the concession of EU funds, also in Cohesion Policy or other fields of EU policy. The inclusion of reforms as requirement is already proving a powerful instrument, not only in Member States that need reforms to improve their economies, but also in the case of breaches of rule of law. Third, the payment by results method. As said, it is already being introduced partly in CP, and, even if imperfectly, it is being used in the RRF. It could also play a part in the upcoming decisions about the next programming period. Finally, the RRF is now a precedent as an emergency instrument for countercyclical investment. Therefore, research should also focus on whether attitudes have changed for good from austerity, and if emergency economic procedures at EU level will be formalised or not.

ANNEXES

ANNEX I

DOMANDE PER LE INTERVISTE

- Ritiene che la sua Regione, e le Regioni italiane in generale, siano state adeguatamente incluse in un dialogo con il governo nelle fasi di scrittura del PNRR? In che modo sono state coinvolte le Regioni e con quali esiti?
- Vi è stato un dialogo a livello regionale con il governo riguardo le recenti modifiche del piano? Se sì, in modo diverso rispetto alle precedenti fasi di scrittura del piano? Più o meno approfondito?
- Quali sono gli interventi più importanti che la sua Regione sta portando avanti nell'ambito del PNRR?
- State avendo o avete avuto difficoltà, a livello regionale, nell'implementazione di alcuni interventi? Se sì, quali e di che tipo?
- Ci sono gap di risorse e necessità di supporto alle Regioni per la gestione del carico di lavoro necessario all'implementazione del PNRR, che magari sono collegati al mancato coordinamento col governo nazionale?
- Le tempistiche per gli investimenti previste nel Piano sono realistiche rispetto alla capacità amministrativa di gestione dei fondi da parte della Regione?
- Durante l'implementazione, si sono riscontrati ambiti in cui il PNRR non prevede interventi che sarebbero invece stati necessari o auspicabili?
- Nel complesso, ci sono questioni significative per la Regione che non sono state considerate nelle riforme e investimenti previsti nel PNRR?

- Se ci fosse stato un maggior coinvolgimento della sua Regione, e delle Regioni in generale, nella decisione di quali investimenti e riforme includere nel PNRR, ritiene che il PNRR avrebbe riscontrato minori difficoltà attuative e che avreste raggiunto migliori risultati?

ANNEX II

QUESTIONS FOR THE INTERVIEW

- Do you think that your Autonomous Community, and Autonomous Communities in general, have been adequately included in a dialogue with the government in the design phase of the Recovery, Transformation and Resilience Plan? In what way the CCAA have been included and with what results?
- Was there a dialogue with the government to write the Adenda that has been presented in June? Was it more or less extensive than the one for the Plan?
- What are the most important interventions that your Autonomous Community is dealing with under the Recovery Plan?
- Are you having difficulties with the implementation of some interventions? Which ones and of what kind?
- Is there a gap in the resources needed for your Autonomous Community, and the Autonomous Communities in general, that were not foreseen in the Plan due to a lack of dialogue with the government?
- Is the timetable of investments realistic, considering the administrative capacity needed to manage the funds in your Autonomous Community?
- During the implementation, have there been areas of intervention that were not included in the Plan that would be necessary or desirable?
- Are there significant issues for the Autonomous Community that were not considered among the investments and reforms of the Recovery Plan?
- If your Autonomous Community, and the other ones, had been included more in designing the Plan and what reforms and investments

to include, do you think there would be fewer issues in the implementation and there would be better results?

ANNEX III

POLICY ON PERSONAL DATA PROCESSING

[Art.13 of EU Regulation 2016/679 - General Data Protection regulation]

This policy is provided pursuant to art. 13 of EU Regulation 2016/679 (General Regulation on Data Protection, "EU Regulation"), in relation to personal data of which the University of Padova (the "University"), in its capacity as Data Controller, acquires during activity of scientific research developed within the project "The implementation of National Recovery and Resilience Plans in Italian and Spanish Regions" of the Department of Political Science, Law and International Studies (SPGI) of the University of Padova.

Personal data is processed fairly, lawfully and transparently, as well as in a manner that safeguards the privacy and rights of all data subjects, as per what specified below.

TITLE: "The implementation of National Recovery and Resilience Plans in Italian and Spanish Regions"

DATA CONTROLLER: *Department of Political Science, Law and International Studies (SPGI) - University of Padova via del Santo n. 28, Padova, +39 049 827 4202 dipartimento.spgi@unipd.it.*

SCIENTIFIC COORDINATOR: Alberto Gasparato

PRIVACY INFORMATION:

1. *Data protection officer*
2. *Sources and types of data*
3. *Purposes for data processing*
4. *How data is processed*
5. *Legal basis of the processing and type of provision*
6. *Audio and images*
7. *Data recipients*
8. *Data storage*
9. *Rights of the data subject*
10. *Exercising one's rights*
11. *Changes to the policy*

1. Data protection officer

The Data Controller has its own Data-protection officer, who is appointed pursuant to Article 37 of the EU Regulation. The Data-protection officer may be contacted at privacy@unipd.it

2. Sources and types of data

The personal data provided directly by the interested parties can be:

- a) Common data. Personal data, identification and contact data (e-mail, telephone contacts);
- b) Career data. Data on the role played in the institution.

3. Purposes for data processing

Data is processed exclusively for carrying out all the activities related to the institutional, dissemination and public interest activities of the University. In particular, data is processed for the research purposes connected with the project “The implementation of National Recovery and Resilience Plans in Italian and Spanish Regions”.

The following are the specific research objectives:

- 1) Controlling how Regions were included or not in the design of the NRRPs in Italy and Spain.
- 2) Investigating the effects of this possible lack of inclusion on the implementation of the Plans.
- 3) Improving the understanding of how effectively EU funds are spent when not applying a Multi-level Governance approach.

4. How data is processed

The data is collected through semi-structured interviews with interested parties carried out by interviewers. The University takes appropriate organizational and technical measures to protect the personal data in its possession, through appropriate security measures to ensure the confidentiality and security of personal data, in particular against loss, theft, and unauthorized use, disclosure or modification of personal data.

The Data Controller does not resort to automated decision-making processes relating to the rights of the data subject on the basis of personal data, including profiling, in compliance with the safeguards provided for in art. 22 of the EU Regulation.

The data will be collected through audio recording (or video-recording in case of video-conference). The processing of data is carried out in such a way as to guarantee maximum security and confidentiality and can be implemented using manual, IT and online tools suitable for storing, managing and transmitting them. The personal data collected are stored on private PCs protected by a password and assigned to the project manager and the project staff. The institutional and private pc are accessible only by staff member. The transcribed interviews are shared with interviewers through the university's sharing system based on the Google Drive suite, protected by the passwords of the individual interviewer and staff member.

The data gathered during the interviews will not be disseminated. In the event that the interview or parts of it should prove to be of particular interest, such as to justify its dissemination for the purpose of disseminating the results of the study, it will be published without any identification reference of the interested party, with indication only of the role covered by the interviewed, in order to guarantee anonymity.

5. Legal basis of the processing and type of provision

Legal basis of the processing is the execution of public interest tasks of research, teaching and the so-called “third mission”, of the University as defined by law, by the Statute and by internal regulations (pursuant to art. 6, par. 1, lett. f) of EU Regulation).

For special categories of personal data the legal basis of the processing is based on your explicit consent (pursuant to art. 9, par. 2, lett. a) of the EU Regulation).

Since participation in the research is on a voluntary basis you are not formally obliged to provide data. On the other hand, if you wish to participate in the research, the processing of your personal data is indispensable; if you refuse to provide such data, you will not be able to take part in the research.

6. Audio and images

By participating in the project "The implementation of National Recovery and Resilience Plans in Italian and Spanish Regions" the interested parties expressly authorize the University of Padova and the Department of Political Science, Law and International Studies (SPGI) to use the audio (or video in the case of video-interviews) recorded during their own participation in the interviews for the project "The implementation of National Recovery and Resilience Plans in Italian and Spanish Regions ", on the university computers. By signing the release, the participant grants all rights to use the audio as described above. This transfer is expressly intended free of charge.

7. Data recipients

The data may be communicated, exclusively for the purposes indicated in point 3, to University staff, students involved in the research and to collaborators, including self-employed ones, who provide support for the implementation and management of the activities envisaged by the research project.

The collected data are not normally transferred to countries outside the European Union. In any case, the University ensures compliance with the safety rules for the protection of the privacy of the data subjects.

8. Data storage

Personal data are therefore kept for the entire period necessary to achieve the research purposes indicated in point 3. Personal data may be kept even beyond the period necessary to achieve the purposes for which they were collected or subsequently processed, in compliance to art. 5, § 1 lett. e) of the EU Regulation.

9. Rights of the data subject

The following rights are granted to the data subject:

- a) right to access their personal data (art. 15 of the EU Regulation);
- b) right to amend or complete their data (art. 16 of the EU Regulation);
- c) right of cancellation (right to be forgotten), pursuant to art. 17 of the EU Regulation;
- d) right to limit data processing under the conditions set out in Article 18 of the EU Regulation;
- e) right to data portability, as provided for by art. 20 of the EU Regulation;
- f) right to object to the processing of their data in any moment (art. 21 of the EU Regulation);
- g) right to lodge a complaint with Italian Data Protection Authority (Garante per la protezione dei dati personali).

The interested parties can withdraw consent to the processing of their personal data at any time. Any withdrawal of consent by the interested parties does not invalidate the legal basis for the processing of personal data collected for the research purposes

indicated in point 3. In this case, no further personal data of the interested party will be collected, without prejudice to use of any data already collected to determine, without altering them, the results of the research or those that, originally or following processing, are not attributable to an identified or identifiable person.

10. Exercising one's rights

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ANNEX IV – LIST OF INTERVIEWEES

Generalitat de Catalunya, civil servant, 29/08/2023, via zoom

Regione del Veneto, civil servant, 12/09/2023, in person meeting

Eusko Jaurlaritza/Gobierno Vasco, civil servant, 26/09/2023, via zoom

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