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The European Parliament and the Recovery and Resilience Dialogue: An Early Assessment

Dermot Hodson and David Howarth

Key Points

- The most financially significant element of the EU's collective response to the COVID-19 pandemic, the Recovery and Resilience Facility (RRF), requires robust accountability mechanisms to ensure that it meets its aims and supports projects that 'do no significant harm'.
- The European Parliament plays a central role in the horizontal accountability of the RRF through its right to receive relevant documents and information regarding the facility and through its bimonthly Recovery and Resilience Dialogues with the European Commission.
- The five Recovery and Resilience Dialogues held to date have provided the European Parliament with an opportunity to question relevant Commissioners about the RRF. But the effectiveness of the dialogue has been hindered by a lack of transparency about these meetings and limited public documentation and information about how the facility works.
- The European Parliament would help to improve transparency and hence accountability by publishing minutes of Recovery and Resilience Dialogues, as it does for its Monetary Dialogue with the European Central Bank.
- The European Parliament should invite the Commission to publish a database of all projects financed through the RRF, in keeping with best practice among public financial institutions, such as the European Investment Bank.

Why the Recovery and Resilience Facility Needs to be Accountable

On 8 February 2022, the European Commission raised €5 billion through a syndicated bond offering, taking the total value of funds raised under the RRF to €78.5 billion (European Commission 2022). By this point, the Commission had disbursed €46.6 billion in grants and €19.9 billion in loans to EU member states to promote the EU's economic, social and territorial cohesion in the light of COVID-19.¹ The Commission plans to raise a total of €800 billion in current prices by 2026, of which €723.8 billion will be disbursed in grants and loans.

The Commission has raised funds on financial markets since the 1970s, but it has never borrowed on this scale or disbursed at

this speed. Nor has it been responsible for the management of such a high profile programme of public investment. By supporting member states that have been hardest hit by COVID-19 and investing in EU-wide priorities such as the green transition and the digital transformation, the RRF has the potential to generate significant benefits. But as with all forms of public expenditure, this instrument could fail to provide value for money, create opportunities for fraud or have unintended economic, social and environmental costs.

Robust accountability mechanisms are needed to ensure that the RRF is well administered and that it meets its statutory obligations to support projects that 'do no

¹ Source: [Recovery and Resilience Scoreboard](#).

significant harm.² In this context, it is essential that the Commission justify its decisions relating to the facility and accept responsibility for any shortcomings. The Commission should be vertically accountable to member states,

horizontally accountable to other EU institutions and diagonally accountable to NGOs and other representatives of civil society.

The European Parliament's Role in Horizontal Accountability

Several EU bodies are involved in the accountability of the RRF, including the Court of Auditors, the European Ombudsman, Europol, Eurojust, the European Public Prosecutors Office and the European Anti-Fraud Office (OLAF 2021). As the EU's directly-elected body, and one to which the Commission is accountable, the European Parliament's role in horizontal accountability efforts is especially important.

The Commission is legally required to provide detailed information to the European Parliament, as well as to the Council, on how funds raised under Next Generation EU are spent, including on the specifics of loans to member states.³

The Commission is also required to submit documents and information related to the implementation of the RRF to the Council and European Parliament for the purpose of ensuring transparency and accountability.⁴ This includes, but is not limited to, national recovery and resilience plans and Commission proposals for implementing decisions. The obligation to share such documents and information is subject to 'the clearance of sensitive or confidential information, or to appropriate confidentiality arrangements'.⁵

An important strand of horizontal accountability lies in the European Parliament's authority to invite the Commission to a bimonthly Recovery and Resilience Dialogue.⁶ This dialogue can cover a broad range of issues, including 'the recovery, resilience and adjustment capacity' within the EU, member states' recovery and resilience plans and the assessment thereof, and any termination of payment related to the non-fulfilment thereof.⁷

To facilitate this dialogue, the European Parliament set up a Recovery and Resilience Fund Working Group comprised chiefly of members of the Committee on Economic and Monetary Affairs (ECON) and the Committee on Budgets (BUDG).

To date, five dialogues have been held, resulting in European Parliament resolutions calling, inter alia, for access to information such as the assessment of national recovery and resilience plans, the economic and digital impact of such plans and the role of NGOs.⁸ The Commission has responded to these resolutions in a timely manner.⁹ Procedurally at least, the dialogue is working as designed.

² Article 5, Regulation (EU) 2021/241

³ Articles 41-48, Interinstitutional Agreement of 16 December 2020 between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources, OJ L 433I, 22.12.2020, p. 28–46.

⁴ Recital 60, Regulation (EU) 2021/241

⁵ Recital 60, Regulation (EU) 2021/241

⁶ Article 26, Regulation (EU) 2021/241.

⁷ Article 26, Regulation (EU) 2021/241.

⁸ Resolution on the right of information of the Parliament regarding the ongoing assessment of the national recovery and resilience plans, 2021/2703(RSP) and Resolution on the right of information of the Parliament regarding the ongoing assessment of the national recovery and resilience plans 2021/2703(RSP)

⁹ See, for example, Commission response to text adopted in plenary, SP(2021)36, 25/06/2021.

Enhancing the Horizontal Accountability of the Recovery and Resilience Facility

Despite these achievements, the Recovery and Resilience Dialogue could be enhanced as a mechanism of horizontal accountability. One problem is that the dialogues, themselves, suffer from a lack of transparency. The European Parliament Secretariat General's Economic Governance Support Unit publishes useful 'In-Depth Analysis' briefings in advance of such meetings. But no meeting minutes have thus far been published. This practice is at odds with the European Parliament's Monetary Dialogue and Economic Dialogue, which provide minutes of meetings.

The Commission's publication in December 2021 of the Recovery and Resilience Scoreboard provides valuable information on

the implementation of the RRF, which will feed into the European Parliament's oversight of this instrument. To enhance accountability, the European Parliament should invite the Commission to include information in this scoreboard on all projects supported by the RRF. This is in keeping with good practice by public financial institutions, such as the European Investment Bank.¹⁰

Under the Regulation Establishing an EU Recovery Instrument, the Commission is required to submit annual reports on the implementation of the RRF. These reports provide an opportunity for a much fuller public discussion of the RRF than has taken place to date.

Reinforcing diagonal accountability

EU member states are expected to consult with 'local and regional authorities, social partners, civil society organisations, youth organisations and other relevant stakeholders' in the preparation and implementation of recovery and resilience plans.¹¹ The Commission has kept a close eye on such consultations and it has been quietly critical of member states in which consultation seemed brief or cursory (Lehofer, Dias and Cunha (2021: 11-25).

To date, the Commission has itself engaged with NGOs and other civil society groups on the facility to only a limited degree. The European Economic and Social Committee and the Committee of the Regions are due to receive evaluation reports on the RRF in 2024 and 2028. Involving these institutions and European civil society groups at an earlier stage in the oversight of the RRF would allow for more robust diagonal accountability.

References

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¹⁰ See www.eib.org/en/projects/all/index.htm

¹¹ Article 4(q), Regulation (EU) 2021/241.

About the Authors

Dermot Hodson is Professor of Political Economy at Birkbeck College, University of London and Principal Investigator on Banking on Europe.

David Howarth is Full Professor in Political Science: European Union studies at the University of Luxembourg and Principal Investigator on Banking on Europe.

Further Information

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