For Some Things to Remain the Same, Everything Must Change: Institutional and Policy Change, and the Domestic Impact of the Recovery and Resilience Facility in Italy and Spain

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Abstract

The Covid-19 pandemic and the crisis response it triggered, centred on the Recovery and Resilience Facility (RRF), marked a turning point in EU economic governance. The RRF has transformed EU institutional structures and EU-member states' relations. Yet, little scholarly attention has been paid to institutional transformations at the member states' level. While the initial reaction to the crisis was dominated by a re-emerging politicization of the EU project, the response consisted of a technocratic depoliticized form of fund disbursements that required member states to adapt institutional structures to channel EU funds. This article analyses how the two largest recipients of funds, Italy and Spain, have strategically reacted to the RRF implementation. Building on a novel dataset on RRF funds recipients and comparative case study of Italy and Spain, the article investigates how the depoliticizing pressures of the RRF generated gradual transformation at the domestic level, filtering through existing institutional structures. In Italy, change has taken the form of conversion of governance structures and layering of investment priorities onto pre-existing institutional legacies, whereas Spain's more decentralized political system has enabled partial departures from these legacies, particularly through a selective reorientation towards new industrial strategies. The article advances the research agenda on Europeanization of domestic governance structures and contributes to the Special Issue's focus on politicization and depoliticization as strategic responses to systemic shocks.

Keywords: Recovery and Resilience Facility; Institutional change; Europeanization; (De-)politicization; Domestic governance; Investments

1. Introduction

When Covid-19 first struck Europe, EU leaders clashed openly over how to respond. Uncoordinated national measures and an apparent lack of solidarity dominated headlines, as familiar divides between North and South, East and West, quickly resurfaced. Debates over the possible activation of the European Stability Mechanism (ESM) proved particularly contentious, meeting widespread resistance and disappointment in countries such as Italy (Schelkle, 2021). Against this backdrop, the launch of NextGenerationEU (NGEU) marked a decisive moment. For the first time in the history of the Economic and Monetary Union (EMU), member states agreed to issue common debt to finance post-pandemic recovery through the Recovery and Resilience Facility (RRF), a €700 billion package of grants and loans to be invested by 2026.

Yet, somewhat surprisingly, the high degree of politicization that characterized the initial phase of EU-level crisis management (Ramalho Moreira, 2026) did not persist. As attention shifted from the design of RRF to its implementation, public contestation gradually receded and issues surrounding the RRF became increasingly depoliticized, despite the unprecedented scale of resources mobilized and the potentially far-reaching implications of the programme.

This depoliticization is linked to several features of RRF's architecture and implementation: above all, the highly bureaucratic nature of National Recovery and Resilience Plans (NRRPs) and the tight timelines that favoured centralized and technocratic modes of governance within national executives. Moreover, unlike earlier EU fiscal instruments, which relied on highly politicized and punitive forms of conditionality, the RRF operates through a performance-based and reward-oriented mechanism tied to the achievement of predefined milestones and targets (Corti & Vesan, 2023; Zeitlin et al., 2023).

The introduction of this renewed instrument, deeply politicized in its creation, but strongly depoliticized in its implementation, represented an important innovation in EU governance that impacted both the supranational and domestic level. At the supranational level, NGEU marked a profound rupture with the intergovernmental logic embodied in instruments such as the ESM (Corti & Vesan, 2023; Van Malleghem, 2023). More cautious perspectives, by contrast, suggest that NGEU's transformative ambitions have remained only partially fulfilled (Ceron, 2023). While this literature has generated valuable insights into the EU-level implications of NGEU, both in terms of economic governance and inter-institutional relations (Bokhorst, 2022; Fabbrini & Capati, 2023), or the relationship between the EU institutions and Member States (Capati & Christiansen, 2025), considerably less attention has been paid to its domestic-level consequences (for exceptions see Bressanelli & Natali, 2025; Lupo, 2023; Capati et al, 2026). Yet the RRF's depoliticizing pressures did not translate uniformly into domestic outcomes: they were filtered through distinct national institutional legacies, coalitional configurations, and programmatic agendas of governments in office. This article redirects attention to the interaction between the RRF and national institutional structures, asking a central yet underexplored question: what effect did the RRF depoliticization pressures and priorities have at the domestic level and what mechanism drove the differential impact of similar pressures? In doing so, we speak to the broader research question of this Special Issue on how institutions and policies adapt to interconnected external shocks and their (de)politicizing dynamics. This article presents a comparative case study of the RRF implementation process in Italy and Spain, the two largest recipients of EU funds. Through a layered theoretical framework connecting theories of gradual institutional change (Streeck & Thelen, 2005) and Europeanization (Börzel & Risse, 2003) and an innovative dataset of the 100 first RRF recipients, we analyze the impact on two distinct domestic variables, governance structures of implementation and RRF-led investment priorities. We find that RRF pressures resulted in forms of gradual change, which reflected existing institutional arrangements in both countries, but produced variation in investment priorities. In particular, we find that Italy shows continuity in investment spending through existing sectoral coalitions, while Spain achieves a more selective reorientation towards green industrial policy due to higher "programmatic fit", i.e. a larger degree of cohesion between the government agenda and the RRF. In this way, the paper contributes theoretically by introducing the original concept of programmatic fit as dimension of agency in institutional change driven by Europeanization; empirically through the analysis of top recipients in each country; and analytically by connecting EU reform literature to domestic political economy.

The article proceeds as follows. Section 2 reviews the literature. Section 3 develops the theoretical framework, integrating depoliticization, gradual institutional change, and Europeanization. Section 4 outlines the methodology, case selection, and data. Section 5 presents the empirical findings. Section 6 discusses the comparison across the two cases and concludes.

2. RRF's transformations: Critical Juncture or Gradual Change?

Agreeing on the RRF was a deeply transformative moment in EU integration. After almost a decade of slow and difficult recovery from the sovereign debt crisis, which nearly threatened the cohesion of the Union, EU countries agreed for the first time to share the burden of crisis response. In terms of EU architecture, the RRF constitutes for many scholars a critical juncture, shifting EU economic governance from an intergovernmental delegation model to a more genuinely supranational response (Capati, 2024).

While previous crisis responses relied on intergovernmental instruments like the ESM, the Covid-19 pandemic enabled an entirely new policy approach (Fabbrini & Capati, 2023). Policy learning during the pandemic was rapid, reflecting the recognition that prior frameworks, including the "Northern Saints and Southern Sinners" narrative, had lost explanatory and political traction (Ladi & Tsarouhas, 2020).

Early post-crisis scholarship celebrated the RRF as a Hamiltonian moment for the EU, with joint borrowing hailed as a step toward a fiscal union (Georgiou, 2022), and many underscored the transformative impact of the RRF on EU institutional structures (Redeker &Nguyen, 2022). With time, however, more nuanced assessments of the RRF's institutional effects have emerged (Bocquillon et al., 2024). While the RRF may have represented a discontinuous shift at the EU level, its operations also reveal elements of continuity and gradual change, rather than the emergence of a completely new paradigm (Fabbrini & Capati, 2023). The RRF appears to have converted existing EU Semester rules (Creel et al., 2021), and newly introduced regulations have typically been layered over existing institutional arrangements, reinforcing instead of replacing prior structures (Bocquillon et al., 2024). Continuity appears also in the Commission's role in shaping reform objectives and in the alignment of new plans with pre-existing Country-Specific Recommendations (CSRs) (Bokhorst, 2022). Transformations in EU fiscal governance had already been gradually happening in the 2010s, despite the decade being marked by austerity (Locatelli, 2024; Beretta & Locatelli, 2026). EU fiscal rules technical complexity had strengthened national executives' role and new interpretations created space for public investment (Beretta & Locatelli, 2026). At the same time, state-led industrial policy also remerged in the 2010s, driven by global pressures and the neoliberal paradigm's perceived limits (Di Carlo et al, 2026). From this perspective, the investment push of the RRF appeared less as a rupture than as a codification of trends already underway.

While EU-level governance transformations and the operational architecture of the RRF, including the evolving interaction between EU institutions and member states, have largely been analysed (Bokhorst & Corti, 2024; Capati, 2024; Fabbrini & Capati, 2023), the domestic impact of these transformations has seldom received attention. Despite Europeanization research has long emphasized EU-level transformations' reverberation within domestic arenas (Börzel and Risse, 2003; Stolfi, 2008), studies of the RRF have so far overlooked this analytical dimension (see Bressanelli & Natali, 2025). The RRF forced member states to rapidly build new coordination and implementation capacities under Commission oversight, replacing the sanction-based conditionality of earlier instruments with a more consultative mode of interaction (Bokhorst & Corti, 2024) that shifted conflict into technical and administrative arenas. This depoliticized implementation logic has been understudied at the domestic level, as existing analyses have focused mainly on EU-level transformations or on domestic-to-EU politicization pressures (Bressanelli et al., 2020). This paper addresses that gap by examining how this depoliticized pressure was absorbed domestically, focusing on national governance structures and investment priorities. We outline the theoretical framework in the next section.

3. Europeanization, Depoliticization and Institutional Change: understanding change from a domestic perspective

To analyse how RRF-driven depoliticization pressures shaped domestic implementation, our theoretical framework treats the RRF as a depoliticization shock originating at the EU level, whose domestic absorption we investigate through the lenses of gradual institutional change (Streeck & Thelen, 2005) and Europeanization (Börzel & Risse, 2003; Radaelli, 2000).

We build on the depoliticization literature developed by Bressanelli et al. (2020), which distinguishes *structural depoliticization*, a property of an EU instrument's institutional design, from *strategic (de-)politicization*, a deliberate governmental choice to amplify or reduce that structural property. Applied to the RRF, the first refers to the milestone-based conditionality, technocratic reporting requirements, and performance-based disbursement logic that embed a de-contestation of political choices into the programme's procedural design, shifting fiscal decisions into technical and administrative channels and away from arenas of democratic contestation; this dimension is a common pressure on all member states. *Strategic (de-)politicization*, by contrast, is agentive and varies across cases: governments may choose to amplify structural depoliticization, in order to reduce domestic contestation over the use of funds and insulate implementation from parliamentary or societal scrutiny, or instead to reduce it strategically, in order to legitimize their own agenda and policy priorities. A third analytical dimension, *outcome (de-)politicization*, refers to the observable result of the first two: which might take the form of executive or technocratic centralization, the attenuation of public contestation, parliamentary debate, and media scrutiny over fund allocation and implementation choices, or its opposite.

We retain the assertive/restrained distinction developed by Bressanelli et al. (2020) but relocate it to the domestic level, inverting the framework original direction: we treat the RRF itself as a form of assertive depoliticization and ask how national governments in turn respond, through more assertive institutional transformation or through more restrained use of existing institutional features. We therefore do not expect a uniform reaction of straightforward politicization or depoliticization, but rather eclectic and largely restrained combinations of continuous depoliticization and selective re-politicization, mediated by the perceived enabling or constraining character of the EU-level pressure and by pre-existing domestic institutional structures.

Mediating EU Pressure: Institutions, Agency, and Domestic Change under the RRF

We draw on the literature on gradual institutional change (Streeck & Thelen, 2005) to understand both the mechanisms of this transmission process and of its outcomes. Where traditional historical institutionalism accounts for institutional reaction to external shocks through the static logic of path-dependency, or through critical junctures, i.e. abrupt ruptures opening new institutional trajectories (Capoccia, 2016), theories of gradual institutional change instead stress how institutions respond to shocks through slower, iterative processes: *conversion*, the repurposing of existing frameworks for new ends; *layering*, the accumulation of new institutional structures and instruments onto existing ones; *drift*, the transformation of institutions toward new purposes through the erosion of existing pathways; *displacement*, the emergence of new institutional practices at the expense of established forms of behaviour; and *exhaustion*, institutional breakdown brought about by cumulated gradual transformation. Relying on this literature, we emphasize the agency in these transformation processes: the outcome of change is rooted in the interaction between structural constraints and actors' strategic responses. Institutional constraints are not simply binding parameters to which actors passively adapt; they are also resources that actors can reinterpret and redeploy (Streeck & Thelen, 2005). Streeck's (1997) concept of *political conversion* captures precisely this dynamic: actors facing changing external conditions can learn to turn constraints to their own strategic advantage, repurposing existing rules and structures for ends other than those originally intended (Emmenegger, 2021). Political opportunities arising from an external shock such as the RRF can therefore prompt strategic re-adaptation of institutional constraints by domestic actors, depending on how those actors perceive the shock as enabling or constraining their own agendas (see also Bressanelli et al., 2020). Looking at agency in gradual change allows us to connect this literature with the concept of "goodness of fit" in relation to Europeanization processes (Börzel & Risse, 2003; Featherstone & Radaelli, 2003), which explains the domestic adaptation to EU pressure through the compatibility between EU rules and pre-existing domestic institutional arrangements (Börzel & Risse, 2003;Featherstone & Radaelli, 2003). However, as RRF's pressure is substantive rather than purely regulatory or institutional, channelling resources toward specific policy priorities such as green transition, digital transformation, and social investment, institutional fit alone does not explain how governments translate common EU pressures into differentiated investment trajectories. Bridging these literatures, we introduce the original concept of *programmatic fit*: the degree of alignment between the governing coalition's substantive policy agenda and the substantial and paradigmatic priorities embedded in the RRF and endorsed by the Commission during implementation[1]. Capturing agency and institutional constraints with this notion, we argue that such compatibility is therefore the product of both types of fit. Programmatic fit differs from institutional fit in three respects. First, it does not measure the compatibility of rules and institutional forms, but the substantive policy orientations defining problems to be addressed and the legitimate instruments. Second, it is much more dependent on the governing coalition, whose electoral mandate, programmatic commitments, and sectoral alliances condition how EU priorities are received. Third, the causal logic is based more on political incentives and less on adaptation costs. In adding this dimension, we draw on recent work by: Capati and Christiansen (2025), which adopts a strategic conception of multi-level Europeanization in which domestic actors do not passively absorb EU pressures but actively translate them through their own political projects; Scibilia et al (forthcoming), who also analyse the cases of Spain and Italy, emphasize how the strategy and the coherence of domestic policy coalitions influence the capacity of the RRF to impact major policy structures. Programmatic fit thus provides the theoretical bridge between our two dependent variables, explaining why the same EU-level depoliticization pressure generates correlated but distinct patterns of governance and investment change across our cases; we develop this argument, and its empirical implications, further in the discussion of our theoretical expectations in the next section.

[1] In this paper we do not concentrate on the underlying causes of the programmatic orientation of governments, and therefore of the programmatic fit between those and the EU's substantial pressures. However, we hypothesize that these are the joint outcome of: ideational-party orientation of the governing coalition; coalition of social and sectoral actors forming the base of its support; and the growth strategy that connects both towards some desired, substantive, economic policies.

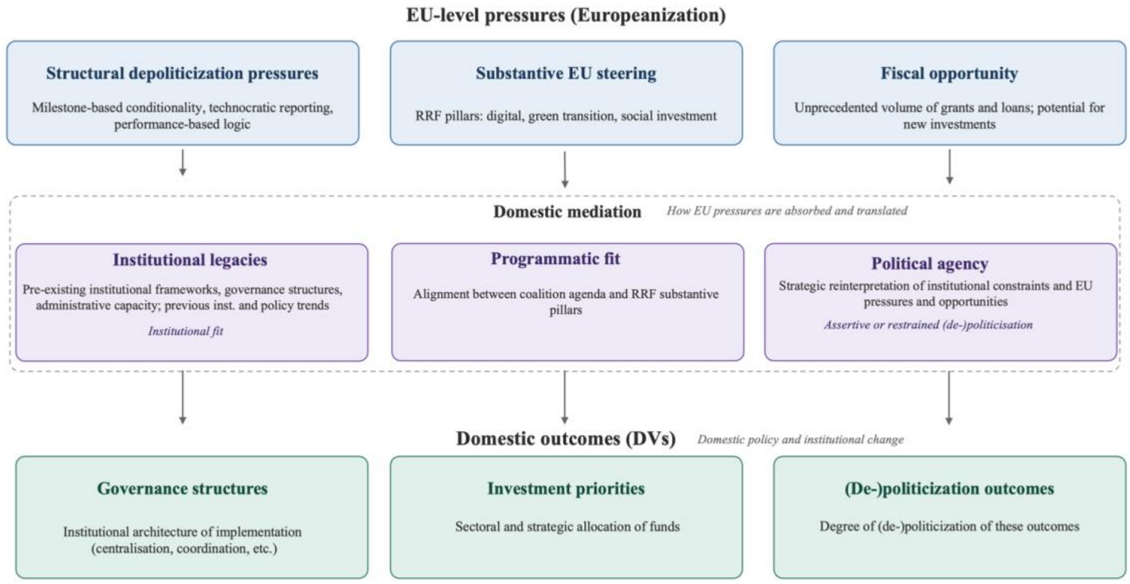

Figure 1. Analytical Framework: from Europeanization to institutional and policy change at the domestic level. Domestic mediating factors.

4. Methodology, Case Selection, and Data

This paper draws on a comparative case study (Gerring, 2006) of two most similar cases, Italy and Spain, which represent the two biggest recipients of RRF funds. In terms of institutional governance structures, the two countires present comparable degrees of: executive centralization; administrative and implementation capacities; structures and dynamics of organized interests' European pressures to reform governing structures and policies.

The comparison of two most similar countries isolates the factors driving divergent trajectories. We examine two analytically distinct but relevant dimensions of RRF implementation: (1) governance structures, how decisions are made and by whom; and the redefinition of investment priorities, what is funded. Both respond to the same EU-level depoliticization pressures for implementation, but through mechanisms that vary with pre-existing legacies and conditions.

	Italy	Spain
RRF funding allocated	Largest recipient (€194.4bn)	Second largest (€102 bn, revised)
Debt/GDP in 2021	High (~145% GDP)	High (~115% GDP)
Government (in)stability	Fragmented, unstable coalitions	Fragmented, unstable minority govts
Administrative/fiscal capacity	Low-to-medium	Low-to-medium
RRF Europeanization & depoliticization pressure	High, Common	High, Common
Institutional configuration	Centralized, executive-led	Decentralized, but increasing centralization
Government's programmatic fit with RRF substantive pillars	Low	High

Table 1. Case selection logic

Governance structures (DV1). We conceptualize governance change as a function of institutional fit between the RRF's centralising architecture and pre-existing national arrangements. In both cases, the direction of change should be gradual reinforcement of executive control. We therefore expect Italy, given its established pattern of executive centralization (Cozzolino, 2019; Di Carlo & Simoni, 2024), to show conversion, and Spain, given its constitutionally decentralized system (Legnani, 2024), to show layering, both nonetheless converging on moderate executive deepening (Bressanelli & Natali, 2025; Capati et al., 2026). ***Investment priorities (DV2)***. We expect a baseline of continuity and layering onto strategies shaped by existing growth models, with departures depending on programmatic fit between the RRF's substantive pillars (green transition, industrial upgrading, social investment) and the governing coalition's commitments. Low fit should lead them to channel funds toward safe, high-feasibility projects, reinforcing layering with limited transformative potential. We thus expect Spain, where the governing coalition's agenda aligned with the RRF's direction, to show selective displacement of prior growth-model elements, and Italy, where governments' coalition's programmatic distance from the EU's climate and industrial agenda is compounded by the absence of a cohesive reform coalition, to show continuity and layering onto pre-existing infrastructural priorities.

Finally, we assess comparative strategies adopted by the governments to react to de-politicization pressures. Our analysis draws on multiple data sources including primarily policy documents, grey literature and existing monitoring data on RRF project implementation, triangulated with secondary literature. For the investment priorities we relied on the published list of the projects implemented by the first 100 beneficiaries per size in each country and constructed an innovative dataset, coding and categorising the projects within original categories based on the perceived priorities and sectoral orientation of the intervention. For details on the categorization and coding process see Appendix.

In analysing the projects in reference to different spending categories, we observed those parts of the economy that benefited more from the different national plans, inductively assessing what type of sectors, industries, and public and private actors the governments have prioritized, outlining their investment strategies[2]. We coded the projects from our dataset accordingly. Table 2 below reports the value of the total funding allocated to these countries in absolute and relative terms (Gobierno de España, 2023; Catalogo Open Data, 2025)[3].

	Italy	**Spain**
Total funding, first 100 recipients	53,421,204,064	5,111,912,896
% of National Plan	27,48%	4,9%

[2] Therefore, rather than following the general and abstract "missions" of the RRF's and Commission's language, the categories we constructed represent more "material", political economy categories We carefully reviewed - using the available data - the types of actors and the concrete objectives of the project to interpret and code the sectoral orientation of the entries in our dataset.

[3] For an overview, see the European Commission updated recollection and the Recovery and Resilience Scoreboard:https://ec.europa.eu/economy_finance/recovery-and-resilience-scoreboard/disbursements.html?table=finalRecipientByCountry

Table 2. Funding allocated to the first 100 beneficiaries[4]

5. Gradual change: the institutional and policy impact of the RRF

Governance and Gradual Institutional Change: Centralization as Continuity

The governance of the RRF across the largest recipients, Italy and Spain, shows that the depoliticized structures of the RRF implementation impacted domestic contexts in gradual ways. While the RRF introduced a supranational fiscal capacity and unprecedented common borrowing (D'Erman & Verdun, 2022), often interpreted as major innovations in the EU's economic governance architecture (Schelkle, 2021; Zeitlin et al., 2023), its domestic implementation has been anchored in existing coordination logics, building new structures on pre-existing institutional arrangements instead of creating entirely new governance models. In the countries examined, Italy and Spain, the governance of the NRRPs reflects a reinforcement of executive control, albeit to different extents that align with their respective institutional starting points. Across the two cases, national governments retained decisive control over the design, monitoring, and disbursement of RRF funds. Yet, reflecting its longstanding domestic institutional traditions, Spain appears as more decentralized, a distinction rooted in its political system (Legnani, 2024).

In line with other research (Capati et al, 2026), we find evidence for this in the fact that both countries established new but centrally embedded bodies to coordinate implementation and reporting to the European Commission, typically within the Prime Minister's Office or the Ministry of Finance. These bodies build upon existing domestic coordination mechanisms,

[4] Note: While the numerator (the total amount allocated to the top 100 recipients) was extracted in 2024, we have revised the denominator used to calculate the percentage in Table 2 to reflect updated figures. Spain has in fact recently announced that, due to improved economic forecasts, it will no longer request the maximum volume of loans originally available under the RRF, drawing only around 25% of the loans initially planned (Reuters, 2025). As a result, the European Commission revised the total value of Spain's national plan downward, to €102.56 billion.

layering additional responsibilities and reinforcing the balance of power in favour of the executive over subnational and societal actors.

In Italy, the evolution of the NRRP (*Piano Nazionale di Ripresa e Resilienza, PNRR*) governance offers a striking example. Initially designed under the Simplification Decree (Decree-Law 77/2021), the system combined a Steering Committee (*Cabina di Regia*) led by the Prime Minister, a Technical Secretariat, and a Consultative Partnership Table that formally involved local authorities and social partners. Financial management and monitoring were entrusted to the Ministry of Economy and Finance (MEF) through a Central Service for the PNRR (Servizio Centrale). This architecture already reflected a high degree of centralization (Niccolai, 2022), leaving little room for the Parliament (Piccolino & De Giorgi, 2025), and echoing the centralized coordination mechanisms in the implementation of Cohesion Policy through the former Agency for Territorial Cohesion.

However, the 2023 reform (Decree-Law No. 13/2023), enacted under the Meloni government, further concentrated power in the executive. It created a new Mission Structure for the PNRR within the Presidency of the Council, absorbing most functions of both the Technical Secretariat and the MEF’s Central Service (Lupo, 2023; Menegus, 2022). The reform also abolished the Consultative Partnership Table, relocating stakeholder engagement directly within the Steering Committee, thereby narrowing the scope for social and territorial consultation. This restructuring reaffirmed and deepened pre-existing executive dominance: political control was strengthened at the expense of technocratic and participatory mechanisms (Bressanelli & Natali, 2025), even as local governments remained key implementers of projects. Yet municipalities and regions, already weakened by decades of administrative capacity erosion, have struggled to meet the technical and procedural demands of RRF management (Barbieri et al., 2022).

The Italian case thus illustrates a process of conversion, in which existing coordination frameworks were repurposed to fit new financial and temporal constraints. Instead of displacing the pre-existing governance model, the RRF accentuated its hierarchical and executive-centered features. The Spanish case displays a more pluralistic architecture, in line with its more decentralized political system (Alonso & Verge, 2014; Legnani, 2024), yet one still requiring central coordination, especially given the broader scope for regional involvement in Spain's multilevel setting (Capati et al., 2026). The Royal Decree-Law 36/2020 created a Ministerial Committee for Recovery, Transformation and Resilience chaired by the Prime Minister, supported by a Technical Committee and the Sectoral Conference chaired by the Ministry of Finance. These bodies integrate regional and local authorities (autonomous communities, municipalities) as well as private sector and civil society representatives (Gobierno de España, 2021). Although Spain's decentralized structure ensures multilevel cooperation, the central government retains the power to define strategic priorities. Capati et al (2026) point to how the two countries de-politicized the governance and implementation process of the RRF. The Spanish government, as the Italian one, "*utilized these features [EU pressures] further in order to achieve their aims of a smooth and controlled implementation process*". It should also be noted that opposition over the implementation process from the Autonomous Communities, especially the ones governed by opposition parties, was however at times intense and more binding than in the Italian case (Capati et al, 2026; Fernàndez-Pasarìn & Lanaia, 2022, Banyuls & Recio, 2025). The Spanish case exhibits a form of centralization that occurs in tension with a constitutionally decentralized administrative architecture, rendering the sidelining of subnational actors more institutionally salient and politically contested than in the Italian case (Capati et al., 2026). Finally, coordination with social partners in the RRF governance showed a greater formal and substantial engagement (Aspide et al, 2026). While the Sanchez government relied on a social coalition through which negotiated

RRF reforms and programmatic priorities, the Italian governments – Draghi and Meloni in particular - had sidelined social partners, and eventually abolished even the Partnership Table. Taken together, the two cases demonstrate a shared logic of executive centralization, amplifying the influence of finance ministries and prime ministers, with Spain's comparatively more decentralized system showing a more gradual and partial centralization. Time pressure has reinforced these trends, leaving little room for the development of more democratic or participatory bodies, as centralization has been prioritized for efficiency (Bokhorst & Corti, 2024). Thus, we argue, the RRF's novelty at the level of domestic policymaking lies not in its procedural architecture but in the scope and scale of funds administered through existing mechanisms that reproduce a logic of centralized, conditional coordination.

Investment Priorities and Driving Economic Sectors: a prime on the First 100 RRF Beneficiaries

While the RRF has fostered a generalized post-Covid European revival of state interventionism and industrial policy, intensified after 2022 by wars, energy crises and inflation[5] (Di Carlo et al, 2026;), a closer and fine-grained look at the domestic level indicates a more path-dependent logic, with countries layering this renewed interventionist stance (coupled with a political momentum and larger availability of fiscal capacity for investments) on a set of preexisting conditions. In other words, European-wide developments surely impacted consequentially the domestic policy of Italy and Spain, but they did so *filtered* by both structural and agentic conditions and precedent trajectories.

The domestic implementation of the RRF followed divergent and largely path-dependent trajectories, reflecting domestic aspects of national political economies. Firstly, central or

[5] Due to a combination of intertwining factors that relate to: geo-economic (industrial competition) and geopolitical (security) challenges; climate and decarbonization imperatives; macroeconomic and growth problems. For an overview, see the contributions in Di Carlo et al, 2026.

dominant economic sectors have attracted and absorbed an important part of the funds. Second, investment priorities and RRF-related industrial policy framework associated with each country's NRRP have aligned with dominant growth coalitions and have been overall layered or integrated on previous growth strategies; in other words, governments aligned the new European resources with preexisting political frameworks. We will substantiate and qualify these claims at the end of this section, after having analysed in turn each country's first 100 beneficiaries.

Italy: Infrastructures, Depoliticized Continuity and Green backlash

In Italy, the top RRF recipients overwhelmingly concentrated on infrastructure investments (particularly in transport and physical infrastructure), which together represented over half of all projects and the majority of total funding (see Figure 3). Major recipients included *Rete Ferroviaria Italiana,* with national railway development projects, as well as local authorities proposing to modernize and decarbonize public transport systems.

An important although minoritarian share of projects targeted digital infrastructures - for example, developing broadband networks, smart grids and fostering cybersecurity - or the digitalization of the healthcare system, fostered by both public-controlled and private companies. This is important as it comes after at least a decade of harsh austerity in the public, and especially the health sector (Christou & Galanti, 2024). Funding for social protection and employment was mainly absorbed by the *Assistenza Domiciliare Integrata* (ADI) scheme.

Funding has lagged behind Spain and other major countries for renewables, green energy grids, and environmental safety of territories (Il Sole 24 Ore, 2025), including hydrogeological risk, which is especially pressing given the country's vulnerability (Cotta & Domorek, 2022). Such small, territorial, or micro-level projects, have been often sidelined, with funding re-shifted to larger investment projects and priorities aligned with RePowerEU and the EU's performance objectives and timelines. This also underscores how the Meloni government leveraged depoliticization pressures coming from the EU (Bokhorst & Capati 2026). Thus, the plan has become increasingly more centralized and less “green” (Lizzi & Prontera, 2024; Pizzimenti, 2024).

However, particularly missing are projects related to the support or development of industry, both in terms of technological upgrading and decarbonization of production. This composition reflects Italy’s longstanding reliance on infrastructural spending, large former state-owned enterprizes (SOEs), and the public administration for employment and growth (Di Carlo & Simoni, 2024), as a substitute for a coherent, technologically advanced and “high-road”, industrial policy (Gallino, 2003; Gronchi & Ughi, 2025). These institutional legacies have been moreover strengthened by the political orientation of the government coalition, who embraced a skeptical attitude towards green policies, and a traditionally horizontal approach to industrial policy (MIMIT, 2025). The Commission also criticized the lack of innovative industrial policy and Italy’s insufficient decarbonization measures[6], noting that the 2023 amendment to the NRRP had further weakened the plan’s already limited industrial policy potential, particularly with respect to decarbonization (European Commission, 2026; Beretta & Locatelli, forthcoming; Pizzimenti, 2024; Haeusl & Gerbaudo, 2025). This pattern of investment, in fact, is not adequately explained by pre-existing sectoral coalitions and institutional legacies alone. It also reflects a specific configuration of programmatic misfit between the Meloni coalition’s substantive agenda and the RRF’s central pillars. Whereas the RRF aimed to foster decarbonization, electrification, and green industrial upgrading, the Meloni government positioned itself openly against the substantive direction of the European Green Deal, warning of “industrial desertification” as a consequence of accelerated EU electrification policies

[6] “Italy would benefit from an innovation-driven industrial strategy [...] towards high value-added sectors [...]. While the White Book “Made in Italy 2030” represents a first step towards the definition of an industrial strategy, it does not provide clear policy actions and a governance structure” [...] “Italy faces among the highest electricity prices in the EU due to its structural reliance on costly gas-fired generation [...] a key barrier to electrification for industry. Despite significant untapped potential, renewable growth is too slow to meet 2030 targets.” (European Commission, 2026).

(Reuters, 2025a). While *internally* depoliticized within the RRF implementation, the programmatic misfit *externally* politicized the Commission's green transition agenda, including vocal opposition to the Green Deal and the 2035 combustion engine ban (Pizzimenti, 2024)

This programmatic distance generated strategic incentives for depoliticization. Rather than politicizing investment choices as a claim of programmatic ownership, the Meloni government had strong incentives to amplify the RRF's structural depoliticization, using the technical logic of milestones and targets as cover for a reorientation of funds toward large, safe, high-feasibility projects, mostly at the benefits of companies, through tax incentives, and SOEs in the fossil sector (Sember, 2025; Lizzi & Prontera, 2024) aligned with pre-existing coalitions. Italy has treated it primarily as a large flow of resources to be channelled through less conflictual priorities, defined by the intersection of pre-existing growth coalitions and previous policy trajectories (Lizzi & Prontera, 2024; Sember, 2025).

Spain: Continuity with New Social and Industrial Priorities

Spain presents a more transformative and Europeanized use of the RRF, at least among its largest and most strategically visible projects. The government declared that around 89% of the funds for the top 100 recipients were channelled into green investments, specifically related to sustainable mobility (Gobierno de España, 2023). Over €4 billion and around 80% of total funds invested into physical and transport infrastructure, with the *Administrador de Infraestructuras Ferroviarias* (ADIF, the country's public rail infrastructure monopolist company) receiving the two biggest checks of the NRRP worth more than €2.5 billion, for high-speed and conventional rail modernization. Other beneficiaries among these larger and national infrastructures projects included public and private railway companies (active in production, freight or consumer transportations), international and national logistics and maintenance providers, and finally projects related to ports and shipping infrastructure.

The remaining 20% of the funding in the Infrastructure category went to municipal and local transportation providers and institutions, for the development, production and activation of electric buses and trams, reflecting both ecological and territorial cohesion goals.

While the aggregate share of industry-related investment in the top 100 projects still remains relatively modest compared to the decarbonization and modernization of transport infrastructure, its qualitative significance remains. Industrial investments (€600 million across 25 projects) were explicitly tied to the Industrial Policy 2030 framework and concentrated in technologically upgrading niches (EVs, battery value chains, renewables and hydrogen, semiconductors) rather than in sustaining incumbent low-productivity sectors. While the automotive sector received 65% of these funds, it does not play an exclusive role as in other countries (Aspide et al, 2026) and it is targeted through a very different set of instruments, mainly the PERTE VEC (La Moncloa, 2025). Spanish branches of transnational car producers such as Stellantis, BMW, Volkswagen and SEAT, figured among the biggest recipients. An important portion of the money went also to Spanish and international firms in the vehicle-producing supply-chain, mostly connected to specialized suppliers of technologically advanced components connected to digital systems production and electro-mobility, batteries, and the attraction of FDI into high-value added niches of the production process (Tamames, 2025).

The CATL–Stellantis battery factory in Figueruelas (Zaragoza) exemplifies the new industrial policy initiative: backed by €300m RRF resources through the PERTE (Strategic Projects for Economic Recovery and Transformation)[7] over a €4.1b private investment, the factory will become Europe's largest lithium-iron phosphate battery facility, creating 3,000 jobs (Tamames,

[7] The PERTE are strategic projects comparable to the EU-level IPCEIs (Important Projects of Common European Interest) forming the backbone of post-covid Spanish industrial policy. The 12 areas of intervention cover electric vehicles, renewable energies and renewable hydrogen deployment, naval industry and aerospace, microelectronics and semiconductors, and industrial decarbonization. (Gobierno de España, 2021) Particularly of interest are those connected to strategic value chains: EVs (PERTE VEC), renewable energies, renewable hydrogen and storage (PERTE ERHA), semiconductors (PERTE Chip), agri-food modernization, and shipbuilding. This resonance with the IPCEIs can be considered as a case of the Spanish national government 'downloading' or translating the EU IPCEI logic to the national industrial policy (Di Carlo & Schmitz, 2023; Fernàndez-Pasarìn & Lanaia, 2022).

2025)[8]. The Spanish plan also fostered diversification dedicating the remaining 35% of Industry projects to support for Industry 4.0 initiatives and industrial decarbonization and upgrading. Projects for Digitalization and Modernization of the PA, or to R&D, were fewer but significant, mainly directed to leading public Research Institutes such as the Barcelona Supercomputing Center and the National Cybersecurity Institute. Traditionally important sectors like tourism were targeted - although indirectly - through projects for preservation of the coastal areas, while the housing sector remains key in the Culture, Urban Development and Territorial Cohesion category, through grants to municipalities for "housing rehabilitation and urban generation". In both cases, they nonetheless represent a minority of the funding, at least among our largest recipients' dataset.

This partial reorientation reflected an explicit governmental strategy. The Sánchez government articulated an ambitious programmatic agenda for RRF implementation, framing the Plan as an instrument of structural transformation rather than a stimulus package (Gobierno de España, 2020). Central to this agenda were the *Proyectos Estratégicos para la Recuperación y Transformación Económica* (PERTE). The government explicitly framed the PERTE as instruments to secure '*the definitive turn of Spanish industrial policy toward strategic projects of critical mass and high technological and territorial impact'* and the transformation of the country's productive base (Blanco Díaz, 2022), a positioning consistent with the broader programmatic shift documented in analyses of the Sánchez coalition's programmatic agenda of green industrial upgrading, reversal of austerity-era retrenchment, and social investment (Branco et al., 2024; Banyuls & Recio, 2025). The green transition constitutes the central axis of the Spanish plan, with nearly 40% of allocated resources targeting decarbonization and sustainable mobility (Pérez de las Heras, 2023), broadly aligning with the substantive priorities of the RRF as implemented by the Commission. As Banyuls and Recio (2025, p. 163) observe,

[8] https://en.ilsole24ore.com/art/stellantis-invests-spain-gigafactory-batteries-AGDz0CgB

'*the Commission has been used as reinforcement in order to apply progressive measures implemented by the left-wing government'.* This dynamic, in stark contrast to the pressures coming from the EU in the Eurocrisis and thereafter, is most clearly visible in the labour market reform (RDL 32/2021), which reversed core elements of the 2012 austerity-era reform, and in the pension reform, minimum wage increases, and unemployment benefit adjustments. These were substantively planned by the Sánchez government prior to the RRF and shielded from domestic conservative opposition through a strategic politicization of EU conditionality (Scibilia & Haverland, 2026; Banyuls & Recio, 2025). Programmatic fit did not translate into a fully-fledged policy paradigm change: rather, it operated unevenly across the substantive pillars of the RRF, generating strong implementation on items where a pre-existing progressive agenda aligned with EU priorities, and weaker implementation on the more ambitious dimensions of productive-model transformation.

This composition suggests a *selective displacement* of pre-existing sectoral priorities. Specifically, a partial departure from the pre-2020 reliance on tourism, construction, and low-value-added services toward a more explicit industrial and technological upgrading strategy. NGEU implementation in Spain, the funds have opened a window -yet partial and contested- for transformative investment in a new productive model, although constrained by the existing economic legacies, i.e. transport infrastructure spending and the existing growth model centred on tourism, labour devaluation and firm fragmentation, but also institutional and political dependencies, such as political polarization, weak multilevel administrative capacities, and an SME-dominated productive sector (Banyuls & Recio, 2025, Fernández-Pasarín & Lanaia, 2022).

Programmatic fit made this departure possible. The Sánchez coalition's agenda (green industrial policy, wage revaluation, social investment) aligned with the RRF's pillars, incentivising politicization of investment choices as programmatic ownership rather than technical insulation, visible in the government's active public framing of the RRF as a vehicle for structural economic transformation, centred on the green transition (Gobierno de España, 2021). While some pre-existing legacies and administrative constraints continued to shape priorities, programmatic fit the opened space for a mode of RRF implementation for using EU resources to validate a domestic political project.

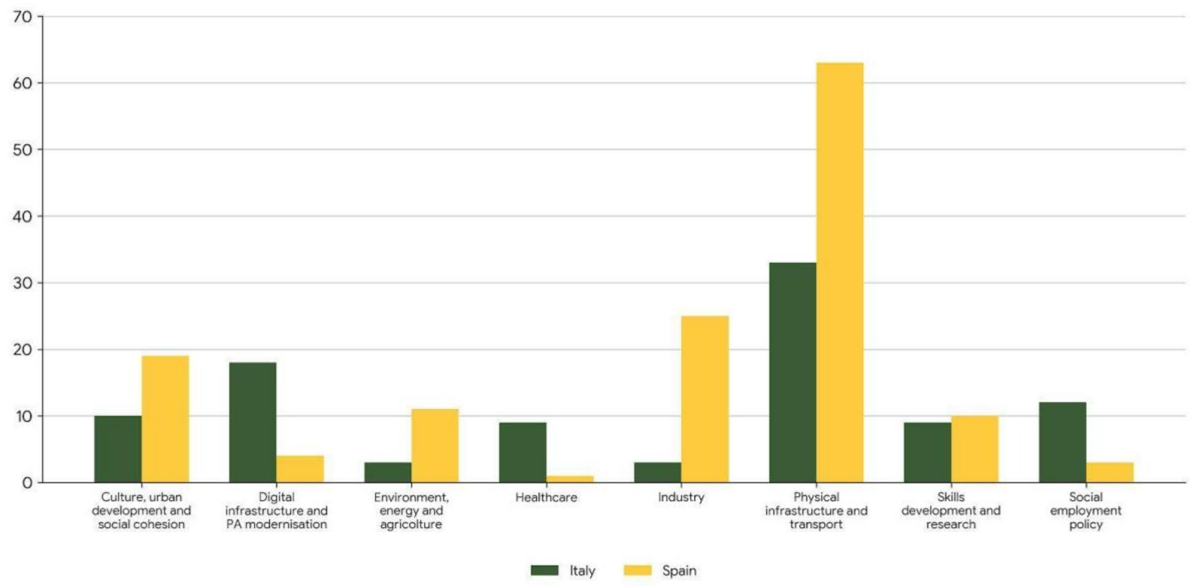

Figure 2. Comparison in terms of number of projects per category

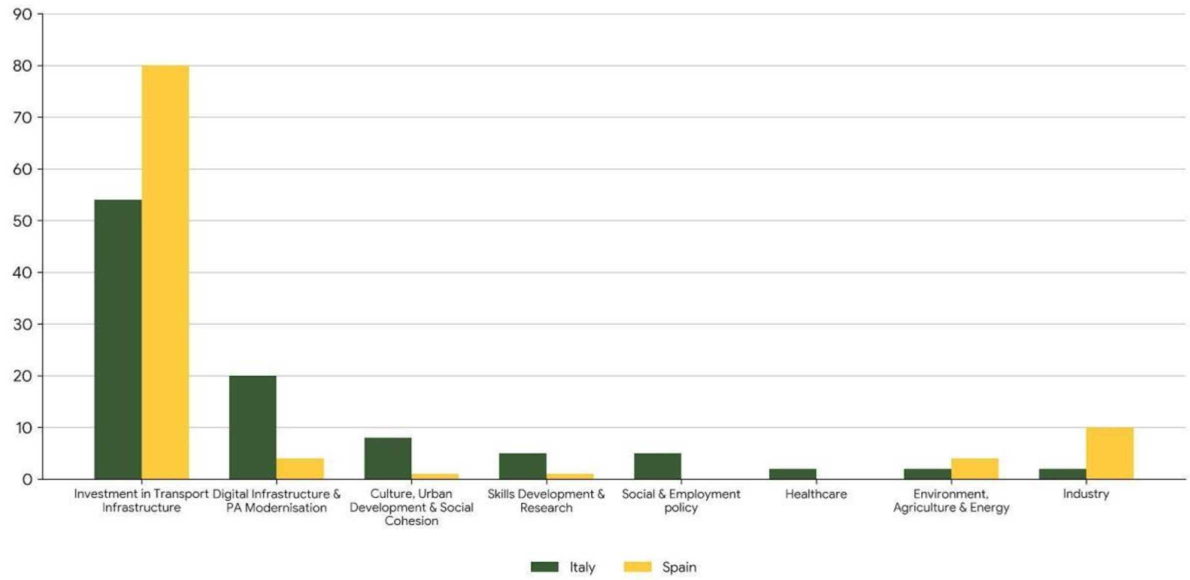

Figure 3. Comparison in terms of percentage € millions per category

6. Discussion and Conclusions

The early phases of the COVID-19 pandemic response saw a resurgence of politicization of the EU project (Ramalho Moreira, 2026). The crisis response introduced significant innovations in EU crisis management, most notably the RRF, combining joint borrowing with new instruments for addressing EMU crises. While its origins can be traced to the politicized early pandemic response, its implementation resulted in a depoliticized, rules-based process of interaction with member states. This depoliticized implementation transformed the domestic level, reshaping and fostering institutional structures, and generating new investment priorities connected to EU-level funds. In this article, we shed light on the processes of domestic reaction to these depoliticized EU pressures. Through the comparative analyses of Italy and Spain, we show that (de-)politicization pressures produced a strategic response of member states that triggered gradual change on governance structures and investment priorities, mediated by government interests and pre-existing institutional structures.

On governance, we highlight that both countries show a tendency towards executive centralization, but Spain's pre-existing institutional decentralization tempers the push for full executive control. Regarding investment priorities, Italy shows strong continuity with pre-existing growth and sectoral orientations, with RRF funds primarily directed toward infrastructure, and a general lack of innovative industrial policy and decarbonization investments. Spain also displays continuity, but the Sánchez government introduced new priorities centred on industrial policy, innovation, and decarbonization. We explain this with programmatic fit of the policy orientation of the Sánchez government and matching EU priorities as well as Spain's more conducive domestic coordination (Legnani, 2024).

	Italy	**Spain**
Governance	**Outcome:** depoliticization Executive centralization Exclusion of social Partners **Mechanisms**: Conversion, layering	**Outcome**: depoliticization Executive centralization Coordination with social partners **Mechanisms:** Layering, partial innovations with instruments (e.g. PERTEs)
Investment Priorities	**Outcome:** depoliticization **Plan's orientation:** Decreasing / low programmatic fit Deprioritization of green & industrial elements Strong reliance on infrastructures, energy security **Mechanisms:** continuity, layering, drift (green transition)	**Outcome**: selective assertive politicization **Plan's orientation:** High programmatic fit Potentially transformative elements (labor markets, renewables, green industry) Strong reliance on infrastructures; but also industrial policy **Mechanisms:** continuity, layering, selective political conversion

Table 3. Comparative findings.

We conclude that the Italian case illustrates that RRF funds were layered onto preexisting investment habits and economic priorities. Italy thus demonstrates a clear path-dependent pattern: increased fiscal capacity, for an exceptional and temporary window, reinforced the traditional physical-infrastructure orientation of public investment and the state-led steering of energy and infrastructural policy (Di Carlo & Simoni, 2024). Conversely, Spain shows an eclectic mix of elements of continuity and instances of political conversion, through selective displacement and reorientation, and layering, made possible by the programmatic fit of the RRF agenda with the government political orientation.

These conclusions are consistent with our expectations: Italy's centralized executive structures favored conversion of pre-existing governance bodies for RRF implementation, and this centralization, compounded by the low programmatic fit with the Meloni government orientation, constrained the space for transformative investment priorities. In Spain, governance adaptation proceeded primarily through layering, with new coordination bodies built on existing structures. This decentralized architecture interacted with a reform-oriented government and a more organized domestic coalition, enabling partial re-prioritization toward EU green industrial priorities. By investigating how external EU

pressures shape the (de)politicizing character of RRF implementation through national contexts, we clarify how EU-level transformations translate into domestic change, contributing to this Special Issue by tracing processes of politicization and depoliticization in response to external crises. This article advances the literature on EU politicization by reconceptualising the relationship between EU-level pressures and domestic politics through a strategic-agentic reading of gradual institutional change, encouraging future comparative research across policy areas. The temporary nature of the RRF leaves open questions: whether the governance structures and investment orientations will consolidate or dissolve once the funds expire in 2026, or after the 2027 Italian and Spanish elections. Two directions appear especially promising: widening the comparison beyond Italy and Spain to test whether programmatic fit explains cross-national variation elsewhere, and tracing whether this depoliticized implementation proves durable, or whether the funds' distributive consequences eventually reactivate contestation, connecting our findings to the broader question of how today's depoliticized choices reshape tomorrow's terrain of political conflict.

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Appendix

Coding and categorization

In coding investment priorities in the list of first 100 RRF beneficiaries in Italy and Spain, we used seven categories, inductively created by the authors: *investment in transport and infrastructure; digital infrastructure and PA modernization; culture, urban development and social cohesion; skills development and research; healthcare; environment agriculture and energy; industry*. To ensure consistency across the two cases, the same category scheme was applied to both national registries, and the coding of ambiguous projects was cross-checked by more than one author against the original project descriptions in the source registries.

We combined different sources, including press releases, media coverage, and official statements to triangulate the project categorization. This new dataset is the first (to our knowledge) attempt at classifying directly the RRF investment priories, focusing on the project implementation. Following a 2023 amendment to the RRF Regulation, recipient countries were required to publish a list of the 100 major beneficiaries of RRF funds.

Differences in the interpretation and implementation of this requirement created some limitations for comparison: the data are not fully harmonized, or some minor parts are incomplete, making some projects or beneficiaries hard to categorize or interpret. Projects represent only a share of each country's NRRPS, but they still reflect the largest recipients in absolute terms, serving as a useful proxy for each government's priorities. This offers insights into the broader scope and interpretation of each national plan, the investment priorities and economic sectors privileged. However, as shown in Table 2 below, the projects to the top 100 beneficiaries represent approximately 5% of Spain's total plan, compared to 27.5% for Italy. This asymmetry reflects, in part, the same governance-centralization contrast theorized in Section 3: Italy's more centralized implementation concentrates funds in a smaller number of large, flagship projects, while Spain's more decentralized, multilevel structure produces a considerably longer tail of smaller beneficiaries, of which the top 100 capture only a fraction. The Italian subsample can therefore be treated as more representative of national investment priorities, whereas the Spanish subsample is best read as a portrait of the largest and most strategically visible projects. For the Spanish case, we therefore drew on a few additional sources to support our findings on the government's sectoral and investment priorities.