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Article

The National Recovery and Resilience Plans: Towards a Next Generation of Fiscal Coordination?

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Abstract

The Recovery and Resilience Facility reflects unprecedented solidarity through common financing paired with an innovative governance framework. Member states can access grants and loans through the formulation of National Recovery and Resilience Plans, under a set of conditions that include minimum allocation targets and addressing country-specific recommendations. The analysis evaluates whether the governance of the Recovery and Resilience Facility mitigates one of the longstanding weaknesses of the Economic and Monetary Union architecture: fiscal coordination. Assessing the prevalence of green, digital, and social priorities in the (a) National Recovery and Resilience Plans, (b) the country-specific recommendations, and (c) party manifestos through a quantitative and qualitative text analysis shows some convergence toward supranational preferences, albeit only in the green domain. I provide preliminary evidence at the stage of the formulation of the plans of the effectiveness of the Recovery and Resilience Facility fiscal policy coordination by testing whether recovery agendas in the National Recovery and Resilience Plans reflect EU or national priorities. Deviating from the limited implementation of country-specific recommendations within the European Semester, the analysis indicates the governance of the Recovery and Resilience Facility orients the National Recovery and Resilience Plans toward fostering a green recovery. Findings contribute to the assessment of how pandemic recovery instruments innovate EU fiscal governance and longstanding discussions on the ineffectiveness of fiscal coordination within the Economic and Monetary Union, informing the ongoing debate on the reform of the Stability and Growth Pact and a permanent successor to the Recovery and Resilience Facility.

Keywords

Covid-19; fiscal coordination; Economic and Monetary Union; European Semester; National Recovery and Resilience Plans; NextGenerationEU; Recovery and Resilience Facility

Issue

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1. Introduction

A longstanding narrative places crises at the center stage of forging the history and progress of European integration, further accelerated by the “crisification” of EU policymaking in the last decade (Rhinard, 2019). In the economic domain, both iterations of a major reform of the Stability and Growth Pact (SGP) followed a crisis which had mined the credibility of the framework. The Covid-19 pandemic has been portrayed as a window of opportunity for furthering economic integration with the introduction of notable innovations mobilizing an unprecedented scale of cross-country transfers extending the role of EU economic governance from purely regulatory to redistributive (Ladi & Tsarouhas, 2020). The flagship EU pandemic response of NextGenerationEU (NGEU) grants resources to the member states for investment and reforms through the Recovery and Resilience Facility (RRF) financing National Recovery and Resilience Plans (NRRPs), drafted by the member states in cooperation with the European Commission.

The nature and scale of the innovation of NGEU within the framework of EU economic governance is highly contested (e.g., Howarth & Quaglia, 2021; Ladi &

Tsarouhas, 2020). Yet, albeit temporary, the innovations of the governance framework include a domain which has been traditionally a challenge for the Economic and Monetary Union (EMU): the coordination of fiscal policies among the member states. I leverage the case of the pandemic response to address whether the innovative governance of the RRF engenders fiscal coordination within the scope of the recovery agendas. Such a question contributes to a longstanding debate within the literature on the EMU. Indeed, while its primary objective is fiscal sustainability, soft coordination mechanisms such as the Broad Economic Policy Guidelines have been in place since the early days. The introduction of the European Semester and the country-specific recommendations (CSRs) has provided prominence to the question of the effectiveness of economic coordination. Yet, the track record of the implementation of the CSRs is poor. In addition, higher compliance for SGP-related CSRs rather than those relying on soft coordination mechanisms (Mariotto, 2022) suggests the Semester may be better equipped to empower conditionality over (cost-cutting) structural reforms rather than orienting investment. While consolidation is not among the objectives of NGEU, the RRF builds on the Semester with a reform-based conditionality linked to the CSRs (Vanhercke & Verdun, 2022), prompting the assessment of whether the governance framework improves the effectiveness of fiscal coordination.

In principle, the design of the governance framework of the RRF supports greater coordination of fiscal policies. Member states can access funding through grants and loans to finance NRRPs addressing a set of common priorities and guidelines. A broad categorization of RRF objectives rests on the promotion of a green, digital, and (socially) inclusive recovery with the support of minimum allocation thresholds, except in the third case. A further condition is tailored to each member state as plans should address CSRs. Accordingly, one would not necessarily expect effective coordination to imply convergence toward homogeneous recovery agendas. Conversely, we can consider similar prioritization within the plans and the CSRs to indicate closer adherence with the investment and reform priorities outlined for each country within the (pre-pandemic) supranational framework for fiscal coordination. The drafting of the plans by the member states in close coordination with the European Commission suggests the latter may orient investment and, especially, reforms (Bokhorst & Corti, 2023). Conversely, the heterogeneous implementation of the CSRs, traditionally more effective in enforcing budget constraints than promoting investment, would suggest substantial leeway for the member states. Case studies addressing single or limited country or policy cases, further outlined in the section to follow, paint a mixed picture so far.

I contribute to these analyses by addressing—at the scale of nearly all NRRPs—the question of effective fiscal coordination through the RRF. I test this question by comparing the recovery agendas outlined by the NRRPs, understood as the prominence of green, digital, and social content, against domestic and supranational priorities. I operationalize priorities within the NRRP applying a text-as-data dictionary approach to the policy documents of the plans. Such an approach overcomes the challenge of classifying funding which may pertain to multiple policy areas and hence necessitate an arbitrary split, potentially inaccurate in depicting the contribution to each dimension. In addition, the spending thresholds imply minimum allocations in the digital and green domains are a precondition for the approval of the plans. Yet, relying on the number of reforms across policy areas entails a similar issue that, in principle, all CSRs should be addressed within the plans. Instead, countries have more leeway in how much text to devote to each policy area which can be argued as an indication of the extent to which they are prioritized. While this approach has clear limitations with regard to funding and or implementation of different policy areas, it offers a robust assessment of priorities. I employ a similar logic in operationalizing national priorities, applying the same dictionary classification to the manifestos of national governments. Finally, EU priorities are operationalized through the manual coding of CSRs.

Findings indicate two different models of prioritization across the three policy areas. While either the social or green dimensions are given the largest weight in the plans, digital priorities are overwhelmingly the least prevalent. Prioritizing green over an inclusive recovery deviates from domestic agendas captured by the manifestos, where social priorities are nearly universally dominant. A pooled regression analysis shows an association between a higher share of CSRs and prevalence within the NRRP only for the green domain. Results suggest the RRF has oriented the recovery toward green priorities, especially for countries with related CSRs. Yet, the same is not the case for the digital domain, also, in principle, supported by minimum allocation thresholds.

The analysis contributes to an understanding of the innovations introduced by the RRF, which mobilize massive investment and promote reforms contributing to shaping the post-pandemic recovery. Findings provide empirical evidence adding to the blossoming debate in relation to conditionality and ownership in the RRF, scaling the analysis to encompass all policy fields and (most) member states. Through the assessment of the coordination of fiscal policies through the RFF, I provide new insight into a domain in which the pre-pandemic EMU architecture is arguably lacking. In doing so, findings connect to the broader question of fiscal coordination and EMU through the Semester, feeding into the reignited discussion on CSRs and their implementation, against the backdrop of the ongoing policy debate on the reform of the SGP and whether permanent measures of fiscal solidarity should remain in place after NGEU. The analysis also offers a new approach, through quantitative text analysis, to the assessment of recovery agendas and the classification of (multilingual) EU policy documents which may offer further opportunities to systematically track priorities throughout the evaluation and implementation of the RRF.

2. Fiscal Coordination in the Economic and Monetary Union and the Recovery and Resilience Facility

NGEU has introduced a joint pandemic reconstruction measure based on commonly defined priorities, shared borrowing and financing, and transnational solidarity. Its core component of the RRF under Regulation (EU) 2021/241 combines supranational conditionality and domestic ownership in the drafting and implementation of NRRPs. In addition, the RRF foresees an allocation key prioritizing support for countries whose economies were most impacted by the pandemic and ensuing recession, introducing an element of transnational solidarity. To ground expectations on the effectiveness of fiscal coordination through the NRRP, this section draws on the literature on the European Semester and the RRF, pinpointing continuity and change in the governance architecture, especially in relation to conditionality and national ownership.

2.1. Fiscal Coordination in the European Semester

Fiscal coordination has been present in rudimentary forms since the early days of EMU. In the aftermath of the eurozone crisis, the toolset for fiscal coordination was strengthened with the introduction of the European Semester bringing together the enforcement of discipline within the SGP and guidance on economic policy through the CSRs. From such a premise, especially in its initial cycles, we can see the Semester as a mechanism for further enforcement of compliance with the EU fiscal framework, enhancing pre-emptive scrutiny of fiscal policy and reinforcing its long-term sustainability through increased centrality of structural reforms encapsulated by the CSRs. Yet, the track record of implementation of CSRs is problematic, on average remaining below 10% and decreasing over time (Domorenok & Guardiancich, 2022). In addition, the effectiveness of the Semester has been doubted as the implementation of structural reforms may be contingent on complementary pressures such as that of the financial market or the Excessive Deficit Procedure (Guardiancich & Guidi, 2022). Implementation differs across the legal bases of the CSRs, with lower compliance in those relying on a soft coordination mechanism compared to those backed by the hard conditionality of the SGP, especially for countries under the Excessive Deficit Procedure (Mariotto, 2022). Hence, CSRs may have limited bite, especially when beyond the purview of fiscal consolidation and relying purely on a soft mechanism of coordination (Bekker, 2021a). The pressure for the implementation of CSRs is hence heterogeneous across sectors and countries (Bekker, 2021a; Bokhorst, 2022; Vanheuverzwijn & Crespy, 2018).

Finally, the Semester has been plagued not only by modest compliance but also by dismal national ownership (Vanheuverzwijn & Crespy, 2018). Nevertheless, some authors argue the Semester has supported progress, in rebalancing the EU fiscal framework toward social objectives (Zeitlin & Vanhercke, 2018), showing instances of effective pressure for structural reforms also in domains that are not directly connected to fiscal consolidation (Bokhorst, 2022). Overall, the emerging picture is that of fiscal coordination in EMU remaining spotty at best, casting doubts on the improved effectiveness of fiscal coordination in the RRF. Still, several innovations of the RRF may improve compliance overall and specifically in the domain of fiscal coordination.

2.2. Solidarity, Conditionality, and Ownership in the Recovery and Resilience Facility

The experience of the Semester cannot fully translate into expectations concerning the RRF. We can consider three innovations as crucial to the assessment of whether the RRF engenders fiscal coordination: solidarity, conditionality, and domestic ownership. Fiscal coordination has traditionally taken place in the shadows of EU fiscal discipline. While reforms within the CSRs may also relate to investment their relative misfortune in implementation compared to those backed by the SGP suggests the framework has traditionally been better suited for enforcing discipline. Conversely, the pandemic response is characterized by EU fiscal solidarity thanks to "enabling consensus" fueled by the exogenous nature of the crisis (Ferrara & Kriesi, 2022, p. 1367), with massive borrowing by the European Commission. As a result, EU economic governance, albeit temporarily, shifts from a purely regulatory approach grounded in austerity to a distributive one supported by €390 billion of grants and nearly as much in potential loans (Ladi & Tsarouhas, 2020), providing crucial support for investment which had been severely lacking in the aftermath of the eurozone crisis (Nasir, 202). The solidarity and (re)distributive dimensions of the RRF are highlighted by the geographically uneven allocation of the funds, which combines the severity of the Covid-19 shock and pre-pandemic economic vulnerabilities (Armingeon et al., 2022).

With the RRF, fiscal coordination is paired with the EU weakening rather than enforcing domestic budget constraints. The implications for conditionality are multiple. Transfers imply that its nature has changed from the negative constraint of public expenditures to "an expansionary-oriented conditionality framework" (Armingeon et al., 2022, p. 3). "Positive conditionality" (Vanhercke & Verdun, 2022) begs the question of whether "carrots" are more effective than "sticks" (Guillén et al., 2022). At face value, one may expect conditionality to be stringent as spending is restricted to (broad) policy areas and in some domains mandatory targets, disbursed under close oversight of progress (Bocquillon et al., 2023). While such a form of conditionality is innovative within the Semester, its logic resembles that of EU cohesion funds (Bocquillon et al., 2023) whose problematic track record may raise questions on effectiveness (Domorenok & Guardiancich, 2022). The contrary may be expected, given the empowerment of the Commission through the governance of the RRF (Buti & Fabbrini, 2023) in all phases of the policy process from the drafting of the plans prior to submission to implementation (Bokhorst & Corti, 2023; Vanhercke & Verdun, 2022). In addition, conditionality directly encompasses fiscal coordination with the integration within the Semester and the mandate to implement "all or a significant subset" of CSRs in the NRRPs (Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021, 2021, Art. 18).

However, in leveraging the Semester, the RRF aims to pair conditionality with domestic ownership, offering a "balance between providing sufficient constraints, while leaving considerable leeway to the member states" toward their own policy preferences (Vanhercke & Verdun, 2022, p. 208). Within the framework of the NRRPs, conditionality does not manifest in a top-down imposition of priorities by the European Commission, as governments conversely take the lead in putting forward milestones and targets (Bokhorst & Corti, 2023). The RRF—as recognized in the regulation itself—retains a "basic bottom-up approach aiming for national ownership" to foster efficiency and legitimacy of reforms and deviating from previous experiences in the deployment of EU financial assistance (Schramm & Wessels, 2023, p. 3). Accordingly, the RRF allows for alternative paths to reform to be put forward by the member states, which should also entail broader consultation and ownership of national actors (Bekker, 2021b). Furthermore, domestic priorities may remain central in the design of NRRPs as the compressed timeframe for the formulation of the plans facilitated the use of funding for existing projects in the climate (Bocquillon et al., 2023) and social domains (Bokhorst & Corti, 2023).

2.3. The National Recovery and Resilience Plans as a New Generation of Fiscal Coordination

Against these innovations, the RRF can be configured as an instrument for fiscal coordination in the recovery. Fiscal coordination can be understood along two dimensions, consisting of both homogeneous and country-specific guidelines for the recovery agendas encapsulated by the NRRPs. In general, priorities with the recovery are structured along six pillars, which can be classified across the three broad objectives of fostering a green, digital, and (socially) inclusive recovery. In this context, NRRPs are bound by minimum allocation thresholds for green (37%) and digital (20%) priorities. Social policies do not benefit from the same hard conditionality but rather are subject to a weaker commitment to contributing to the European Pillar of Social Rights (Vanhercke & Verdun, 2022). In addition, fiscal coordination also has a diversified component, in continuity with the Semester, as the plans are supposed to implement the 2019–2020 CSRs. Accordingly, we may think of supranational fiscal coordination as steering the recovery toward green, digital, and social investment and reforms, yet giving different weights to the three areas as a function of the priorities foreseen in the CSRs. The track record of implementation of the CSRs has been generally weak. Still, the RRF may empower a shift of the Semester from a "non-binding structure for policy coordination" to a Commission-driven "supranational economic policy" (Vanhercke & Verdun, 2022, pp. 211, 217). Given the cost of non-compliance is potentially foregoing access to the funds, CSRs' conditionality can be expected to be more effective within the RRF. Guillén et al. (2022) show the RRF has been successful, departing from the track record of the Semester, within the specific domain of social investment in Italy and Spain. Similarly, close scrutiny of the plans by the Commission has taken place for environmental policies, including instances in which changes were sought for better alignment to EU climate priorities, through a process of close "mutual dialogue" during the formulation of the plans (Bocquillon et al., 2023, p. 11). This would suggest the RRF can engender greater fiscal coordination, conceived as the alignment of the priorities within the recovery agenda and the CSRs.

However, analyses of the governance itself and the approval and early implementation of the RRF suggest challenges may remain. Given the domestic ownership within the drafting process, member states may submit plans that comply with procedural requirements but reflect domestic priorities. Indeed, compared to fiscal coordination within the Semester the leeway of member states is enhanced by the decentralized design of the plans under substantial time pressure (Bocquillon et al., 2023). Close scrutiny and oversight of all NRRPs may prove resource-intensive and unfeasible within the short timeframe of the formulation and approval phases. As a result, compliance with CSRs' conditionality may be imperfect and heterogeneous across countries and policy areas. Analyzing the negotiation of the NRRPs in five member states, Bokhorst and Corti (2023) note minimal interference of the Commission for investment priorities provided formal requirements were met. In parallel with the different performance of CSRs across legal bases, we may expect closer oversight—and hence stringent conditionality—for major recipients. For instance, climate policies received greater scrutiny in countries such as Italy, benefitting the most from the RRF (Bocquillon et al., 2023). Conversely, the Commission enjoyed more limited leverage in countries such as Germany and the Netherlands, less reliant on the RRF for financing their recoveries (Bokhorst & Corti, 2023). The NRRP of countries such as Austria, Germany, and the Netherlands left several CSRs unaddressed (Bokhorst & Corti, 2023; Corti & Vesan, 2023). In addition, several countries included additional or alternative reforms than those indicated by the Semester within the social domain (Corti & Vesan, 2023). Accordingly, one may expect substantial deviations from the prioritization of the CSR within the plans and national priorities to take precedence.

Bocquillon et al. (2023) have argued that the effectiveness of conditionality rests on withstanding the test of its enforcement in the implementation of the plans. Nonetheless, in relation to fiscal coordination, the plans themselves outline the policy agenda for the recovery, already offering a first indication of whether the latter is aligned predominantly with supranational or domestic priorities. The governance innovations justify expectations of increased effectiveness of positive conditionality of the RRF in comparison to the soft coordination mechanisms of the CSRs. Yet, the centrality of national ownership along with the problematic track record of implementation of CSRs and the resemblant conditionality of EU funds may conversely suggest domestic priorities remain in the foreground. Given the mixed picture, I test empirically the competing hypotheses of recovery agendas within the NRRPs, conceptualized as the weight given to green, digital, and social priorities to be associated with (H1a) the share of CSRs countries have received or (H1b) domestic priorities as captured by the manifestos of governments submitting the plans.

3. Data and Methods

This section outlines the operationalization of the dependent and explanatory variables across the EU and national level, outlining the comparative approach. I provide a full account of data sources and their processing in the Supplementary Material. Due to limitations in data availability further outlined below, the analysis extends to 24 member states, excluding Bulgaria, the Netherlands, and Luxemburg. I construct the dependent variable classifying plans across their prioritization of green, digital, and social content based on the policy documents of the NRRPs. The unified timeline for the submission of the NRRPs is an asset as one can expect recovery priorities to shift depending on the phase of the pandemic during which they were conceived. In addition, time pressure has been shown to interact with the expected stringency of conditionality and reliance on pre-existing projects. While not all member states submitted their plans by the deadline of April 2021, the overwhelming majority submitted within the summer of 2021 with only the Netherlands—which I hence exclude—delaying until 2022. I translate all plans into English through e-translation, which is an approach shown as sufficiently accurate for bag-of-word analyses (de Vries et al., 2018). I provide an overview of the corpus and details of the standard pre-processing in the Supplementary Material. I operationalize economic coordination through the share of green, digital, and social priorities in the NRRPs which I measure through an inductive dictionary grounded on the most frequent terms within the overall corpus of the plans. I classify the top 1,000 features across all NRRPs according to their green, digital, or social relevance resulting in a dictionary of 120 keywords presented in Figure 1. I apply the dictionary to the weighted document feature matrix to account for heterogeneous document length. As a result, I obtain for each country the prevalence of the three domains within the plans.

I infer supranational priorities for each country's investment and reform agenda based on the 2019 CSRs, sourced from the Country-Specific Recommendation Database from EGOV (2020). I operationalize EU priorities by relying on the EGOV classification into 318 sub-CSRs and manually coding the 215 which pertain to green, digital, or social priorities. I aggregate the share of green, digital, and social sub-CRS for each country. I identify a domestic counterpart through party manifestos of the incumbent governments at the time of submission of the NRRPs. Such an approach is not without limits for two reasons. Timing of the manifestos mirrors elections which may date as early as 2016 or after the outbreak of the pandemic. Accordingly, policy agendas within the manifestos may reflect different contexts, especially for the post-pandemic election cycles. In addition, when cabinets changed close to the submission of the plans it is unclear the extent to which the content of the plan should be attributed to the outgoing executive steering the preparatory phases. At the same time, manifestos do not necessarily imply clear policy commitments. Nevertheless, they represent a proxy of the preferences of the government which, like the CSRs, can indicate the relative attention to the three different domains while allowing to account for the composite nature of the executive and match the cabinet at the time of submission. Alternative approaches would result in more limited country coverage and entail arbitrary choices over reference documents: budget documents exclude cabinets resulting from recent elections or with changed composition; strategic recovery policy documents are multiple, may refer to different pandemic phases and policy areas and fail to match the cabinet at the time of the NRRP submission. I derive cabinet characteristics from the ParlGov dataset identifying parties within the government coalitions at the time of the NRRP submission (Döring et al., 2023). I attribute to each country the manifestos of parties within the coalition government, excluding those without parliamentary seats. I use the corpora of the Manifesto Data Project (Lehmann et al., 2023), complementing missing data for Ireland, Slovakia, and Spain, failing to fill the void only for Bulgaria and Luxemburg. Translation and pre-processing are aligned with the NRRPs, and summary statistics are provided in the Supplementary Material. I apply the inductive dictionary constructed through the NRRPs corpus to the weighted document-features matrix of manifestos obtaining for each country the domestic prevalence of green, digital, and social priorities.

The prevalence of the green, digital, and social priorities in the NRRPs resulting from the (weighted) dictionary analysis characterizes the recovery agenda set forth by each member state, in negotiation with the European Commission. Benchmarking such output against similarly characterized EU and domestic preferences allows for the identification of differences in ranking across the three domains and associations. First, I outline recovery agendas considering the ranking of green, digital, and social content within the NRRPs. I proceed in the same manner for CSRs and manifestos to identify different patterns which may suggest (a) change against the domestic agenda and (b) alignment towards EU priorities.

Finally, I run a pooled linear regression of NRRPs' priorities on their counterparts in the CSRs and manifestos. I consider heterogeneity across the three policy areas as well as additional explanatory variables. I account for grant size as it may affect supranational conditionality. On one side, countries with large envelopes may be more susceptible to supranational pressure as their NRRPs mobilize a higher scale of resources and, given the nature of the allocation key, they are among member states suffering from greater economic costs and vulnerabilities. On the other side, the European Commission has been shown to be prone to closer oversight and stronger pressure for the implementation of all CSRs for large grant sizes (Bokhorst & Corti, 2023). I also consider the government's ideological stance as it may affect the propensity to implement EU priorities beyond the alignment with domestic policy agendas. A detailed account of all variables, data sources, and processing is provided in the Supplementary Material while a summary is presented in Table 1 below.

4. Results

Figure 1 shows the 120 keywords of the inductive dictionary built from the classification of the most frequent 1,000 features across the entire corpus of NRRP documents. Already at this stage, the classification shows that digital keywords are relatively more infrequent within the plans overall. Applying the dictionary to the corpus of the NRRPs generates the dependent variable yielding for each country the prevalence of the three policy areas.

Subsection 4.1 presents the resulting heterogeneous recovery agenda, indicating cross-country differences in the space devoted to green, digital, and social priorities within the text of the plans. Subsections 4.2 and 4.3 similarly present the supranational and domestic prevalence of the three priorities, differing in whether a mainstream approach can be identified. The final subsection, Subsection 4.4, seeks associations between recovery agendas and national and supranational priorities, exploring whether differences emerge across policy areas.

4.1. Heterogeneous Recovery Agendas

The dictionary analysis shows that within the NRRPs, overall priorities display the highest prevalence, followed closely by green. Digital ones are the least prevalent, not even amounting to half of the frequency of the frontrunners. Such a ranking may be unexpected given the allocation thresholds committing a minimum of 37% of resources to green priorities and 20% to digital with no

Table 1. Variables.

Variable	Description	Source
Dependent variable: NRRP dictionary scores	For each country, a measure of the weighted frequency of green, digital, and social keywords in the NRRP on the basis of a dictionary analysis of the corpus	Own calculation based on the officially submitted plans processed as described in Table A2 (see Supplementary Material) through standard translation, tokenization, and cleaning
Independent variable: Manifesto dictionary scores	For each country, a measure of the weighted frequency of green, digital, and social keywords in the manifestos on the basis of a dictionary analysis of the corpus	Own calculation based on manifestos of governments submitting the plans; coalition information retrieved from ParlGov; manifestos retrieved from the Manifesto Project Corpus, complemented whenever possible for missing data; standard processing similar to the NRRPs described in Table A3 (see Supplementary Material)
Independent variable: CSR shares	Share of the CSRs reflecting green, digital, and social recommendations	Manual coding based on the sub-CSRs provided by the EGOV database
Control: Size	Size of the grants financing each NRRP	European Commission
Control: Ideology	Seat-weighted RILE score for the government coalition	ParlGov

digit	energi	educ	social	health	work	effici	sustain
15,997	13,044	11,236	9,091	8,772	8,423	7,751	7,734
climat	transport	innov	water	technolog	transit	environment	employ
7,694	7,078	7,018	6,760	6,739	6,138	6,056	5,979
green	wast	skill	care	labour	environ	emiss	school
5,725	4,844	4,818	4,680	4,373	4,338	3,732	3,518
electr	natur	digitalis	renov	communic	modernis	vehicl	circular
3,325	3,301	3,223	3,054	2,919	2,903	2,753	2,749
mobil	life	job	digitis	pollut	road	ecosystem	agricultur
2,687	2,648	2,464	2,443	2,216	2,045	1,980	1,957
electron	equal	hospit	heat	employe	biodivers	disabl	recycl
1,915	1,901	1,866	1,858	1,842	1,776	1,758	1,752
patient	age	air	gas	inclus	student	univers	hydrogen
1,750	1,688	1,683	1,669	1,662	1,648	1,632	1,604
medic	young	pension	unemploy	railway	women	vocat	children
1,601	1,594	1,583	1,556	1,488	1,486	1,470	1,412
greenhous	incom	cohes	fuel	famili	modern	smart	worker
1,376	1,372	1,366	1,346	1,286	1,282	1,281	1,275
vulner	rail	healthcar	station	traffic	gender	teacher	decarbonis
1,261	1,221	1,187	1,102	1,095	1,058	1,038	1,011
forest	softwar	ecolog	comput	broadband	rehabilit	carbon	co2
980	968	905	858	845	825	822	800
cybersecur	soil	career	adult	poverti	interoper	cloud	teach
784	765	760	750	748	747	730	721
clean	internet	dispos	inequ	flood	start-up	low-carbon	clinic
701	678	638	609	598	559	557	555
doctor	recruit	occup	entrepreneur	artifici	wage	fossil	light
553	547	543	533	530	525	517	516
farm	engin	personnel	welfar	nurs	youth	disadvantag	media
509	500	495	492	488	488	487	487

Figure 1. Dictionary keywords for green, digital, and social content. Note: The 120 keywords are obtained from the top 1,000 features and constitute the green (green), digital (blue), and social (red) dictionaries.

hard target for the social domain. We can see two predominant configurations of relative rankings. The most frequent (12 countries) aligns with the overall corpus being foremost social and green. In the second configuration (11 countries), green priorities exceed social ones. Greece is the only case in which digital priorities do not come last but rather second after social ones.

Figure A1 in the Supplementary Material maps the recovery agendas of all countries according to the ranking across priorities. Figure 2 shows the actual (weighted) prevalence for each country and domain, indicating that relative weights can vary substantially from somewhat balanced (e.g., Germany) to highly skewed in favor (e.g., green in Denmark) or disfavor (e.g., digital in Sweden) of one dimension. Maximum and minimum shares vary across the three domains. Digital priorities reach a low of 1.4% and a maximum of only 6% of the corpus. Conversely, minimum green priorities reach nearly 4% (Latvia), with the maximum exceeding 13% (Denmark). Social content displays similar ranges between 3.2% (Denmark) and 10.3% (Ireland). These diverse ranges indicate that one size does not fit all NRRPs, consistent with findings focusing on certain countries and policies (Bokhorst & Corti, 2023; Corti & Vesan, 2023). In addition, social priorities fare substantially better than the absence of allocation targets would suggest. Conversely, allocation targets do not necessarily guarantee the same relative attention in the policy agenda captured by the plans. This may be for several reasons. Targets only apply to resources and not—for instance—to the attention devoted to challenges and reforms. In addition, spending can address multiple policy areas while the language of the NRRP is inherently only addressing one. The limited prevalence of digital may suggest certain

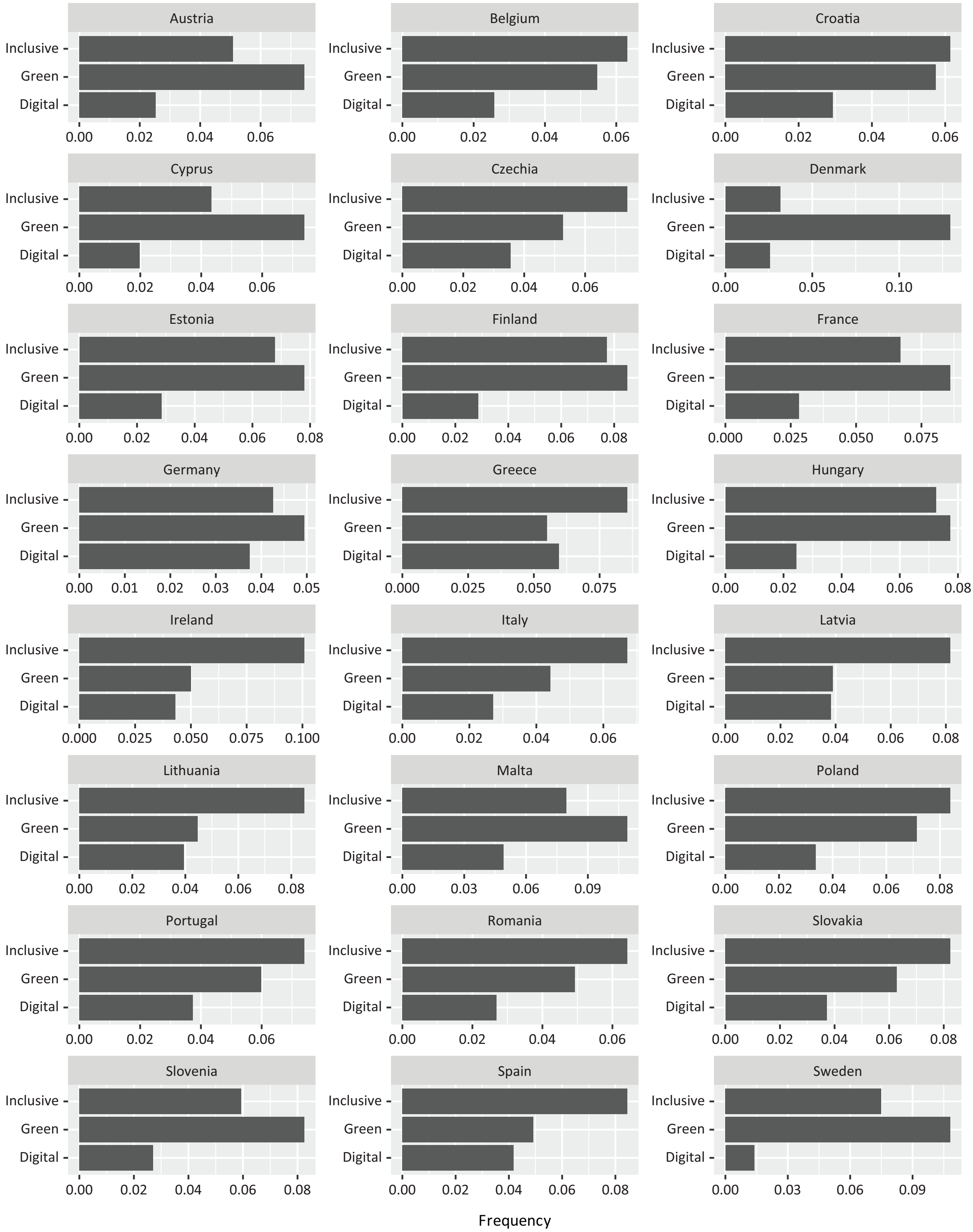

Figure 2. Weighted frequency of green, digital, and social priorities by country within the NRRPs.

policies allow for a claim of relevance toward this domain while predominantly addressing other policy areas (e.g., a social project with some digitalization component). These diversities show that, potentially, flexibility can be achieved within the formal constraints of the RRF, begging the question of whether prevalence across policy domains is aligned with supranational or domestic priorities.

4.2. Supranational Priorities

CSRs are the domain in which it is the least feasible to evince few configurations across which all or most countries fit. Conversely, as shown in Figure 3, the diversity of supranational priorities across the member states suggests extensive tailoring to specific domestic challenges, in line with how recommendations should—and have been found to—operate.

If we consider the overall share, 52% (113) of sub-CSRs reflate to social concerns, 26% (56) green, and 21% (46) digital. This ranking is the same as that of 12 NRRPs. Yet the overall shares hide extensive variabilities in the policy ranking across the country and the extent to which sub-CSRs are balanced (e.g., Czechia, Denmark) or favor one domain. If this is the case, the focus is generally on social priorities (in 12 countries, with shares reaching 60% in eight). The only other instance of sub-CSRs' shares reaching 60% is in Malta for the green domain. At the opposite end of the spectrum, the digital domain is the only one that is fully absent (Estonia and Romania) and remains around or below 20% for half of the countries. Digital is the most frequent topic of sub-recommendations only in Cyprus. Overall, the ranges across the three domains result in 0 to 46% for digital, 8 (Austria) to 60% (Malta) for green, and 20 (Malta) to 75% (Estonia) for social sub-CSRs. Geographical configurations are also not evident as, for instance, over 60% of shares for social sub-CSRs encompass both Northern countries (e.g., Sweden, Germany, Austria) and the peripheries in the South (Italy, Spain) and East (Romania, Slovakia). Differently from the NRRPs, it is not possible to characterize the prevalence of CSRs along a parsimonious number of archetypes even when only based on rank is considered. Nevertheless, overall, one can say that if any domain is predominant, it is more often the social one while the opposite is the case for digital. This pattern aligns with the relative prevalence within the NRRPs still leaving open the issue of whether prioritization at the country level is associated with CSRs. Additionally, the widespread prevalence and predominance in several countries of social sub-CSR are aligned with arguments for the socialization of the EU fiscal framework throughout the Semester (Zeitlin & Vanhercke, 2018). The social domain may hence be highly salient for the Commission, supporting its prevalence even in the absence of harder conditionality mechanisms such as the minimum allocation thresholds.

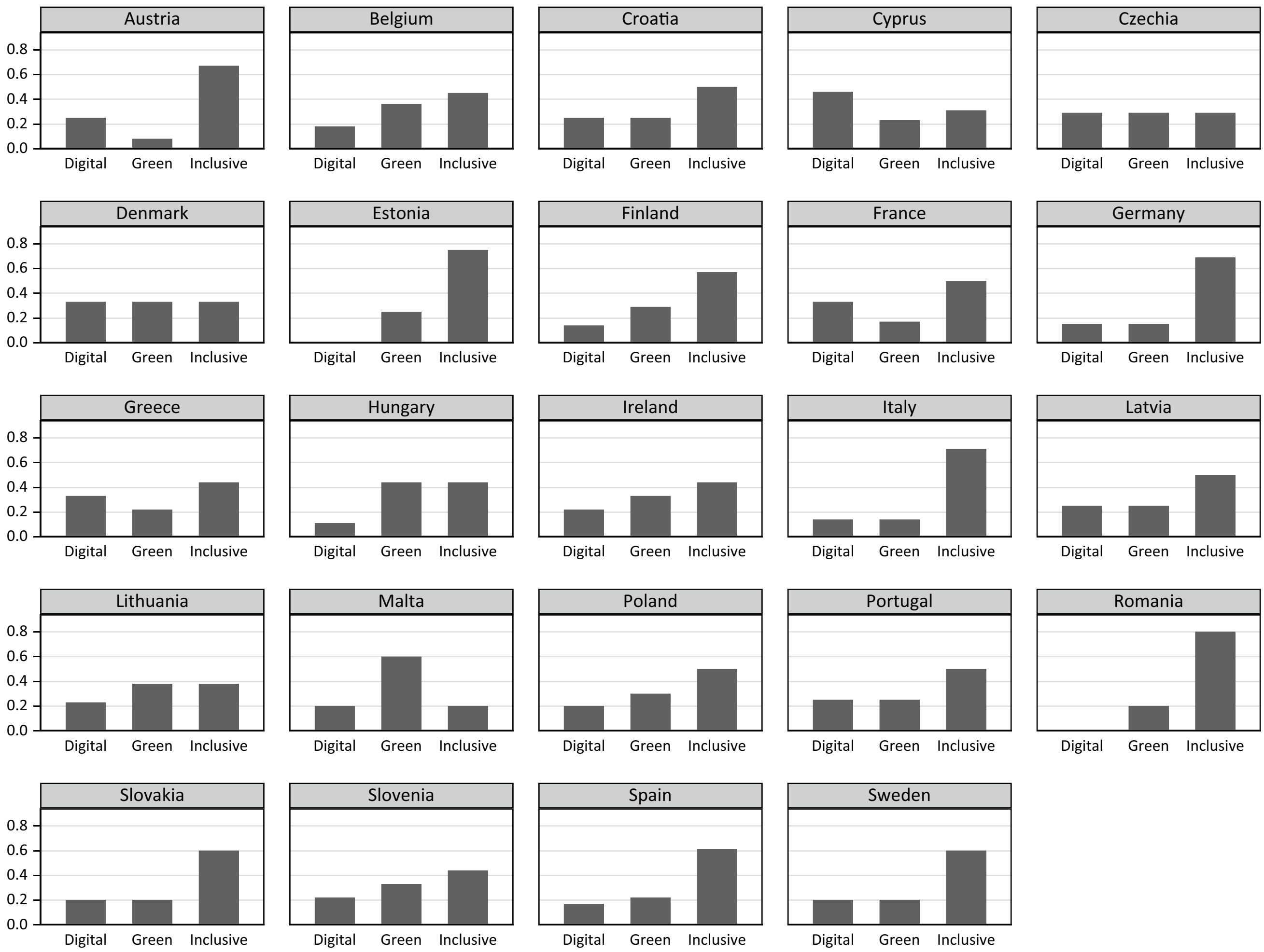

Figure 3. Share of sub-CSRs by country across digital, green, and social priorities.

At the same time, the presence of social CSRs does not speak to their implementation, with track records generally less encouraging than for other legal bases (Mariotto, 2022) and conversely further questioning the effectiveness of pre-pandemic fiscal coordination.

4.3. Domestic Agendas

The classification of domestic agendas through manifestos comes with all the caveats and limitations discussed in Section 3 and the additional challenge of heterogeneous lengths of the texts, which at times are extremely short. This would be highly problematic, for instance, for the automatic detection of latent topics. Yet, in the application of the dictionary to the manifestos, we can still identify the green, digital, and social prioritization of domestic agendas according to a benchmarking measure that is homogeneous and derived from similar policy documents (the NRRPs). Unlike for CSRs, a generalizable ranking is present at the domestic level. Social content is overwhelmingly central, followed by green and finally digital which is extremely marginal in several but not all the plans, as shown in Figure 4. Indeed, with the sole exception of Italy, the social domain is the most prominent among manifestos. At the same time, the pervasiveness of social-related priorities ranges from below 4% (Spain, Hungary) to over 13% (Sweden). Green content ranks second with the only exception of Cyprus where it is barely present and Italy where it is the prevalent topic. Weighted prevalence clusters around the lower range of around 1 (Spain, Hungary, Cyprus) to 5% (Austria and Portugal). Finally, ranges are at the lowest in the digital domain which is dismal in some countries (0.15% in Hungary and 0.3% in Denmark) reaching a maximum prevalence of barely above 2% (Croatia, Germany, and Portugal). While prevalence varies, the emerging picture is a mainstream ranking across the three domains showing social-related concerns as the most widespread, followed by green priorities and with a generally minor space given to the digital realm. The consistently high prevalence of social content indicates that such a dimension is already salient domestically. That is to say, member states prioritize social measures on their own accord without requiring additional supranational pressure. This inclination may be another reason why social priorities are put forward within the plans without the constraint of mandatory spending targets.

4.4. Mapping EU vs. National Priorities in the National Recovery and Resilience Plans

Descriptively, some patterns already emerge in the overall alignment of NRRPs against national and EU priorities, especially if we focus on their relative ranking. The two reference configurations in the NRRPs are the prevalence of social or green priorities. The primacy of the social dimension is in line with nearly all manifestos and, in many instances, also CSRs. Conversely, we cannot say the same for nearly half of the countries considered that devote the most attention to the green domain within the NRRP. Such a prioritization is conversely consistent with the objectives of the RRF as indicated by the high minimum spending threshold. This may suggest some effectiveness in shifting priorities toward the green domain. Indeed, recovery models do not fully align with manifestos. Considering just the ranking of priorities, the near-universal primacy of social content domestically is matched by only one of the mainstream configurations of recovery agendas as for nearly half of the member states green priorities are the most prevalent. Such a pattern would be consistent with the objectives of the RRF as indicated by the largest hard conditionality threshold reserved toward a green recovery. One may not conclude the same for the digital domain which has a lower but still mandatory spending allocation. The different success of the two targets may derive from a higher relative salience of green compared to digital content at both the supranational and domestic level, indicating that a shift toward digital would require a greater shift in domestic agendas and is less of an EU priority. Nevertheless, the benchmarking weighted prevalence across policy areas for each member state in the two comparable corpora of the NRRPs and manifestos in Figure 5 suggests a more nuanced assessment, which does follow the presence of minimum allocation targets. Indeed, the space given to green but also digital content within the plans nearly universally overshoots the one in the manifestos. The opposite is generally the case in the social domain, where prevalence is generally higher at the domestic level than in the NRRP.

These patterns cannot identify associations of prioritization in the NRRPs with those at the supranational or national levels. A country-topic pooled regression on the set of national and domestic explanatory variables shows a positive and significant association between prevalence in NRRPs and in domestic manifestos while a positive but not significant one for CSRs, with no significant association with grant size or ideology, as shown in Figure 6. We may expect supranational conditionality to vary across policy areas, in line with the governance of the RRF, further reinforced through the allocation shares' prioritization of the green and digital domain and the cross-policy differences emerging from the descriptive analysis. Accounting for such heterogeneities confirms the digital domain is less salient across the board and shows a significant association between prevalence within the NRRPs and the share of CSRs driven by the green domain. Overall, there is no significant difference between the prevalence of green and social content in the plan, confirming instead the marginalization of digital priorities. Nonetheless, countries having received more green sub-CSRs—and hence for which the green transformation is a more pressing supranational priority—display a higher prevalence of such a domain in their NRRPs. As shown by the interaction coefficients in Figure 6, the same is not the case for digital

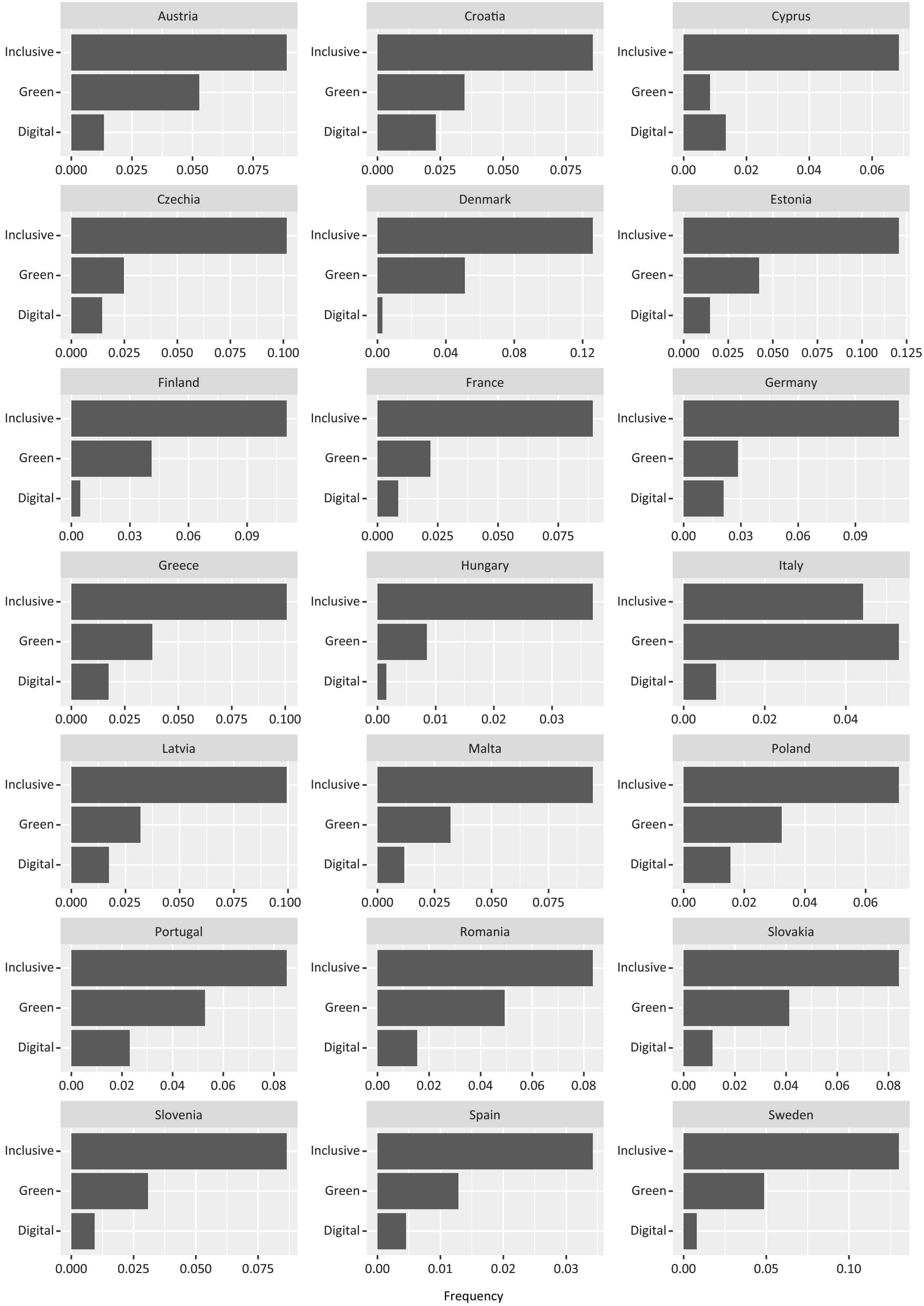

Figure 4. Weighted frequency of green, digital, and social priorities by country within the manifestos.

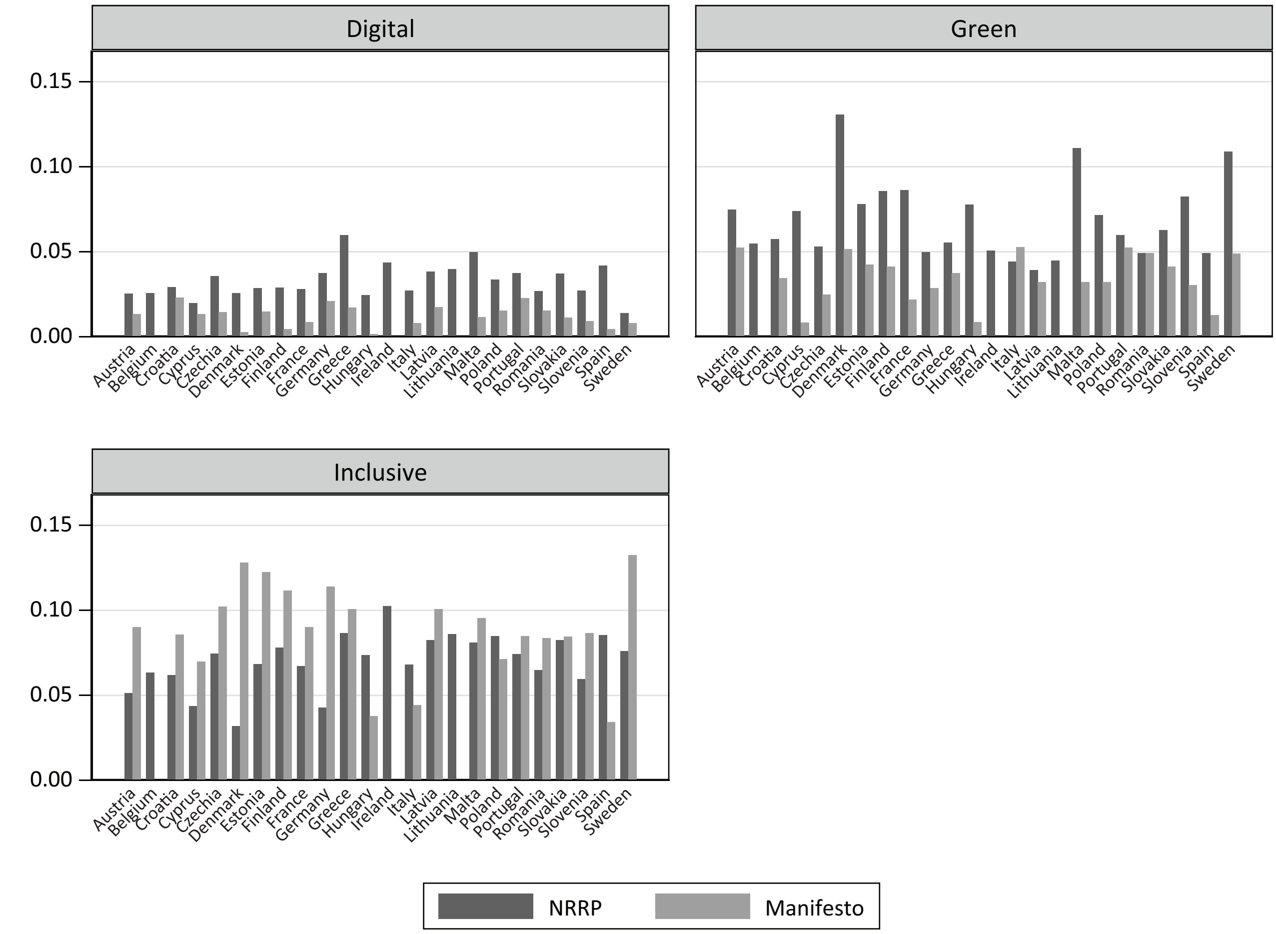

Figure 5. Prevalence of green, digital, and social content within the NRRPs and manifestos.

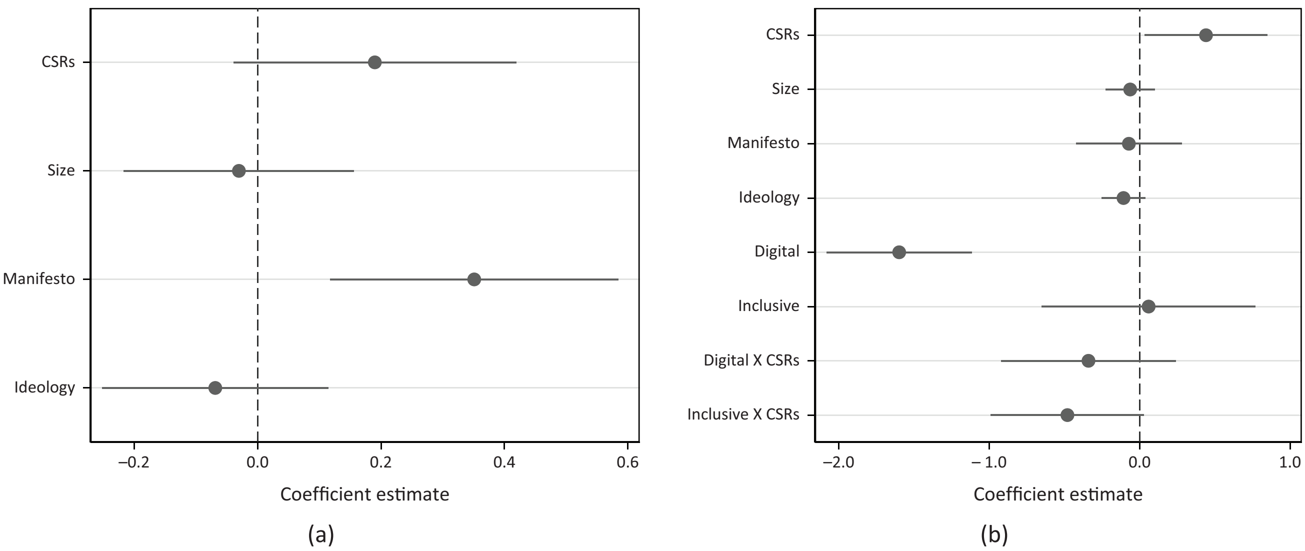

Figure 6. Coefficient plots of the result of pooled regression. Notes: The baseline model is on the left and the interaction model accounting for differences across topics is on the right; the full regression is presented in Table A4 of the Supplementary Material; the dependent variable is the (weighted) dictionary scores in the NRRPs; all variables are standardized and 95% confidence intervals are displayed.

and social sub-CSRs. In the latter case, the association is negative, albeit not significant. Full regression tables are presented in Table A1 (see Supplementary Material).

The marginal effect in Figure A2 in the Supplementary Material shows that, unlike other policy areas, countries receiving relatively more green-related CSRs display a higher prevalence of green content within their NRRPs. I test the robustness and sensitivity of the analysis in two ways. First, given the potential concerns over the reliability and coherence of manifesto data, I repeat the main regression excluding such a variable confirming a significant association with green CSRs. Second, I assess potential regional differences, indicating that the association with green CSRs is driven by Southern member states.

5. Conclusion

The analysis examines the question of whether—against the backdrop of traditionally limited implementation of CSRs within the Semester—the governance of RFF engenders effective fiscal coordination of recovery agendas. To answer this question, I compare prioritization across the three broad policy areas which characterize the RRF in the NRRP to those in the CSRs and party manifestos, capturing respectively supranational and domestic priorities. The textual analysis indicates topic prevalence within the NRRPs is significantly associated with CSRs albeit only for the green dimension. This result is coherent with the higher prevalence of the green dimension in NRRPs compared to the domestic agenda to the extent that, for half of the considered countries, it trumps the dominance of social priorities which is near universal in manifestos. That is to say that results are compatible with the RRF effectively orienting the recovery agendas toward green objectives. The effectiveness of the RRF in the green domain is hardly unexpected for several reasons. First, sectorial analysis of the governance and negotiation process of the plans by Bocquillon et al. (2023) finds some evidence of hardening of conditionality for climate spending, not only in relation to the allocation threshold but also as this priority is somewhat mainstreamed into the plans given that all measures must respect the do-no-harm principle. In addition, climate spending is heavily codified with the provision of a specific methodology for climate tracking and project-level justification of contribution to climate objectives for investment (Bocquillon et al., 2023). Such tools may have enhanced the ability of the Commission to scrutinize and monitor investments—a domain in which negotiations have been portrayed as technical and focused on formal compliance (Bokhorst & Corti, 2023)—in comparison to other policy areas. Additionally, the near concomitant launch of the European Green Deal, featuring among the top political priorities of the Von Der Leyen Commission, may suggest political attention given to this domain (Nasir, 2022). This context may explain why even in the presence of a spending target conditionality is less effective in the digital realm. For what concerns the social arena, two elements seem of relevance. CSRs in this domain have a track record of particularly high controversy and low implementation in the absence of additional pressure such as that of financial markets or the EDP. Additionally, the social domain, in general and especially in the context of the pandemic, may already be among the top priorities domestically and hence obtain comparatively high attention even in the absence of a spending mandate. However, the salience of social priorities does not necessarily imply that plans account for CSRs, which for the social domain have been only partially implemented in the NRRPs by several countries (Corti & Vesan, 2023). Conversely, the prominence of the green domain has successfully increased through the RRF, indicating that the governance has the potential to be a "game-changer" in the implementation of the CSRs (Bokhorst & Corti, 2023).

The approach has several limitations which scope the implications of findings. Recovery agendas and their characterization across policy areas do not fully imply that CSRs have been implemented and policy change has taken place. Still, pre-pandemic analyses have argued that the agenda-setting stage and issue salience are areas in which the Semester can be impactful, arguing against the sole focus on the degree of implementation (Bokhorst, 2022). Nevertheless, the approach of thematic classification through automated text analysis could be further extended to consider whether the emerging patterns remain in the implementation stage. Additionally, the scope of NRRPs does not comprehensively encompass fiscal policies in the member states. It remains possible that the weakened budget constraint through RRF grants and loans is devoted to certain policy areas while freeing up fiscal space for other spending measures. Early pandemic responses are an indication of differences in fiscal spaces (Ceron et al., 2021) leaving Southern member states especially constrained without RRF funding (Ceron & Palermo, 2023). NRRPs in countries like Italy and Spain have funded social investment unlikely possible otherwise (Guillén et al., 2022). More generally, the RRF accounts for a large component of resources mobilized in the recovery for countries among top beneficiaries (Armingeon et al., 2022). Conversely, countries with fewer fiscal constraints can finance investment (and current expenditures) through their own resources (Corti & Vesan, 2023) which could result in a lower prioritization of certain policy areas within the NRRPs. Nevertheless, given all three domains are enshrined within the objectives of the RRF, what is prioritized by countries in the NRRP—and hence committed to the conditionality and oversight from the supranational level—is per se of interest, especially in its alignment with the CSRs, as an indicator of the effectiveness of the governance framework of the RRF in engendering fiscal coordination of the resources made available for the plans. Against this backdrop, the analysis concentrates primarily on heterogeneity across policy areas. Still, geographical differences should be further explored in line with previous findings of cross-country differences in conditionality (Bokhorst & Corti, 2023) which are coherent with results being driven partially by Southern member states. A final limit is that a coarse dictionary-based quantitative text analysis remains within broad classifications along the green, digital, and social domains and is unable to capture more sophisticated nuances such as the alignment of plans with the specific CSRs or the distinction between content related to a policy area and actual commitments. Exploiting semi-automated approaches relying on human coding could further refine the precision and granularity of such a classification.

Against this background, the contributions of the analysis are manifold. Findings extend our empirical understanding of a so far largely neglected question in relation to the innovations of the RRF: its effectiveness as an instrument for fiscal coordination. Results are of broad relevance beyond the evaluation of the recovery response itself as they can inform the broader debate concerning the reform of the SGP and a permanent successor of NGEU for fiscal solidarity and the financing of investment. Finally, the analysis overcomes another constraint of the empirical literature on the RRF, so far limited to a single or few case studies for geographical or policy scope, indicative of the (scalable) opportunities of application of text-as-data approaches for the classification and assessment of recovery policies.

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Conflict of Interests

The author declares no conflict of interests.

Supplementary Material

Supplementary material for this article is available online in the format provided by the author (unedited).

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