Increasing the policy effectiveness through renewed conditionality mechanisms

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Group of high-level specialists on the future of Cohesion Policy

The European Commission, the Directorate-General Regional and Urban Policy (lead) and the Directorate-General Employment, Social Affairs and Inclusion (associated) have set up a Reflection Group on the future of Cohesion Policy. The group includes high-level members from academia and practice and in 2023 will meet nine times to reflect on current and future needs and the functioning of Cohesion Policy.

The group will offer conclusions and recommendations that will feed the reflection process on Cohesion Policy post-2027 including through the 9th Cohesion Report in 2024 and the mid-term review of Cohesion Policy programmes in 2025.

About the author

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Disclaimer

Key words

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Acronyms

CFR	Charter of the Fundamental Rights
CPR	Common Provisions Regulation
CSRs	Country Specific Recommendations
ECOFIN Council	Economic and Financial Affairs Council
EFC	Economic and Financial Committee
EMU	Economic and Monetary Union
EP	European Parliament
EPPO	European Public Prosecutor Office
ERDF	European Regional Development Fund
ESF+	European Social Fund Plus
ESI Funds	European Structural and Investment Funds
EU	European Union
IMF	International Monetary Fund
MIP	Macroeconomic Imbalances Procedure
MMF	Multiannual Financial Framework
NGEU	Next Generation EU
NRRP	National Recovery and Resilience Plans
RRF	Recovery and Resilience Facility
SGP	Stability and Growth Pact
TFEU	Treaty on the Functioning of the European Union

Abstract

This paper documents the generalisation of the culture of conditionality in the EU since the 2010s and proposes some considerations for the future of Cohesion Policy. It shows that throughout the succession of crises and a spill-over process, a diversity of conditionalities has been introduced in the EU intertwined into a conditionality regime and a method of government with its strengths and limitations and consequences for Cohesion Policy. The paper is structured as follows: After a brief mapping of different types of conditionality (Section 2), it reminds the contested *origins* of the culture of conditionality in the Eurozone crisis and its *expansion* as well as the implications for Cohesion Policy (Section 3). Next, it examines the *consolidation* of conditionalities in the context of the COVID-19 pandemic and the rule of law crisis and their interdependence (Section 4). Ultimately, it focuses on the political implications of the generalisation of conditionalities in terms of democracy and subsidiarity, on the one hand, and in terms of effectiveness on the other. It concludes by responding to the two questions addressed by DG REGIO and by proposing some recommendations for the future of Cohesion Policy drawing on expert and academic policy-oriented debates (Section 5).

1 Introduction

Over the past decade, both European integration and Europeanisation have been in flux. The 2008 Great Recession, the 2010 Eurozone crisis, the global/European crisis of democracy and the 2020 global health crisis among other endogenous and exogeneous crises fed one another (Caporaso 2018), revealing not only the fragilities of the political and economic foundations of the Union but also the strong economic, political, and territorial disparities in the Member States and their mitigated Europeanisation (Featherstone and Papadimitriou 2008; Coman and Crespy 2014). In this context, European integration has advanced at a more accelerated pace (Christiansen 2020; Schmidt 2020a, b), "fast-forward" (Graziano and Ladi 2014) or "failing forward" (Jones et al. 2015).

These major crises occupied the EU's political agenda. *During the Eurozone crisis, the future of integration and that of the Economic and Monetary Union (EMU) were at stake. During the crisis of the rule of law, the political and legal foundations of the EU and its credibility as a community of norms and values have been undermined. During the COVID-19 pandemic, every sector of human life has been impacted. To manage and/or prevent these crises, conditionality was the answer. With each crisis, the suspension of EU funds has been generalised to encourage compliance and domestic transformations.* Conditionality is not a new principle of governance, nor specific to the European Union (Cremona 2002; Pridham 2007). It has been used by various International Organisations in relations with their Member States, in federal systems as well as in the EU since the 1990s (Vita 2017; Berkowitz, Catalina Rubianes and Pienkowski 2017).

I argue in this paper that the EU's reactions to successive crises have had a direct and indirect policy impact on Cohesion Policy. In this context, cohesion has been somewhat overshadowed by other measures in order to achieve other crucial objectives.

On the one hand, in the 2010s, EU institutions doused the polycrises' flames by tightening the rules and putting in place a conditionality culture in economic governance (Schmidt 2020). Amid the Eurozone crisis, new tools and instruments had been created meant to avoid macroeconomic imbalances by strengthening the European economic governance and the coordination of national policies. The EU's capacity to guide Member States' national policies and budgetary decisions has been improved by the new conditionality culture established for the monitoring and coordination of macroeconomic policies. A spill-over process has since taken place. Conditionality in general and *macroeconomic conditionality* in particular have been *expanded* to other policy areas including Cohesion Policy. Gradually, new forms of conditionality have been introduced or changed, culminating with spending conditionality and the so called rule of law conditionality to protect the financial interest of the EU.

On the other hand, the COVID-19 pandemic led to the consolidation of the conditionality regime that was formed out of the Eurozone crisis, but it departs significantly from Eurozone culture in many other aspects. The Next Generation EU marks a turning point with constitutional consequences for the relationship between the EU and its Member States (Fabbrini 2022; Lupo 2023; Dermine forthcoming) as the Union has acquired the ability to finance the Member States through loans and grants, increasing the level of solidarity between them. Whereas in the early years of the Eurozone crisis, the relationship between the EU and its Member States had been based on coercion, sanctions, and austerity, followed by a certain degree of flexibility since 2014 (Fabbrini 2015; Schmidt 2020), the Next Generation Europe (NGEU) has given the Union a fiscal capacity (Fabbrini 2022) to tackle the adverse effects of the Eurozone crisis and consequences of the pandemic in a policy process based coordination rather than coercion. In the midst of the global health crisis, which widened the gaps between the Member States, Cohesion Policy served as the legal basis for the regulation establishing the RRF, the main budgetary vehicle for managing and using the plan's funds. *If in the past Cohesion Policy was meant to contribute to the goals of the post-Eurozone Economic governance, since 2020 it has taken centre stage in the NGEU. After more than ten years of reforms, Cohesion Policy is at a crossroads. Old problems such as leftovers of the Eurozone crisis or democratic concerns have not yet been fully addressed but also new challenges have surfaced such as the coordination between Cohesion Policy and the Recovery and Resilience Facility.*

Considering the evolution of the European economic governance between financial and fiscal discipline and flexibility and of the European Semester exercise linking further reforms and investments, how should Cohesion Policy macroeconomic conditionality be further designed? How to increase policy effectiveness through renewed conditionality mechanisms, including enabling conditions, macro-economic conditionality and the rule of law conditionality?

To provide a response, it is crucial to remember how we got here, trace the policy steps taken, comprehend prior actions, and draw lessons for the future. The aim of this paper is twofold: to retrace the emergence of the conditionality regime in the EU polity and to look at its implications for Cohesion Policy. In so doing, *this paper shows that in more than ten years the various conditionalities introduced in the policies of the EU have become interdependent giving rise to a comprehensive conditionality regime*. The Eurozone crisis generalised macroeconomic conditionality and the suspension of EU funds in the event of excessive deficits in the Member States. The crisis of democracy and the rule of law led to the introduction of a regime of conditionality to protect the Union budget in the event of breaches of the rule of law, allowing EU funds to be suspended. The NGEU brings all these conditionalities together. This complex conditionality regime is the result of an intricate political process. The use of conditionalities has evolved in response to a series of important legitimacy concerns, to find a balance between conditionality and flexibility (Coman 2018) as well as between coercion and cooperation (Wolff and Ladi 2020). On the one hand, it altered power relations shifting the EU decision-making from *governance to government* (see also Fabbrini 2022; Lupo 2022, 2023; see also Hennette, Picketty, Sacriste and Vauchez 2019). On the other hand, the strict rules of economic governance (based on coercion) remain, but over time more flexibility has been infused in the relationship between the EU and its Member

States, based more on dialogue and coordination (see Ladi and Wolff 2021; Wolff and Ladi 2020).

The paper is structured as follows: After a brief mapping of different types of conditionality (Section 2), it reminds the contested *origins* of the culture of conditionality in the Eurozone crisis and its *expansion* as well as the implications for Cohesion Policy (Section 3). Next, it examines the *consolidation* of conditionalities in the context of the COVID-19 pandemic and the rule of law crisis and their interdependence (Section 4). Ultimately, it focuses on the political implications of the generalisation of conditionalities in terms of democracy and subsidiarity, on the one hand, and in terms of effectiveness on the other. It concludes by responding to the two questions and proposing some recommendations for the future of Cohesion Policy drawing on expert and academic policy-oriented debates (Section 5).

2 Conditionality as mode of governance

There is abundant literature on the use of conditionality in political science, economics and law, dating back to the use of this principle by federal political regimes. Since the late 1960s/1970s, conditionality has been used by the IMF and other regional and international organisations to ensure that "the rescheduling and reduction of debt are made conditional on the adoption policy packages that, among other things, emphasise structural adjustment through trade liberalisation (Fafchamps 1996: 313). The use of conditionality has always attracted both supporters and critics (Vita 2017). On the positive side of the debate, its role in the construction of federations and the expected effects in terms of structural change have been emphasised. Conditionality is a response to a policy problem which requires *rapid resolution*. On the critical side, the debate focused more on the nature of the conditions rather than on the principle per se (Collier 1997: 1399). On the negative side, conditionality has been seen as a paternalistic mode of governance, often intrusive, asymmetric, and altering nation-state sovereignty. Conditionality serves a variety of purposes in both federal states and international organisations, from promoting change to successfully enforcing and implementing policy, each with advantages and disadvantages (see Vita 2017).

If debates about conditionality provide arguments both in favour and against it, its concrete influence (in terms of policy implementation) is disputed in the literature. Examining the IMF experience or the EU's use of conditionality in its external policies, many studies have underlined that outcomes are mitigated (Stone 2008; Kochenov 2008; Jacoby and Hopkin 2022). Conditionality is a disputed mode of governance yet extensively used. Why maintain it if the results don't always live up to expectations? The answer is that conditionality fulfils also functions which go beyond concrete outcomes and implementation. If from a legal point of view, conditionality serves enforcement purposes (Baraggia and Bonelli 2022), it is also used to set an agenda of reforms and to put political pressure on actors to deliver. Conditionality is a form of commitment and "ties" the hands of governments, as Featherstone put it in reference to the EMU governance (2016: 49).

Different types of conditionality exist in global and European governance. Conditionality can be classified according to its nature and goals (political, economic, financial…) and its expected outcomes (positive and negative which often come together). Forms of conditionality can be also distinguished depending on the stages of the policy process (ex-ante or ex-post). It can be linked to some preconditions or requirements (ex-ante) or results in terms of implementation (ex-post). Drawing on the literature, the table below lists different types of conditionality. The next sections show the place they occupy in the EU's consolidated regime of conditionality. To the types of conditionality that have already been discussed in the literature (macroeconomic, spending, negative/positive, ex-ante/ex-post, policy/thematic conditionality, see Vita 2017; Bachter and Ferry 2015; Baraggia and Bonelli 2022) two others are included: managerial conditionality and value-based conditionality.

Table 1 A typology of conditionalities

Conditionality types	Definitions
Policy-oriented/thematic conditionality	Conditionality that refers to specific policy areas or themes such as environmental sustainability, poverty reduction, education, infrastructure development…
Macroeconomic conditionality	Set of policy measures and reforms aimed at improving the macroeconomic situation and fiscal sustainability. They are related to specific reforms to stabilise the economy, promote sustainable growth and restore investor confidence. They often refer to measures related to fiscal policy and consolidation (reduce deficits and control public debt), monetary policy, economic governance and structural reforms (labour market reforms, pensions reforms etc.).
Spending (positive) conditionality	Spending conditionality is a condition attached to financial benefits to advance broader EU policy objectives (Vita 2017: 1). It is generally defined as a condition attached to an agreement on disbursement of EU funds (Vita 2017: 7)
	Spending conditionality is positive as it provides benefits in exchange for implementing specific policies along the lines defined by a federal state or a regional/international organisation (Bekker 2021: 178; Jacoby and Hopking 2020).
Positive/Negative	Positive conditionality rewards good performance by offering rewards (i.e. funds) for compliance (Bachtler and Ferry 2015: 1260). The benefits can be also political (i.e. EU membership) or economic (i.e. financial assistance or loans and grants). Negative conditionality is characterised by financial or political sanctions; it implies sanctions for failing to comply with specific conditions (Bachter and Ferry 2015: 1260).
Ex ante	Set of conditions to be fulfilled as a prerequisite, before the disbursement of funds
Ex-post	Set of conditions be fulfilled at the end of the process.
Managerial	Set of milestones and targets to be attained to obtain financial benefits.
Value-based	Set of values, principles and rights to be respected to obtain financial benefits. Set of conditions pertaining to the respect of the norms and values of the polity, including the functioning of democratic institutions.

These types of conditionality can exist (in)dependently on each other. As the next sections show, all these conditionalities are at the core of the post-crises EU, they are interdependent and together constitute a comprehensive regime. A **regime** contains a set of "principles, norms, rules and decision-making procedures around which actor expectations converge in a given issue-area" (Krasner 1982: 185). A **conditionality regime** brings together different interdependent conditionalities, with detailed rules and specific decision-making procedures, in which benefits or resources are contingent upon the fulfilment of certain requirements.

3 The origins and the expansion of the conditionality regime

The culture of conditionality amid the Eurozone crisis

The Eurozone crisis revealed the fragilities of the EMU (Dyson 2014). In 2010, the post-Maastricht centralisation of monetary policy and the decentralisation of economic, budgetary, and fiscal policies surfaced as a major issue (Fabbrini 2015). When the crisis started to hit Greece in 2010, a strong inter-institutional consensus crystalised at the EU level on the need to increase fiscal and budgetary discipline, although disputed (Borriello 2017; Schmidt 2016a, 2016b). EU institutions unanimously required the adoption of *new rules* to enhance the coordination of macroeconomic policies and to increase the credibility of the Stability and Growth Pact (SGP). Meaningful decisions about policies and institutions were negotiated rapidly between 2010 and 2013 as a fire-fighting action to, on the one hand, prevent the disintegration of the euro, to calm the markets and regain credibility area and, on the other hand, to reform the EU's modes of governance (Fabbrini 2015: 50; Schmidt 2020).

A new culture of conditionality emerged, even if conditionality was not a new principle in EU governance (Berkowitz, Catalina Rubianes and Pienkowski 2017). To "rewrite the rule book" (José Manuel Barroso, Speech, 11/10), stricter rules on the maximum debt and deficits had been introduced. The Stability and Growth Pact (SGP) was strengthened, and the Macroeconomic Imbalances Procedure (MIP) introduced among other measures. Following the adoption of the European Financial Stability Mechanism in May 2010, in September 2010, the ECOFIN Council approved the European Semester[1] designed as a framework of economic policy coordination for the budgetary and economic policies of the Member States (Fabbrini 2015: 51; Coman and Ponjaert 2016). The European Semester united the SGP and the MIP, drawing on both binding and non-binding rules (Zeitlin and Vanhercke 2014: 11; Bekker 2021: 176). The Semester[2] set up a common budgetary timeline to provide *ex-ante* guidance on fiscal and budgetary policies[3]. After the publication of the economic and social priorities for the Union, the Council adopts recommendations for the Euro area and Member States present to the Commission national reform programmes and their stability (for the Euro area Member States) or convergence programmes (other EU Member States). The Commission presents a series of proposals for Country Specific Recommendations (CSRs) to provide guidance to the Member States on how to deal with the challenges identified in the Country Reports which are adopted by the Council and endorsed by the European Council.

Criticism of the new Economic governance in general and the European Semester, in particular, poured in from both academic and political circles. If most of the decisions were meant to "douse the flames" of the crisis (Seabrooke and Tsingou 2016: 71), they also dramatically affected the economic and social situation of various Member States (Matthijs

[1] As defined in Article 2 of Regulation EU No 1466/97.

[2] From a legal point of view, the European Semester draws on the revision of the Stability and Growth Pact, the Macro Economic Imbalance Procedure, the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union, as well as the set of directives and regulations labelled the Two and Six Pack (Zeitlin and Vanhercke 2014: 11). The Two and Six pack defined common provisions for monitoring and assessing budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area (Regulation EU No 473/2013) and for strengthening of the economic and budgetary surveillance of Member States in the euro area (Regulation EU No 472/2013).

[3] Through the publication of the Annual Sustainable Growth Survey which set the economic and social priorities of the EU, as well as the Alert Mechanism Report and the proposal for a Joint Employment Report, which analyses the employment and social situation in the Union.

2017). Members of the European Parliament (EP) deplored the excessive focus on expenditure reduction and fiscal consolidation (as strengthened by the European executives), the "one-size-fits-all" approach (Schmidt 2014) and "the subordination of social cohesion goals to fiscal consolidation, budgetary austerity, and welfare retrenchment" (Schmidt 2015: 19). The legitimacy weaknesses of the European Semester had been deplored (Schmidt 2020; Alcidi and Gros 2017; Coman 2017; Verdun and Zeitlin 2018), in particular the subordination of social policies to economic goals (Zeitlin and Vanhercke 2018; Bekker 2021: 176; Vanheuverzwijn and Crespy 2018) as well as the limited involvement of national actors in reforming key policies (Coman 2017; Vanheuverzwijn and Crespy 2018). In response, over time, the Semester had been "socialised" and also its philosophy had been redefined within the Commission. After its first iterations, the Semester was meant to be "based on guidance, not on corrections", drawing on ex-ante guidance and socialisation (Speech Barroso 11/29) and "an informal discussion" between the Member States and EU institutions before deliberating and voting their national budgets (Speech Barroso 11/29). The Semester evolved over time, as EU institutional actors learned from previous experiences: the proof is the socialisation of the European Semester (Zeitlin and Vanhercke 2018; Vanhercke and Verdun 2022) and the still very timid efforts to democratise the process of coordination of policies (Schmidt 2023). But despite attempts to streamline the Semester in 2015, its outcomes remained modest over time, both at its inception and throughout the decade of crises (Court of Auditors Report 16/2020; see also Darwas and Welslaw 2023).

The expansion: when macroeconomic and spending conditionality meet in Cohesion Policy despite strong opposition

Conditionality in the EU is to some extent rooted in Cohesion Policy (Vita 2018: 78), introduced to increase performance and policy results based on positive incentives. The conditionality culture that emerged in the 2010s to reshape Economic governance (Fabbrini, 2013; Puetter, 2012; Schmidt, 2015) has had a spill-over effect impacting also other policies, including Cohesion Policy (Bachtler and Ferry 2015; Berkowitz et al., 2015; Vita 2018; Coman 2018; Donati 2023).

As Bachtler et al. (2017) put it, in 2013 Cohesion Policy underwent the most substantial change since 1988. Prior to the Eurozone crisis (see Barca 2009) the effectiveness of the policy was undermined by the fragmentation of spending across too many priorities with a critical mass (Bachtler et al. 2017). The reform planned before the Eurozone crisis sought to address some of the concerns (most of them raised by the Member States) seeking to strengthen its "strategic coherence" but also to ensure "greater thematic concentration" through targeting of resources (Bachtler et al. 2017). Thus, to reinforce the effectiveness of the policy, a new performance framework was introduced via the new budgetary cycle 2014-2020 based on *ex-ante conditionalities* meant to address institutional and administrative weaknesses in the Member States that the literature pointed out as main causes undermining effectiveness on the ground. Institutional and administrative capacity was recognised as a precondition for efficient management of the funds in the Member States (Bachtler et al. 2017).

Yet between 2010 and 2013 the most controversial issue was the generalisation of macroeconomic conditionality at the core of Economic governance to other policies including Cohesion Policy (Coman 2018; Coman and Sbaraglia 2017; see also Sacher 2021). In European executives, the (fairly minority) idea that gained ground was that Cohesion Policy was to contribute to the effort to consolidate economic union. Chancellor Angela Merkel and President Nicolas Sarkozy made strong arguments in favour arguing that "structural and cohesion funds should be used to support essential reforms to enhance economic growth and competitiveness in the Euro Area" but also that "macroeconomic conditionality of the Cohesion Fund should be extended to the structural funds", including the possibility of suspending payments from structural and cohesion funds "in Euro Area countries not complying with recommendations under the excessive deficit procedure" (Joint letter from Nicolas Sarkozy and Angela Merkel to Herman Van Rompuy, 17 August 2011).

The idea of linking macroeconomic conditionality and EU funds opened up a real political debate on the role of cohesion in the EU. If the Commission argued that this expansion of macroeconomic conditionality would improve the effective use of Cohesion Policy funding (Commission 2010) and would have some "beneficial consequences" (Verhelst 2012:10), regional authorities firmly stood against it. Since regions were not responsible for excessive national deficits, it was unfair to penalise them by a suspension of funding (Jouen 2015; Andor 2017; Kölling and Hernandez-Moreno 2023). All the Committees in the EP objected to the extension of macroeconomic conditionality (for an analysis of the arguments invoked in parliamentary debates pertaining to Regulation 1303/2013 see Coman 2018; Coman and Sbaraglia 2018). Combining cohesion and convergence could cause the Cohesion Policy to lose its solidarity-focused specificity. Yet despite the strong opposition of regional actors, as well as of the EP and some Member States (Coman and Sbaraglia 2018), Regulation 1303/2013 introduced a set of "Measures linking the European structural and investment funds with the sound economic governance", thus allowing the Commission to suspend cohesion funds when Member States fail to reduce their excessive deficits[4]. The contested macroeconomic conditionality (although under the name of "sound economic governance") remained at the core of all the Regulations adopted since[5].

In practice, however, this provision has never been applied, neither in 2015 when Spain and Portugal failed to take the necessary steps to reduce their excessive deficits (Coman 2018), nor when the deficits of Belgium and France were being under discussion in 2013 and 2014 respectively (Sacher 2021). Its application divided both the Commission[6] and the Council[7]. In the end, the Juncker Commission opted for flexibility and an "intelligent application" of the SGP, recognising that the rules governing Member States' excessive deficits were "too complex" (Commissioner Pierre Moscovici in Politico, 27 September 2016) and that "the punitive approach would not be the most appropriate in a moment where people were doubtful of Europe" (EurActiv 27 July 2016). Given the effects of the rigid application of the conditionality culture in the Member States affected by the Eurozone crisis, flexibility was just as vital politically as conditionality and a more adaptable reaction.

If excessive deficits were not a key concern for Cohesion Policy per se, it is perhaps important to remind here that in 2013 the European Commission put forward a proposal for the

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[4] The Regulation allows the suspension of a part of the structural and investment funds or all payments and commitments where "a Member State fails to take effective action in the context of the economic governance process" (COM(2012)0496) more specifically if a Member State has failed to correct its excessive deficit, submit a corrective action plan for macroeconomic imbalances, implement a corrective plan for imbalances, implement an adjustment plan or implement a macroeconomic adjustment program (article 23, Regulation 1303/2013). A qualified majority in the Council can block such a decision.

[5] Article 10, Regulation 2021/241.

[6] Inside the Commission, several members of the college argued in favour of "applying the rules" (EurActiv, 28 July 2016; Spiegel International, 17 June 2016, Politico, 4 July 2016), among them Valdis Dombrovskis (Commissioner for the Euro and Social Dialogue) and Jyrki Katainen (Commissioner for Jobs, Growth, Investment and Competitiveness) and Gunther Oettinger.

[7] The President of the Eurogroup, Jeroen Dijsselbloem and the ECOFIN Council also remained true to their position about the strict application of the rules (Spiegel International, 17 June 2016; Politico, 27 July 2016).

establishment of the European Public Prosecutor Office (EPPO) to protect the financial interests of the EU in response to the misuse of EU funds. “3 billion euros per year could be at risk from fraud”, pointed out the Commission, and inaction could give “a sense of impunity among fraudsters” (Commission, SWD (2013)274: 4). With this proposal, the political work of generalising conditionality was also accompanied by institutional consolidation at the EU level.

Cohesion Policy’s conditionalities and the Multiannual Financial Framework 2021-2027

The negotiation of the Multiannual Financial Framework (MMF) for the period 2021-2027 had new implications for Cohesion Policy. There was less disagreement between EU institutions concerning the Cohesion Policy's function (often seen as a “gift” while it is an indispensable pillar for the functioning of the market), and the argument over its inefficiency was finally put to rest (Bachtler and al. 2019). But conditionality was again under discussion to increase control over spending. Hence, several conditionalities, discussed below, have been attached to cohesion funds.

Macroeconomic conditionality, or another failed attempt to get rid of it: Some Member States expressed support for a stronger link between Cohesion Policy and Economic governance, with greater emphasis on structural reforms. Others, in contrast, maintained their initial position and stood against linkages between Cohesion Policy and the CSRs formulated as part of the European Semester, advocating by the same token for the abolition of macroeconomic conditionality (Bachtler et al. 2019: 18). Political actors and experts alike contended that connecting the two contributed to a lack of clarity and a possible confusion between aims related to reducing macroeconomic imbalances and cohesion (Krieger Boden 2017). *In contrast, a majority of Member States were in favour of positive incentives instead of sanctions and conditionalities. Yet, despite a clear interest in getting rid of macroeconomic conditionality, the link between Cohesion Policy and structural reforms as part of the European Semester had been strengthened, Cohesion Policy being to some extent subordinated to the aims of the latter.* Hence, failing to take effective or corrective action to reduce excessive deficits can result in the suspension of the commitments or payments for one or more programs, a decision that the Commission must propose to the Council.

Policy-oriented/thematic conditionality: A recurrent concern for Cohesion Policy (and for any kind of Policy) is (the lack of) vision. Although a set of key priorities had been identified for Cohesion Policy, what was deplored for the 2021-2027 period was precisely its lack of mission (Bachtler et al. 2019). Instead, despite the focus on a set of key investment priorities and the obligation for the Member States to describe the long-term strategy of the use of cohesion funds (Regulation 2021/1060) when they submit their partnership agreement, Member States have to show how they are articulated with the European Semester. In addition, in its assessment, the Commission considers how Member States intend to address the relevant CSRs, the integrated national energy and climate plan as well as the European Pillar of Social Rights[8].

Enabling conditionality: As effective implementation remained one of the Cohesion Policy concerns, the reform of the MMF sought to also improve the result orientation of the programs

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[8] Article 12(1), Regulation 2021/1060.

through clear targets and aims to be achieved. Between 2014 and 2020, almost 50 ex-ante conditionalities were established for ESI Funds (Kölling 2022). An important change between 2014-2020 and 2021-2027 is the distinction between ex-ante and enabling conditions. The experience with such ex-ante conditionalities is largely positive (Andor 2017). Begg (2018: 7) also underlined that these obligations improved the quality of operational programmes and should be further refined for policy beyond 2020. Enabling conditions are intended to compel Member States to comply throughout the whole budgetary cycle in order to prevent ex-ante conditions from being observed solely in order to achieve a favourable assessment by the Commission[9]. In the period 2021-2027 the number of conditions (labelled "enabling conditions") had been reduced and clarified.

Thus, the allocation of funds is submitted to a set of Horizontal Principles according to which Member States and the Commission shall ensure respect for fundamental rights and compliance with the Charter of the Fundamental Rights (CFR) in the implementation of the Funds, as well as equality between men and women. They take appropriate steps to prevent any discrimination based on gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation during the implementation, preparation monitoring and reporting of the programmes. *Under the CPR, not only macroeconomic conditionality is mainstreamed but also the respect of values and fundamental rights.* The horizontal enabling conditions and the thematic enabling conditions are summarised in Table 2.

Table 2 Enabling conditions as defined in Regulation EU no 2021/1060

Enabling conditions	
Horizontal	**Thematic**
- Effective monitoring mechanisms of the public procurement market - Effective application of State aid rules - Effective application of the Charter of Fundamental Rights - Implementation and application of the UN Convention on the rights of persons with disabilities	- A more competitive and smarter Europe by promoting innovative and smart economic transformation and regional ICT connectivity - A greener, low-carbon transitioning towards a net zero-carbon economy - A more connected Europe by enhancing mobility - A more social and inclusive Europe implementing the European Pillar of Social Rights

Negative conditionality: In Cohesion Policy, the suspension of payments is possible at different stages (Regulation 2021/1060). The non-respect of the enabling conditions (Article 15) can lead to the non-reimbursement of payments. The suspension of all or parts of payments can be also decided in case of the non-respect of the sound economic governance conditions (Article 96). It can also be decided in case of a serious deficiency, irregularity or when "there is a reasoned opinion by the Commission in respect of an infringement procedure under Article 258 TFEU on a matter that puts at risk the legality and regularity of expenditure" (Article 97). The Commission can suspend expenditure in cases of Member State infringement of applicable EU law relevant to the expenditure (Vita 2020: 105).

[9] Enabling conditions are prerequisite conditions for the effectiveness and efficient implementation of specific objectives. They are detailed in annex III (horizontal enabling conditions) and in annex IV (Thematic conditions) which applies for the ERDF, the ESF+ and the Cohesion Fund Regulation 2021/1060.

Value-based conditionality and the protection of the EU budget

In the context of the global crisis of democracy, the process of Europeanisation driven by the EU's enlargement policy that seemed to be irreversible has taken a new turn, followed by de-Europeanisation and even paths towards autocratisation (Pech and Schepelle 2017; Coman 2022). The rule of law has been put at risk in several EU Member States in particular where governments have adopted disputed reforms seeking to reduce the power of judicial institutions. The constitutional and judicial reforms undertaken in Poland and Hungary revealed the following paradox: while the enlargement process empowered the Commission in its relations with candidate countries, its prerogatives with regard to Member States' commitment to the rule of law after accession remained weak (Müller 2013). When the Fidesz government initiated a comprehensive process of regime transformation, EU institutions were divided about what to do, when and how (Coman 2022). After many debates, gradually, a "rule of law policy" has been defined – that is a series of soft and hard tools and instruments culminating with the adoption of Regulation 2020/2092 on a general regime of conditionality for the protection of the EU budget. Much has been written about this Regulation, about its difficult adoption (Blauberger and van Hüllen 2021; Hillion 2021; Łacny 2021; Baraggia and Bonelli 2022; Coman 2022; Fromont and Van Waeyenberge 2022) and now its implementation. Using European funds for purposes contrary to those of the EU was unacceptable. Many feared that even this form of conditionality would not address the root of the problem (see Andor 2017; Coman and Brack, EurActiv 2018), that it would require long political negotiations and without any guarantee of real domestic change, while sanctions will penalise the citizens and regions and precisely those regions and citizens that need support through EU funding.

After a tumultuous political process, Regulation 2020/2092 established the rules necessary for the protection of the Union budget in the case of breaches of the principles of the rule of law in the Member States. It lists the breaches of the principles of the rule of law, including endangering the independence of the judiciary, as well as failing to prevent, correct or sanction arbitrary or unlawful decisions by public authorities (see also Article 4.2). Breaches of the principles of the rule of law can lead to a suspension of payments as well as to a suspension of the disbursement of instalments in full or in part or early repayment of loans guaranteed by the Union budget (all detailed in Article 5, Regulation EU no 2020/2092)[10]. After a protracted waiting time, the Regulation is applied in the case of Hungary, however, it is unclear how much substantive domestic change it actually brought about.

4 The consolidation of the comprehensive conditionality regime

In 2020, the EU's response to the pandemic marked a paradigmatic shift, breaking with the ideas that dominated during the Eurozone crisis (De la Porte and Dagnis Jensen 2021). While maintaining the post-Eurozone logics of fiscal surveillance, the EU's response to the pandemic went beyond that. To attenuate the effects of the global health crisis but also in response to the "economic and political imbalances left over from the Eurozone crisis" (Armingeon et al. 2022), in July 2020, the European Council agreed to support the recovery of the Member States through an unprecedented instrument: the Next Generation EU (NGEU). The EU has acquired the capacity to support Member States through grants (€312.5 billion) and loans

[10] When there are grounds to consider that there are breaches of the rule of law in one Member State, the Council shall take a decision on the Commission's proposal. The Council acting by qualified majority may amend the Commission's proposal (Article 6). The Parliament is informed.

(€360 billion). Endowing the Union with fiscal capacity, the EU marks a step forward in its process of federalisation with profound constitutional consequences (Fabbrini 2022). It not only outlines an ambitious policy agenda to be implemented until 2026, but it also offers the fiscal means to do so by strengthening the solidarity between Member States (Ferrera et al. 2021; Fabbrini 2022).

The ambitious Next Generation EU Plan is implemented through the Recovery and Resilience Facility (RRF)[11]. This new instrument is based on Article 175(3) TFEU, the legal basis of the Cohesion Policy. The RRF seeks to contribute to the actions of the Union and the strengthening of its economic, social and territorial cohesion. *This use of the Cohesion Policy for the establishment of the RRF has been questioned and received with divided opinions. Seeing cohesion at the centre of the EU's responses to crises is a step forward. Some have argued that through the NGEU and the RRF, Cohesion Policy is reinforced, and that it has the potential to become the vector of a genuine economic and industrial strategy (see for this debate Dermine forthcoming: 68). It can play a key role in addressing structural challenges generated by other policies and linked to regional disparities (Berkowitz 2023: 262). On the other hand there are also fears that the RRF is based on a restrictive definition of cohesion and deprives the Policy of any autonomous scope. What is more, considering that the scope of the RRF is broader, the risk is to see the Cohesion Policy losing some of its policy specificities. This is an old concern. Also in the past experts argued that cohesion might lack coherence if it embraces too many directions and lacks a proper, clear vision. In the current context, the issue is back in the spotlight.*

The Recovery and Resilience Facility

The RRF brings all the conditionalities together (see Table 3). The RRF complements the European Semester and reinforces Economic governance. But departs also from it in many ways (Lupo 2023), by integrating new forms of conditionality discussed in the next section and above all by infusing more coordination into coercion. *To what extent it also reinforces Cohesion Policy is an open question.*

Policy-oriented/thematic conditionality: The policy goals of the RRF are very ambitious. It puts forward a European agenda of strategic objectives that Member States can pursue "with EU money" (Fabbrini 2022). The aim is to achieve recovery in six pillars including not only social and territorial cohesion, but also green transition, digital transformation, smart, sustainable and inclusive growth, including economic cohesion, jobs, productivity, competitiveness, research, development and innovation, and a well-functioning internal market (…) and policies for the next generation, children and the youth, such as education and skills[12]. The RRF is also intended to help the EU meet its climate goals, and to help put the European Pillar of Social Rights into practice while fostering greater economic, social, and territorial convergence within the Union.

As part of this ambitious policy agenda, to qualify for grants and loans, the Member States drafted National Recovery and Resilience Plans (NRRP). Although national plans must take account of the political priorities established at EU level, they must also be developed in response to national problems. In this way, the RRF is an attempt to bridge the EU agenda

[11] The RRF is a tool designed to support job creation and the digital priorities and the EU's green agenda and, in this way, to step up the implementation of sustainable reforms and public investment in the Member States (established by Regulation 2021/241).

[12] See Article 3, Scope of the Facility, Regulation EU 2021/241.

and national concerns. Given the ambitions of the RRF, the National Plans must be consistent with the challenges and priorities identified in the European Semester[13] as well as with the National Energy and Climate Plans, the Just Transition Plans, the Youth Guarantee Implementation Plan and the Partnership Agreements under the Union funds. Thus, several objectives are pursued in parallel through interconnections between policies and tools. To bridge EU priorities and national concerns, Member States are invited to provide a reasoned justification for their national plans[14]. The process is constraining from a political/administrative point of view, as the list of justifications to be provided is so long that the letters of the alphabet are almost insufficient to list them all from a to t.

The Facility is linked to the need for sound economic governance (*macroeconomic conditionality*) allowing the Council to suspend[15] all or parts of the commitments or payments where the Member States has not taken effective action to correct its excessive deficits unless it has determined the existence of a severe economic downturn for the Union. In this regard, the NRRPs should include an explanation about how they contribute to effectively addressing the challenges identified in the European Semester[16], including fiscal aspects as part of the imbalance procedure[17].

Ex-ante conditionality: The RRF also contains a form of ex-ante conditionality as the Commission shall assess the relevance[18]; effectiveness[19], efficiency[20] and coherence[21] of the NRRP, strengthening its both technical and political role.

Value-based/Rule of law conditionality: The RRF is implemented by the Commission in direct management and in accordance with the relevant rules of Regulation 2020/2092 establishing a general regime of conditionality for the protection of the Union budget.

Positive and negative conditionality: Payments are made in successive instalments and are conditional on the Commission’s positive assessment of the progress made by the Member State. Hence, where the recovery and resilience plans do not comply with these criteria established, no financial contribution shall be allocated to the Member State concerned. In addition, the RRF grants are conditioned to the implementation of the CSRs issued in the Semester (Darwas and Welslaw 2023).

Managerial conditionality: Conditionality is usually linked to results. In the RRF, not final outcomes but milestones and targets are assessed (Darvas, Welslaw and Zettelmeyer 2023) perhaps because the RRF process is spread over several years and the disbursement of

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[13] Article 18(4)b, Regulation 2021/241.

[14] Article 18.4 Regulation 2021/241.

[15] Article 10 of Regulation EU 2021/241.

[16] Regulation EU 2021/241.

[17] Regulation EU 1176/2011.

[18] Whether the plan represents a balanced response to the economic and social situation; whether it contribute to the challenges identified in the CSRs; whether it implement the European Pillar of Social Rights; whether the measures do not harm environmental objectives and contribute to the green as well as digital transition.

[19] Whether the plan as a lasting impact on the Member States and an effective monitoring process is ensured based on timetable, milestones, targets and indicators.

[20] Whether costs are reasonable, and corruption, fraud and conflicts of interests are prevented.

[21] Article 19, Regulation EU 2021/241.

payments is foreseen in tranches. The RRF is more "process-oriented" (Darvas and Welslaw 2023).

As a result, access to funding is based on compliance with various conditions (Fasone and Simocini 2023: 66). Each type of conditionality seeks to reinforce the other constituting together a comprehensive regime.

Table 3 The EU's comprehensive conditionality regime

Conditionality types	**Economic Governance**	**Economic, Social and Territorial cohesion**		**EU budget**
	European Semester	**Recovery and Resilience Facility**	**Cohesion Policy Funds**	**Financial interests of the EU**
Policy oriented/Thematic		x	x	
Macroeconomic	x	x	x	
Spending	x	x	x	x
Negative	x	x	x	x
Ex-ante		x	x	
Ex-post			x	
Managerial		x		
Value-based		x	x	x

From an integrated framework of policy coordination to a new method of government and centralisation

The emergence, expansion and consolidation of this complex conditionality regime is the result of a convoluted political process (Coman 2020). The conditionality culture also reshapes power relations in the EU polity and the relationship between the Union and its Member States in particular (Schmidt 2020; Fabbrini 2022; Dermine forthcoming).

From governance to government?

The concept of governance has been long used and for good reasons to describe the EU's polity. Governance (Bartolini 2011) implies a shift from *government* – understood as the "state's competence to rule through hierarchy" (Offe 2009: 551) – to less hierarchical power relations involving a wide range of actors. The comprehensive conditionality regime put in place in the age of crises changes the governance architecture by strengthening the power of the executives in the EU both at the national and the supranational level, resulting in an increased process of centralisation of power. The conditionality regime is based on a *method of government* (Lupo 2022; 2023) rather than *governance*, in which the role of the executives is strengthened in controlling the fulfilment of strict, detailed, and interdependent conditionalities at different stages of the policy process. *This method of government born from crises is encapsulated in the RRF architecture and may have consequences for Cohesion Policy with broader implications for democracy, subsidiarity, accountability and effectiveness (implications discussed in Section 5).*

On the one hand, the Commission plays both a political and a technocratic role in the RRF and the discussions of the NRRP (Dermine forthcoming). The Council approves the plans[22] on a proposal of the Commission[23]. When the Commission assesses the milestones and the targets, it shall take into account for its assessment the opinion of the Economic and Financial Committee. As far as the European Council is concerned, both the RRF Regulation and the Regulation on the protection of the EU's financial interests and the rule of law provide for an "emergency brake", is very much disputed (see Alemanno and Chamon 2020). The "emergency brake" consists of the possibility for the Member State concerned to refer the matter to the European Council[24]. Despite calls for democratisation of the post-Eurozone modes of governance (Coman, Crespy and Schmidt 2020; Schmidt 2023), the role of the EP has remained marginal, although a recovery and resilience dialogue[25] can be organised and the EP may invite the Commission to discuss the NRRP of the Member States. Dialogues have been organised, but they are not binding (Dermine forthcoming). Yet, despite improvements and attention given to increasing national "ownership" (Crespy et Vanheuverzwijn 2017; Vanhercke and Verdun 2021), the role of domestic actors – including both national and European Parliaments – has remained marginal (Fabbrini 2022; Dermine forthcoming). This is a major concern for the EU in the current context of the global crisis of democracies and fears of seeing forms of undemocratic liberalism strengthened in the EU.

At the national level, governments (not Member States, as the expression in political science is broader) play a key role in all the stages of the RRF from the drafting of the programs to the implementation (Schram, Krotz and De Witte 2022: 117). Although the NRRPs should reflect stakeholder involvement in the design and implementation stages[26] (Bekker 2021) the reality on the ground is very diverse. In Cohesion Policy, Member States assess whether the enabling conditions are fulfilled[27] and Partnership Agreements may be submitted with the National Reform Programs. The Partnership Agreements put in place a monitoring committee, which is set up by each Member State to monitor the implementation of the program, but even here the key role of governments is undisputed and the role of domestic actors variable.

Form coercion to coordination

Both the RRF and the implementation of the Partnership Agreements are meant to generate a comprehensive process of domestic change. The NRRPs are not a pure statement of intent, they are a commitment to deliver (Bokhorst and Corti 2023). Learning from the Eurozone crisis experience, over time, a more collaborative process of policy coordination has been put in place (Zeiltlin and Vanhercke 2014: 32) in the European Semester and now in the RRF. If the rules are strict and serve as a driver for *coercive Europeanisation*, the process has

[22] Article 19, Regulation EU 2021/241.

[23] Article 20, Regulation EU 2021/241.

[24] If one Member States consider that there are serious deviations from the relevant milestones and targets, they may request to refer the matter to the next European Council. The Member State should also inform the Council without delay and the Council should inform the EP. No decision is taken until the European Council has "exhaustively" discussed the matter. That process should, as a rule, not take longer than three months after the Commission has asked the Council Economic and Financial Committee (EFC) for its opinion (Recital 52, Regulation EU 2021/241).

[25] Article 26, Regulation EU 2021/241.

[26] This includes: the scope (list of consulted social partners, civil society organisations, stakeholders etc.), the type (conference, bilateral, tripartite etc.), and timing of the outreach efforts and whether stakeholders have been consulted selectively on specific components or whether a general consultation has taken place on a comprehensive draft plan. Member States should… explain the envisaged steps to involve and consult the relevant stakeholders in the implementation of the plans overall (European Commission, 2021c, p. 47).

[27] Article 15(2) Regulation 2021/1060.

changed over time to allow for greater dialogue and coordination between the Commission and the Member States (defined as *coordinative Europeanisation*, see Ladi and Wolff 2021; Wolff and Ladi 2020; Domorenok and Guardiancich 2022). In evaluating when prerequisites are met and the scope of the reforms, the Commission and the Member States can take into account domestic circumstances thanks to their bilateral relationships (Coman and Ponjaert, 2016). If bilateral relations with the Commission infuse more dialogue and coordination between the European level and the domestic one, they also reinforce the central role of national governments[28]. As reported by Theodoropoulou, more than 100 meetings had been organised between the Commission and the Greek authorities before the submission of the NRP (2022:2011). In some cases, the Commission has influenced the drafting of plans and the selection of projects (Dermine forthcoming: 106). But as a rule, the Commission should "fully respect the national ownership of the plan"[29].

5 Concluding perspectives

The two questions addressed

- Should Cohesion Policy macroeconomic conditionality be further designed and how?
- How to increase policy effectiveness through renewed conditionality mechanisms, including enabling conditions, macro-economic conditionality and the rule of law conditionality?

are complex and neither of which is new. Current and past debates show that they can give rise to different opinions.

Should Cohesion Policy macroeconomic conditionality be further designed and how?

As discussed in Section 3, macroeconomic conditionality has been disputed, put at the core of the Economic governance between 2010 and 2013, and expended to Cohesion Policy in 2013 but not applied. The EU was able to reduce unsustainable deficits prior to the COVID-19 outbreak without the macroeconomic conditionality provision having a substantial impact (Andor 2017). Its role is again under debate, in particular after the suspension of the SGP during the COVID-19 pandemic. This implies a broader discussion and perhaps a separate one concerning, on the one hand, the role of macroeconomic conditionality in the Economic governance *tout court* and, on the other hand, another debate about its role in Cohesion Policy. As far as the Economic governance is concerned, this implies perhaps a reform of the SGP, either leading to its permanent suspension or to a replacement (see Schmidt 2023: 40; see also the Commission's proposal for reform revised in April 2023). In the current context, a Treaty change would be difficult. Yet, the reapplication of the SGP rules without incentives for reforms would lead to imbalances in the sense that only a limited number of Member States would be able to follow the EU's agenda in terms of policy objectives (Schmidt 2023). As far as Cohesion Policy is concerned, since 2013, experts and academics alike, not to mention Member States, have argued in favour of getting rid of macroeconomic conditionality from this policy, as discussed in the previous sections.

A balance between conditionality and flexibility as well as between strict rules and incentives for reforms is needed. Finding the right balance between flexibility and conditionality is a political responsibility which needs strong legitimacy. Striking a balance between strict rules

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[28] Beyond bilateral relations, the Commission can organise an exchange of good practice between Member States, as they are encouraged to foster synergies among their recovery and resilience plans.

[29] Recital 41, Regulation EU 2021/241.

and incentives implies the existence of fiscal capacity and resources for redistribution and investment. As underlined by V. A. Schmidt, "the EU's fiscal rules need to be fit for purpose, meaning that rather than primarily targeting debt-reduction they need to be focused on investment to meet the EU's many challenges" (Schmidt 2023: 38). Thus, building a fiscal capacity for the Eurozone is of vital importance (Andor 2017). A permanent EU level debt that provides funds for all Member States on a regular basis (Schmidt 2023: 39) would be a response to this side of the debate and would strengthen solidarity in the Union.

How to increase policy effectiveness through renewed conditionality mechanisms, including enabling conditions, macro-economic conditionality and the rule of law conditionality?

Cohesion Policy has evolved over time. With each reform since the 1980s, policy discussions focused on four main themes: redistribution vs. allocative efficiency, EU goals and aims vs. subsidiarity and geographical coverage and accountability vs. simplification (Berkowitz 2023: 258). Through the negotiation of the MFF or subsequent Regulations, some of these have been addressed. Other concerns are still persistent and remerged, while new ones have also surfaced.

To begin with the *trade-off between redistribution vs. efficiency*, the current conditionality regime does not condition solidarity but outcomes. Spending conditionality is not only a tool to sanction non-compliance but also a "federation building" and "solidarity enhancing" tool (Vita 2018). Solidarity goes hand in hand with responsibility (Fabbrini 2022: 66). Conditionality ensures that spending is compliant with common goals and aims to reduce disparities. In the current stage of EU integration in which not only disparities are growing but also compliance has become a major issue of concern (Closa 2019), the question is not the principle of conditionality, but its purpose and design (Pisani-Ferry 2020) as well as its political use.

The performance of Cohesion Policy has been long discussed. Research has shown that factors undermining efficiency are related to weak administrative capacity and institutional shortcomings as well as corruption (Kelemen 2020). EU funds can be abused for electoral gains. Although the possibility for the EU to suspend funds in the event of abuse has always existed, through the new conditionality regime efficiency and effectiveness are more strictly controlled by the Commission. Strict conditions are set which have the advantage of clearly defining the rules to be fulfilled. The interdependence between policies and strict conditions can lead to more impactful outcomes in theory. But at the same time, they are also "extremely complex regulatory devices" (Vita 2020: 104).

The conditionality regime should not be idealised. Experience also shows that corruption can be resistant to conditionality. Experience also shows that too many conditions can also weaken the expected outcome. In other words, the multiplication of conditions on paper is not a guarantee of effective implementation either. The IMF experience illustrates that extensive conditionality does not always reach its aims and that the attempt to control too many policy variables is not always a success in practice (see Stone 2018) leading to creative/fake/formal compliance and superficial implementation at best. As underlined in the Meltzer Report: "Detailed conditionality (often including dozens of conditions) has burdened programs and made them unwieldy, highly conflictive, time consuming to negotiate, and often ineffectual (2000, p7, 8, 43). Perhaps a more tailored approach to conditionality – adapted to the specificities of each policy should be considered. The experience of other institutions or organisations, like the IMF, can be a source of reflection.

Multiplying conditionalities in search for effectiveness can alter the process and transform it into a too bureaucratic exercise aimed at “ticking boxes” (Pisani-Ferry 2020) with a cruel lack of real political accountability (Wolff 2020). There is a risk to assess positive changes “on paper” and formal compliance and even “creative compliance” rather than substantive transformation (see Darvas and Welslau 2023). For example, the Commission considers the 2014-2020 Cohesion Policy experience an “overwhelming success”, including in terms of strengthening administrative capacity, fostering structural reforms, accelerating the implementation of the EU acquis, and improving the overall investment climate in the Member States (Fisicaro 2022, 701), while the evaluation by the Court of auditors has been less positive. This raises key concerns and also the question of the credibility of the assessment and of the conditionality regime itself. Multiplying conditionalities comes also with an extensive evaluation and monitoring process which may have implications for both national administrations and the Commission.

The trade-off between accountability and simplification is key. Simplification of Cohesion Policy had been one of the main outcomes of the past reforms (Bachtler et al. 2017). The question of simplification in current debates will be less focused on past concerns and more on the articulation between Cohesion Policy and its specificities and the ambitious RRF aims. If not simplification, at least increased coordination is needed. Accountability remains a matter of concern and it is related to the next point.

Subsidiarity and decentralisation: The role of domestic actors (subnational actors, social partners and civil society organisations or even national actors) in determining national priorities is variable and depends on the political regimes and traditions of the Member States. However, throughout the decade of crises, centralisation has become a key feature of the new method of government, despite efforts to strengthen national ownership. As discussed in the previous section, the process of policy coordination at the EU level is still dominated by the executives and the Commission (Bekker 2021; Schmidt 2023). The RRF has amplified this trend in some contexts (the Italian case is one illustration, see Lupo 2023). The coordination remains to a large extent a technocratic exercise (Schmidt 2023: 42), with little domestic visibility and publicity.

Cohesion Policy has historically been one of the best illustrations of multi-level governance. Since the introduction of the partnership principle, multiple actors have been simultaneously active in making, implementing, and assessing political decisions (see Bache 1998; Kölling and Hernandez-Moreno 2023: 4). The partnership principle endorsed in 2014 for all EU structural and Investment Funds “reflected the value of decentralisation and the participation of lower government authorities in European public policies” (Kölling and Hernandez-Moreno 2023: 4).

Linking Cohesion Policy to macroeconomic conditionality and the European Semester reduces the participation of regional actors in the process (as deplored by the Committee of Regions). On the other hand, under the RRF Regulation, the Member States are not bound to the partnership principle (Kölling and Hernandez-Moreno 2023: 5). If the RRF is more centralised, Cohesion Policy is under shared management. Given the political ambitions of the RRF and the capacity constraints of the Member States, there is a risk that Cohesion Policy will be abandoned and that centralisation, which is already a key feature of the regime in place, will be increased at the expenses of the partnership principle. This specificity should be maintained, not diluted because of the inclusion of Cohesion Policy into the overarching framework presented in the previous sections. Recent research shows that there is a poor inclusion of local and regional authorities in the preparation of national plans as revealed by the consultation of the Committee of Regions with CEMR (Bekker 2021). As reported also by the Committee of Regions, only a very small proportion of sub-national government authorities declared themselves as having had an appropriate role in monitoring (CoR 2021; Kölling and Hernandez-Moreno 2023: 5). The exclusion of subnational actors from some aspects of NRRP governance may generate implementation deficits, thereby aggravating the compliance issues mentioned above (Domorenok & Igor Guardiancich 2022:204). In addition, the participation of subnational actors in the implementation of Cohesion Policy and the RRF is diminishing (CoR 2021). Without increased participation, the legitimacy of the reforms may have insufficient acceptability, legitimacy and credibility. Future reforms should consider more seriously both democratisation and decentralisation (Schmidt 2020; 2023).

Thanks to the RRF, Cohesion Policy has been strengthened in the EU. In the ambitious context of the RRF, it is more important than ever for this policy to retain its specificity so that it is not torn between different objectives that may be in competition, conflict or tension with each other. If ex-ante and enabling conditionalities can play a key role in Cohesion Policy, macroeconomic conditionality has proved to be superfluous. The articulation between conditionalities in this regime needs to be reconsidered. Beyond the articulation of conditionalities, it is also unclear how much the NRRP will help to promote social, economic, and territorial cohesion. If the RRF and Cohesion Policy are not articulated, the fear is to see the latter abandoned. Ultimately, it is time for attention to be paid to the national dimension and implementation, vital for the political, economic and social cohesion of the Member States. What is implemented and how matters not only for the future of EU integration but also for the state of democracy. The conclusion of the Barca report, which dates from 2009, is even stronger today after a decade of crises. Concrete outcomes are needed in policy areas in which EU citizens expect to see considerable improvement on issues to be discussed at both national and EU level (Barca 2009).

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