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The Introduction of the National Recovery and Resilience Plans in the Light of the Visegrád Grup Countries' Experience*

National Recovery and Resilience Plans (NRPs) set out the objectives for recovery and building the socio-economic resilience of EU Member States following the crisis caused by COVID-19. In their framework, countries also declare the introduction of structural reforms and investments for their implementation. The author aims to offer a closer look at and characterize the adoption procedure and basic assumptions of the National Recovery and Resilience Plans developed by Visegrád Group Member States, which are among the greatest beneficiaries of the Plans. Thus, it is worth zooming in on the national design and approval procedures for the various recovery plans, their basic assumptions, and procedures for their approval by Union bodies. The reason for researching this issue is the characteristic distribution of accents in existing research. On the one hand, there are many publications on the European Instrument for Reconstruction and Enhancement of Resilience. On the other hand, the analysis of the National Recovery and Resilience Plans of the Visegrad Group countries has not, so far, been the scope of broader legal and comparative research.

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1. Introductory remarks

European Union Member States are currently facing the impact of the COVID-19 pandemic, which has transformed into a deep socio-economic crisis before our eyes. That crisis undermines social relations, economic stability, and the exercise of fundamental human rights[1].

1 Maciej Serowaniec, „ The (Extra)Ordinary State Of COVID-19 Pandemic in Poland", [in:] *Pandemic Poland, Impacts of Covid-19 on Polish Law*, ed.

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Measures undertaken in the area of health care, as well as restrictions of movement, impacting production, demand, and commerce, have led to a downturn of business activity and a spike in unemployment, as well as a rapid dwindling of business revenues, increased public deficit and deepening inequalities within Member States and among them[2]. For this reason, it has become a priority for the European Union to undertake various activities and initiatives to mitigate the negative economic and social impacts of the crisis, any fragmentation of the single market, and significant disparities and disturbances in the balance of the EU economy. An important role in the coordination of the economic response to the impacts of the COVID-19 pandemic on the European level is to be played by the NextGenerationEU recovery plan for Europe established by Council Decision (EU, Euratom) 2020/2053 of 14 December 2020 on the system of own resources of the European Union and repealing Decision 2014/335/EU, Euratom. The purpose of this interim instrument for economic recovery, worth more than EUR 800 billion, is to assist with the recovery from the direct economic and social damage inflicted by the coronavirus pandemic. The objective of NextGenerationEU is for Europe, after the COVID-19 pandemic, to become more environmentally friendly, digital, resilient, and prepared to face current and future challenges[3]. The lion's share of the Recovery Fund is the RRF — Recovery and Resilience Facility — as part of which individual Member States have designed their National Recovery and Resilience Plans. This article aims to offer a closer look at and characterize the adoption procedure, and basic assumptions of the National Recovery and Resilience Plans developed by Visegrád Group member states (hereinafter 'V4'), which are among the greatest beneficiaries of the Recovery Plan. Thus, it is worth zooming in on the national design and approval procedures for the various recovery plans, their basic assumptions, and procedures for their approval by Union bodies.

Martin Löhnig, Maciej Serowaniec, Zbigniew Witkowski (Vienna: Vandenhoeck & Ruprecht Verlage, 2021), 9-12.

2 Maciej Serowaniec, „ European Semester-spring Package: Recommendations for Poland on the Socio-Economic Response to the COVID-19 Pandemic", [in:] *Human Rights, From Reality to the Virtual World*, ed. Iwona Florek, Ildikó Laki (Józefów: Alcide De Gasperi University of Euroregional Economy, 2021), 340-344.

3 Aldo Sandulli, Elisabetta Tatì, Alexander De Becker, Maciej Serowaniec, Alessandro Nato, *The Protection of EU Financial Interests Across Four National Legal Systems: A Comparative Perspective* (Rome: Luiss Guido Carli, 2021), 18-21.

2. Procedure and rules for the preparation of National Recovery and Resilience Plans

The core normative act defining the procedure for the preparation of a National Recovery and Resilience Plan (hereinafter „NRP") is Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility (OJ EU L 57, 18.2.2021). Following the Regulation's Article 4, „the general objective of the Facility shall be to promote the Union's economic, social and territorial cohesion by improving the resilience, crisis preparedness, adjustment capacity, and growth potential of the Member States, by mitigating the social and economic impact of that crisis, in particular on women by contributing to the implementation of the European Pillar of Social Rights, by supporting the green transition, by contributing to the achievement of the Union's (…) climate targets (…) and (…) digital transition". In this manner, the interventions contemplated in the NRP support the EU's goals of, „upward economic and social convergence, restoring and promoting sustainable growth and the integration of the economies of the Union, fostering high-quality employment creation, and contributing to the strategic autonomy of the Union alongside an open economy and generating European added value". Furthermore, in line with Article 3 of the Regulation, measures contemplated by the NRP shall focus on the six European pillars of crisis response and resilience building: (1) green transformation; (2) digital transformation; (3) smart, sustainable and inclusive growth; (4) social and territorial cohesion; (5) health--care and economic, social and institutional resilience; (6) policies for the next general, such as education and skills. As provided by the Regulation, the NRP should be based on an in-depth evaluation of the socio-economic situation caused by the outbreak of the COVID-19 pandemic and the identification of challenges linked to the recovery and transformation of the national economy toward increased productiveness and structural resilience[4]. EU bodies have also noted the necessity of carrying out the broadest possible public consultation process, recommending the inclusion of public entities, local governments, business operators, academics, opinion leaders, and civic society.

The NRPs submitted by the individual Member States will be verified – and modified if needed – In 2022 to reflect the final allocation of funds for 2023.

Evaluating the individual Member States' NRPs, the European Commission shall apply the following criteria: consistency with recommendations for the individual countries under the European Semester; expanding the growth potential, creating workplaces and economic and social resilience for the Member State, as well as a substantial contribution to the green and

4 Oliver Picek, „Spillover Effects From Next Generation EU" *Intereconomics*, Vol. 55 (2020): 325-331.

the digital transformation (states must allocate at least 37% of the budget to climate and biodiversity action and at least 20% to digitalisation). In keeping with the accepted procedure, the evaluation of the plans will be approved within a month by the Council at the Commission's request by a special majority of the vote. A positive outcome of the evaluation will depend on the satisfactory achievement of the final and intermediate goals of the plans[5].

3. National recovery plans of the Visegrád Grup countries

The first V4 state to submit its National Recovery and Resilience Plan to the European Commission was Slovakia. Sent to the Commission on 28 April 2021, Slovakia's NRP provides reforms and investments worth more than EUR 6.6 billion. The most crucial objective of the NRP is Slovakia's transition to a green economy and health care. The recovery plan's other focus areas are efficient public administration and digitalisation, education, science, research, and innovation. However, some opposition parties attributed the absence of broader public consultation and consensus in preparing the NRP assumptions to the government. According to representatives of Hlas-SD and Smer-SD, the recovery plan lacks support for agriculture, culture, industry, and commerce. Nor was consideration paid in the consultation process to the observations submitted by local-government representatives, local businesses, and trade unions. The opposition also alleged that the government's proposed NRP would centralise the fund-allocation decision-making in Bratislava, ignoring the needs of the regions. Opposition politicians have also signaled that the NRP fails to include sectors employing the majority of Slovaks. According to them, it was misguided for the instrument not to include areas such as food safety, protection of the self-employed, and employees of the catering and tourist industries. Under the NRP the government has also promised many administrative reforms. Those include, without limitation, a judicial reform, changes to university administration, modernisation of the police force and optimisation of the hospital network, as well as reform of the National Criminal Agency (*Národná kriminálna agentúra*, NAKA). The changes also encompass public passenger transport, the pension system, and public procurement. Implementing the reforms is to be accompanied by a program of large investments aimed at, among other things, removing architectural barriers in schools, renovating residential buildings, and developing of railway infrastructure and biking infrastructure[6].

5 Marco Buti, Marcello Messori, „NEXT GENERATION EU: An Interpretative Guide" *Luiss School of European Political Economy Policy Brief*, No. 29 (2020): 1-3.

6 Commission Staff Working Document. Analysis of the recovery and resilience plan of Slovakia Accompanying the document. Proposal for

The largest fund allocation in the entire NRP package will be to green-economy measures (EUR 2.3 billion). Health care is looking at EUR 1.5 billion. Efficient public administration and digitalisation – EUR 1.1 billion. EUR 892 million is allocated to education and EUR 739 million to science, research, and innovation. The green-economy area will include EUR 232 million for renewable-energy infrastructure, EUR 159 million for adaptation to climate change, and EUR 368 million for the industrial sector's decarbonisation. EUR 741 million is to be spent on building renovations. Sustainable transport will be assisted with EUR 801 million. Approximately EUR 1.2 billion will go to modern and affordable health care, while 105 million will go to humanitarian, modern, and accessible psychiatric care. EUR 265 million will be used to provide affordable, high-quality long-term social assistance and health care. EUR 615 million will be allocated to Slovakia's digital transformation. The latter will include mobile services, cyber-security, fast Internet for everyone, and a digital economy. The area of efficient public administration intended to support the business environment is to receive EUR 11 million, EUR 225 million will be provided for judicial reform, and EUR 229 million for anti-corruption and anti-money laundering and protection of the population. This area also includes a reform of public finance. EUR 210 million will be allocated to education accessibility, development, and quality on all education levels, and EUR 469 million to education in the 21st century. EUR 213 million will be spent on improving the quality of the functioning of the higher-education system. Under science, research, and innovation, EUR 633 million will be allocated to more effective management and more robust financing. Slovakia's National Recovery and Resilience Plan was ultimately approved by the Council on 21 June 2021[7].

As recently as 2020, the Polish and Hungarian governments threatened to veto the EU budget for 2021-2027 and NextGenerationEU. The decision was motivated by the lack of acceptance for any disbursements from EU funds (budget and the Fund) linked to rule-of-law issues. That position only changed on 10 December 2020, with leaders of EU Member States gathered at a summit in Brussels to strike a compromise dubbed „money for the rule of law". Under the compromise, the conditionality of disbursements from EU funds on compliance with rule-of-law principles was upheld; however, the heads of states and governments in the Union adopted a – legally not binding – summit declaration delaying the application of the „money for the rule

a Council Implementing Decision on the approval of the assessment of the recovery and resilience plan for Slovakia (COM(2021) 339 final).

7 Council Implementing Decision on the approval of the assessment of the Recovery and Resilience Plan for Slovakia (ST 10156 2021 INIT).

of law" mechanism by at least two years[8]. Thus, by abandoning the veto, Poland and Hungary unblocked the Union's budget for 2021–2027 and the Recovery and Resilience Fund that will support economies affected by the coronavirus pandemic. In addition, the Hungarian government returned its veto declarations and, on 12 May 2021, submitted a draft national recovery plan. Undoubtedly, the decision was affected by Hungarian-German economic relations and German Chancellor Angela Merkel's (informal) involvement in the negotiation process. The other determinant was the increased EU spending on energy transformation in less affluent Member States (such as Hungary), negotiated by Hungarian authorities. Prime Minister Viktor Orbán also emphasised the reassurances that could recognise the atom as green energy, which is of enormous importance in expanding the Paks Nuclear Power Plant, responsible for more than half of Hungary's energy generation[9]. In the coming six years, Hungary was to receive EUR 7.2 billion. More than 37% of that amount was to be allocated to climate objectives (investments and reforms) and climate neutrality. 20% of the available pool was to go to projects linked to Hungary's economy's digital transformation and digitalisation. Approximately EUR 1.75 billion was expected to fund undertakings relating to the development of green transport. However, the controversial EUR 3.37 billion for the modernisation of universities was excluded from the plan. On 9 July 2021, the European Commission stopped Hungary's payments from the EU's pandemic-recovery fund. The reason was that the expense plan submitted by the government failed to provide adequate protection from corruption[10].

The entity responsible for preparing Poland's National Recovery and Resilience Plan was the Ministry of Development Funds and Regional Policy. On 30 April 2021, the draft was approved in a special meeting of the Council of Ministers, following consultations from 26 February to 2 April 2021[11]. The official submission of the NRP to the European Commission occurred on 3 May 2021. Under the EU recovery fund, Poland is looking at EUR 58.1 billion, which translates into almost PLN 270 billion at current exchange rates.

8 Caroline de la Porte, Mads Dagnis Jensen, „The Next Generation EU: An Analysis of the Dimensions of Conflict Behind the Deal" *Social Policy Administration*, No. 55 (2021): 389-390.

9 Hungary's Recovery and Resilience Plan, https://www.palyazat.gov.hu/evaluation. [accessed: 21.02.2022].

10 Paola Tamma, Hungary's recovery cash in limbo, Politico, 30 September 2021. https://www.politico.eu/article/hungary-eu-recovery-fund-limbo-viktor-orban/. [accessed: 17.02.2022].

11 Krajowy Plan Odbudowy i Zwiększania Odporności, https://www.gov.pl/web/planodbudowy/kpo-wyslany-do-komisji-europejskiej. [accessed: 18.02.2022].

The funds will be divided into EUR 23.9 billion subsidies and EUR 34.2 billion loans.

Totalling almost five hundred pages, the document provides details of the distribution of funds allocated to Poland under NextGenerationEU. The National Recovery and Resilience Plan assumptions are divided into grant and loan parts. Each includes five components, viz. (a) economy resilience and competitiveness; (b) green energy and reduced energy consumption; (c) digital transformation; (d) effectiveness, accessibility, and quality of the health care system; and (e) smart green mobility[12].

The entire distribution of expected funds is provided only for the grant part totalling EUR 23.9 billion. The assumption breakdown is provided only for EUR 11 billion in the loan part. Here, it must be noted that the distribution of funds from the loan part shows discrepancies in the sums stated. For example, page 339 of the NRP provides the information that during the first stage, Poland will be applying for a loan of EUR 10.762 billion (out of the EUR 34.2 billion allocated under the loan part), with an itemised breakdown of components. However, the itemised funds add up to EUR 10.664 billion; there are also observable discrepancies in the components, e.g., Component D (p. 340 of the NRP). Information about the source of this computational discrepancy is scarce, so it must be assumed that the sums were corrected later in the approval procedure for Poland's NRP with the European Commission.

Because a full breakdown is only provided for the grant part, the component percentages will only refer to that part. Poland intends to allocate the most funds, 28.5%, to smart green mobility, green energy, and reduced energy consumption (approx. 24%). Under these solutions, the funds will be spent, among other things, on increasing the share of zero- and low-emission transport in the mix, as well as prevention and mitigation of the adverse environmental impact of transport, increased accessibility of transportation, as well as security and digital solutions; increased use of renewable energy sources, adaptation to climate change, and curbing of environmental degradation. Accordingly, it can be concluded that the task linked to improving the quality of the environment and counteracting the impact of global warming will incur expenses of over EUR 12 billion from the grant part. Regarding the other components, approximately EU 4.5 billion will be spent on economic resilience and competitiveness (approx. 18.5% of the grant). About 17% of the grant will improve the health care system. The least part of the funds is expected to be spent on digital transformation, totalling less than 12% of the grant.

12 Poland's National Recovery and Resilience Plan, p. 28. https://www.gov.pl/attachment/2572ae63-c981-4ea9-a734-689c429985cf. [accessed: 17.02.2022].

Notably, the European Commission still has not evaluated Poland's National Recovery and Resilience Plan, which is only the first step to approving Poland's submitted NextGenerationEU expenditure solutions. The lack of evaluation is linked to the increasingly broadening rule-of-law crisis constantly monitored by the European Commission. Press reports also suggest that it relates to Prime Minister Morawiecki's application to the Constitutional Court concerning the principle of supremacy of Union law above domestic law[13].

The Czech government submitted its National Recovery and Resilience Plan to the European Commission for approval on 1 June 2021. Under the Union's recovery plan, the Czech Republic looks at EUR 7 billion in aid, translating into approximately 180 billion Czech koruna, though the expected total of investments is CZK 190.6 billion. The state budget will cover the difference between the EU financing and the contemplated expenses[14]. Czechia's National Recovery and Resilience Plan is based on six remedial pillars. The greatest part of the funds, at 44.7%, will go to physical infrastructure and green transformation. The other pillars break down as follows: 21.5% of the EU financing will go to education and the labour market; 14.6% to the digital transformation; 6.9% to health-care and building the population's resilience; 6.5% to research, development, and innovation; and 5.7% to institutions and regulatory and businesses assistance in response to COVID-19[15]. These pillars create the ground for the development of the economic sector, respond to the European Commission's specific recommendations concerning the reinforcement of economic growth, and touch upon issues of sustainable development, such as decarbonisation, digitalisation, and support for the weakest regions. It must be emphasised that, in line with the requirements of EU legislation, whereby at least 37% of the funding should be claimed by ecology and 20% by the digital transformation, the Czech

13 Jan Strupczewski, *Questioning primacy of EU law holding up recovery money for Poland-Gentiloni*, Reuters, 1 September 2021. https://www.reuters.com/world/europe/questioning-primacy-eu-law-holding-up-recovery-money-poland-gentiloni-2021-09-01/. [accessed: 14.02.2022].

14 Commission Staff Working Document Analysis of the recovery and resilience plan of Czechia Accompanying the document Proposal for a Council Implementing Decision on the approval of the assessment of the recovery and resilience plan for Czechia (SWD/2021/211 final). [accessed: 1.10.2021].

15 Council Implementing Decision on the approval of the assessment of the recovery and resilience plan for Czechia (ST 11047/21)

Republic has apportioned as much as 41.6% to so-called green transformation and 22.1% to digitalisation[16].

On 19 July 2021, the European Commission positively evaluated the Czech Recovery and Resilience Plan. Among others who spoke on the plan, Commission President Ursula von der Leyen said: „Today, the European Commission has decided to give its green light to Czechia's recovery and resilience plan. This plan will be crucial in supporting a shift towards a greener and more digital future for Czechia. Measures that improve energy efficiency, digitalise public administration, and deter the misuse of public funds are exactly in line with the objectives of NextGenerationEU". Valdis Dombrovskis, Executive Vice-President for an Economy that Works for People, said: „This plan will put Czechia on the path to recovery and boost its economic growth as Europe gears up for the green and digital transitions. Czechia intends to invest in renewable energy and sustainable transport while improving the energy efficiency of buildings. In addition, it aims to roll out greater digital connectivity across the country, promote digital education and skills, and digitalise many of its public services"[17]. On 6 September 2021, the economy and finance ministers of the European Union approved the Czech Republic's National Recovery and Resilience Plan. The Council's implementing decisions were adopted by written procedure. The ultimate green light for the plan will open the way to implementing its assumptions and commencement of historical transformations in fields such as infrastructure, environmental protection, and digitalisation. The enactment of the decision also means that by the end of 2021, Czechia may obtain a 13% advance payment against the EUR 7 billion allocated under NextGenerationEU.

4. Final Remarks

The analysis shows that each Visegrád Grup country faced political difficulties when developing its national recovery plans. The core problem was the lack of effective utilisation of consultation procedures in the preparation process. In each of the V4 states, NGOs and the opposition alleged the consultation procedures to have been smoke-screens, not leading to compromise solutions reflecting the postulates of social partners. As noted before, in the cases of Czechia and Slovakia, the Council of the European Union handed down implementing decisions on 13 July and 8 September 2021, respectively, approving the countries' plans for recovery and resilience. Based on the decisions, the two states signed a subsidy agreement with the European Union

16 Czechia's National Recovery and Resilience Plan,15. https://www.planobnovycr.cz/dokumenty. [accessed: 15.02.2022].

17 NextGenerationEU: European Commission endorses Czechia's €7 billion recovery and resilience plan, https://ec.europa.eu/commission/presscorner/detail/pl/ip_21_3745. [accessed: 21.02.2022].

and received pre-financing at 13% of the allocated pool. Far more complicated is the situation of Hungary and Poland. While in Hungary's case, the European Commission has issued a decision withholding payments from the EU pandemic fund. Poland's case still has not evaluated the country's National Recovery and Resilience Plan. Without a doubt, the Commission's decision in both cases is the consequence of several years of violations of rule-of-law principles. Therefore, it should be expected that NextGenerationEU funds will only be released when both states restore compliance with rule-of-law standards.

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