

Joint Master in Global Economic Governance and Public Affairs



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Abstract

This thesis investigates the effectiveness of the European Semester and Country Specific Recommendations (CSRs) in promoting judicial reforms in Italy. It does so by examining the implementation of justice-related CSRs, as measured by the European Commission implementation scores through the lens of Principal-Agent Theory (PAT). Through a quantitative descriptive analysis of CSR implementation scores and insights from interviews and secondary sources, the study identifies key successes and failures in Italy's judicial reforms. The findings highlight that while Italy has made significant progress in areas such as digital transformation and reducing case backlogs, challenges persist, particularly in reducing the disposition time of proceedings. The analysis highlights that the structured missions of Italy's Recovery and Resilience Plan (RRP)—including digitalization, green transition, and judicial efficiency—are well-aligned with the goals of the Recovery and Resilience Facility (RRF), thereby promoting effective implementation. However, disparities in regional court performances and resistance to certain reforms underscore the need for continuous monitoring and tailored support. This research contributes to a deeper understanding of the dynamics between CSRs and national reforms and offers policy recommendations to enhance the efficacy of judicial reform initiatives in Italy.

Table of Contents

1. Introduction	5
2. Literature Review	9
2.1 Political Economy of Reform	9
2.2 Influence of the European Semester and CRSs: Addressing Asymmetries	11
3. Theoretical Framework	14
4. Methodology	19
4.1. Data Collection	19
4.2. Method	20
4.3. Case Selection	22
5. Analysis	24
5.1. Quantitative Descriptive Analysis of CSR Dataset	24
5.1.1. Overall Implementation Rate in Italy	24
5.1.2. Implementation Rate in the Field of Justice	27
5.2. Qualitative Analysis: Data from Interviews and Literature	29
6. Identification of Key Successes and Failures	37
6.1. The Recovery and Resilience Plan and the Cartabia Reform	37
6.2. Explanation for Lack of Implementation	44
7. Discussion of Results	48
7.1. Future Risks and Recommendations	49
8. Conclusion	53
9. Reference List	56
10. Annexes	65

1. Introduction

The 2008 economic and financial crisis sparked debates about the need for better economic coordination within the European Union (EU) to prevent and manage its impacts. In response, the European Semester was introduced in 2010 to facilitate coordination between the European Commission and Member States (MS). This annual cycle, overseen by the Commission, involves collaborative budgeting and ends with the proposal of Country Specific Recommendations (CSRs), which are adopted by the European Council (Al-Kadi & Clauwaert, 2019).

Running from November to June, the European Semester is preceded by a national phase in each country from July to October. During this period, national parliaments incorporate the Commission's recommendations into domestic legislation. The European Semester aims to enhance convergence and stability in the EU, ensure sound public finances, foster economic growth, and prevent macroeconomic imbalances. Over time, it has evolved to include social, economic, and employment goals, governed by a mix of hard and soft law through surveillance mechanisms, potential sanctions, and coordination processes (Costamagna, 2013; Maricut & Puetter, 2018). However, the implementation rate of recommendations from the European Semester has been disappointing, experiencing a gradual decline. This trend has sparked increased debate and criticism regarding the effectiveness of the European Semester (Efstathiou & Wolff, 2018).

The European Semester's importance grew during the COVID-19 crisis, particularly with the introduction of the Recovery and Resilience Facility, making compliance with CSRs more critical. Evaluating the Semester's impact on national reforms is challenging due to various internal and external factors, such as political willingness, public opinion, and economic support (Efstathiou & Wolff, 2019; Darvas & Leandro, 2015). Despite improvements in the economic environment, CSR implementation rates remain modest and have declined, especially in countries with excessive macroeconomic imbalances. Overall, most scholars agree that the Semester has been crucial in promoting fiscal policy reforms (Sacchi, 2015; Zeitlin & Vanhercke, 2017; Efstathiou & Wolff, 2019; Darvas & Leandro, 2015).

The implementation rate of CSRs varies significantly among Member States. Italy stands out as a notable example: according to the Country Report issued by the Commission in 2022, Italy has demonstrated varied progress in implementing its CSRs.

Notably, the justice sector has seen significant reforms, with substantial efforts aimed at reducing case backlogs and improving the efficiency of legal proceedings. The implementation of the Recovery and Resilience Plan (RRP) has further supported these judicial reforms, directing substantial investments towards digitalizing the justice system and enhancing procedural efficiency. Through the framework of the European Semester, the EU has successfully advocated for reforms in the Italian judicial system, leading to improvements (European Commission, 2018). Despite these advancements, Italy still faces challenges in fully addressing long-standing structural issues and regional disparities within the justice system. Many of the justice-related CSRs, particularly those aimed at reducing backlogs and shortening the length of proceedings, have not yet been fully implemented (European Commission, 2018).

According to the European Commission (2024), ensuring effective judicial systems is a key priority of the European Semester. For the EU to function properly, all MS need a robust justice system characterized by quality, independence, and efficiency (European Commission, 2018). Such systems foster a business-friendly environment, instill confidence throughout the business cycle, and protect individual and social rights (Ali et al., 2010). Effective justice systems are crucial for enforcing EU laws, strengthening mutual trust, and combating corruption, which directly affects public budgets and the business climate. The rule of law is a vital indicator of economic and social stability and growth (World Bank, 2015; European Commission, 2017; Khechen, 2013; Mtima & Jamar, 2021).

Economically, a well-functioning justice system enhances stability and growth by ensuring contract enforcement, protecting property rights, and providing a predictable legal framework. Socially, access to justice ensures individuals and communities can resolve disputes, protect their rights, and seek redress, thus building social cohesion and public trust in institutions. Scholars emphasize that equitable resource distribution and access to justice are crucial for stability (Khechen, 2013; UNESCWA, 2019).

Despite reforms, Italy's justice system still underperforms. The World Justice Project's Rule of Law Index gave Italy a score of 0.67 in “adherence to the rule of law,” below the EU average of 0.74 (2023). Italy has one of the lowest scores in judicial effectiveness in Europe and has often been criticized by the International Court of Human Rights for not respecting Article 6(1) of the European Convention on Human Rights

(ECHR) (Council of Europe, 1950). The Article enunciates the right to a reasonably short duration of legal proceedings and, specifically, it states:

"In the determination of his civil rights and obligations or of any criminal charge against him, everyone is entitled to a fair and public hearing within a reasonable time by an independent and impartial tribunal established by law."

According to the CEPEJ (European Commission for the Efficiency of Justice), reasonable durations for proceedings are up to three years for civil cases, two years for administrative cases, and two years for criminal cases (Council of Europe, 2003). In Italy, civil proceedings average about 8 years, administrative proceedings around 5 years, and criminal proceedings about 3 years and 9 months to 4 years and 4 months (Martinuzzi, 2017). The average disposition time in Italy is 527 days, compared to 50 days in Denmark and 120 in Germany (European Commission, 2022). This inefficiency hinders Italy's social and economic stability.

This thesis analyzes the role of the CSRs and the European Semester in promoting judicial reforms in Italy, addressing a gap in the literature, which predominantly focused on fiscal policy reforms. The academic relevance of this thesis lies in its examination of the justice sector, highlighting the European Semester's crucial role in driving legal and judicial improvements, which are essential for economic and social stability. Analyzing the implementation of justice-related CSRs provides insights into the main challenges Italy faces in reforming its judiciary and illuminates the obstacles encountered in enacting these reforms. With the Semester increasingly linked to the Recovery and Resilience Facility (RRF), identifying and addressing its shortcomings is vital for promoting further reforms and enhancing coordination among Member States. The social relevance of this thesis stems from the necessity of understanding these dynamics to grasp how external guidance influences reforms in Italy, thereby shaping the country's commitment to the EU's economic and social goals. The research question of this master thesis is: What is the role of the Country Specific Recommendations proposed during the European Semester in promoting judiciary reforms in Italy?

To analyze how CSRs have evolved over time the thesis will employ Quantitative Descriptive Analysis (QDA) of justice-related CSRs over the period 2013-2023. The role of the CSRs in promoting reforms and achieving the desired outcomes will be assessed by examining the implementation rates as assessed by the Commission. To make the analysis more reliable and relevant triangulation will be conducted with a Qualitative Analysis of secondary literature and of some interviews conducted with key professionals in the field. This will allow to get a better understanding of the underlying causes and explanations for inefficiency in the Italian Judicial system and the lack of CSR implementation on specific issues. The analysis seeks to comprehend the varied impacts that CSRs may have had on implementing judiciary policy reforms in Italy.

Examining the period from 2013 to 2023 allows for an understanding of how the CSRs have evolved during a time marked by significant events such as the 2015 immigration crisis, the COVID-19 pandemic, and the war in Ukraine. During this period, Italy experienced six different governments, which provided a diverse political context for these changes. Furthermore, analyzing the implementation rates of CSRs after 2021 will shed light into the impact of the Recovery and Resilience Facility (RRF) on judiciary reforms. Examining the period from 2013 to 2023 will provide valuable perspectives on how these events might have influenced policy priorities in the EU. Furthermore, it will show how the CSRs have been addressed differently across the time considered and it will provide insight into whether the emphasis on judiciary reforms has changed over the years.

This thesis is organized into seven chapters to thoroughly address the research question. Chapter one introduces the topic, setting the scene and outlining the main goals of the study. Chapter two reviews existing literature, focusing on three key areas: the impact and effectiveness of the European Semester on policy implementation in MS, the political economy of reform, and judicial reforms in Italy. Chapter three details the theoretical framework and how key concepts are operationalized. Chapter four explains the analytical framework, including the methods and tools used for analysis. Chapter five presents the main analysis, examining the gathered data and evidence. Chapter six discusses the results, interpreting the findings within the established theoretical and analytical frameworks. The final chapter, chapter seven, summarizes the main insights and suggests potential directions for future research.

2. Literature review

2.1. The Political Economy of Reform

The literature on the political economy of reform is very wide and academics have identified several factors that may have an influence on the implementation of national reforms. Haggard and Webb (1993) identify three main groups of factors influencing reforms.

Firstly, political dynamics play a crucial role in shaping reforms. Factors such as interest groups, partisan orientation, bureaucratic competence, and electoral cycles significantly impact reform efforts. Electoral cycles, for instance, correlate with the willingness to reform, as parties often manipulate macroeconomic policy before elections to boost their chances. Consequently, reforms are more likely to be initiated immediately after an election (Haggard & Webb, 1993). Similarly, scholars like Alesina and Tabellini (1989) and Cukierman et al. (1992) attribute resistance to reforms to groups' aspirations to assume office and implement their ideological preferences. Rodrik (1996) further notes that governments are more likely to implement reforms with broad political support or fragmented opposition. Additionally, scholars such as Dal Bó, Foster, and Putterman (2010) emphasize the effectiveness of locally developed policies over external ones in promoting reforms. Identity politics and political polarization also diminish incentives for reforms (Banerjee and Pande, 2007; Khemani, 2017).

Secondly, economic conditions, especially during crises, create a conducive environment for reforms by increasing government willingness and public tolerance for change (Alesina et al., 2006; Haggard & Webb, 1993; Rodrik, 1996). However, income inequality poses a significant challenge by fostering social and political divisions, which undermine consensus on economic reforms. Scholars argue that inequality in reforms' costs or benefits influences their pursuit (Hoff & Stiglitz, 2008; Rajan, 2009). External factors, including aid, international networks, socialization, and loan conditionality, further shape the reform process (Haggard and Webb, 1993; Rodrik, 1996). However, up until the RRF was launched in the beginning of 2021, the CSRs were not attached to any loan conditionality. With the launching of the RRF the scenario changed.

Alonso and Matea (2023) explore how the RRF integrates financial conditionality into the Semester, positing that this linkage of financial aid to reform implementation is likely to foster greater compliance and effectiveness in achieving the reforms stipulated

by the CSRs. Other scholars examined the post-pandemic transformation of the European Semester, suggesting that the conditionality under the European Semester is not only stringent but also adaptable, capable of evolving in response to new economic realities and crises. This adaptability proved to be crucial to understand how the RRF's conditionality could be tailored to meet ongoing and emerging challenges within MS (Bokhorst, 2022). Italy's public sector reforms from 2011 to 2015, driven largely by fiscal consolidation pressures, illustrate how EU directives can shape domestic policy agendas (Di Mascio et al., 2020). Scholars such as Guardiancich and Guidi (2022) emphasize that EU conditionality strongly encourages MS to implement reforms, particularly when compliance mechanisms like the Excessive Deficit Procedure and Country-Specific Recommendations under the European Semester are employed.

While some scholars argue that the EU involvement has mainly been on fiscal consolidation (Al-Kadi & Clauwaert, 2019; Maricut & Puetter, 2018) other expand on the discussion highlighting how the EU's conditionality mechanisms went beyond mere fiscal oversight have historically pushed for structural reforms in Italy during the sovereign debt crisis (Sacchi, 2015). The indirect influence of the Semester on pension policies has also been explored, analyzing the complex interplay between EU-level economic policy coordination and national pension outcomes (Tkalec, 2020). This analysis reveals the different ways in which the Semester's guidelines can shape national policies, albeit indirectly and with varying degrees of success across MS.

Finally, the design of reform programs, including their pace, sequencing, and compensatory mechanisms, is essential for gaining political support and ensuring successful implementation. Most scholars agree that effective reform programs carefully consider political and social contexts, using compensation to mitigate resistance and garner broad political and moral support, thus determining the success of implementation (Haggard and Webb, 1993; Rodrik, 1996; Khemani, 2017).

Some scholars focus on other categories of explanation such as credible commitment, norms or beliefs and preferences for public goods to understand the political constraints associated with implementing reforms (Acemoglu, 2003; Khemani, 2017). They argue that resolving conflicts of interest between groups is challenging due to their inability to commit to not leveraging political power for personal gain (Khemani, 2017). This issue of credible commitment hinders reforms, especially when status quo policies

favor small interest groups. Also, the lack of credible and enforceable political contracts and legitimacy issues represent a barrier to reforms (Acemoglu, 2003; Dixit, 1996, 2003).

In summary, the literature on the political economy of reform highlights the importance of various factors in shaping reform outcomes. Political, economic conditionality, and external factors, along with the strategic design and credible commitment to reforms, are all crucial. Understanding these dynamics is key to addressing the challenges and opportunities involved in implementing national reforms.

By examining how economic conditionality through the RRF, and the design of the CSRs interact to shape reform outcomes, this thesis aims to add depth to the discussion on the political economy of reform. Against this backdrop, the thesis seeks to deepen our understanding of how EU-driven reforms can effectively instigate change in Member States, with a particular focus on Italy's judiciary system. The interviews conducted with professional that worked in the field of Justice both in Italy and at the European level will provide crucial insights into the collaboration between national and international judiciary officials and on the perceived main drivers and obstacles of reform in Italy before and after the RRF.

2.2. Influence of the European Semester and CSRs: Addressing Asymmetries

For many amongst the EU political elites, a key problem that led to the 2008 crisis was the lack of effective 'legal or administrative enforcement', particularly regarding levels of national public debt (Parker and Pye, 2018). As a result, in 2010 the European Council adopted the so-called 'six pack', which consisted of six legislative acts to reform the Stability and Growth Pact (SGP). It created an institutional mechanism known as the 'European Semester' which arguably granted greater influence to EU institutions (and to the European Commission in particular) regarding policy developments at national level (Bauer and Becker, 2014) aiming to avert crises by ensuring adherence to prudential fiscal norms (Parker and Pye, 2018).

Initiated in the aftermath of the euro crisis, the Semester primarily focused on economic stabilization, inadvertently leading to an asymmetry in attention between economic and social policy domains (Maricut & Puetter, 2018; Costamagna, 2013). This imbalance reflects a longstanding structural issue within the EU, where the 'economic' dimension has historically overshadowed the 'social' aspect of integration (Al-Kadi & Clauwaert, 2019; Benassy-Quere, 2015; Crespy & Menz, 2015; Scharpf, 1999).

Nonetheless, some scholars have noted a 'socialization' of the European Semester with increased visibility and incorporation of social policy considerations in CSRs (Lelie & Vanhercke, 2013; Zeitlin and Vanhercke, 2014, 2015, 2018). Maricut and Puetter (2018) note this shift particularly during the presidency of Herman Van Rompuy. Research underscores this evolution, showing a discernible increase in the proportion of CSRs with a focus on social aspects since 2011 (Rainone, 2022). Crespy and Vanheuverzwijn (2019) further validate this transition, highlighting a rise in 'social investment' oriented CSRs, from 50% to 64% between 2011 and 2016, moving away from the austerity-driven advisories that marked the earlier phases of the Semester. However, some scholars scrutinize the depth and direction of social policy integration within the CSRs (Clauwaert, 2018; Crespy & Vanheuverzwijn, 2019). Indeed, questions have been raised particularly in terms of bolstering workers' rights and broader citizen welfare (Clauwaert, 2018).

Interestingly, this enhanced focus on social imperatives has extended into domains traditionally governed by stricter legal frameworks, such as the Stability and Growth Pact (SGP) and the Macroeconomic Imbalance Procedure (MIP). Recommendations advocating for social advancements, such as improved healthcare access and poverty alleviation, are increasingly being issued under these mechanisms, traditionally associated with more rigid economic directives (Bekker, 2015). This evolution is likely attributable to the more active involvement of EU social and employment policy actors in the Semester's processes, fostering a governance style that is more collaborative, less hierarchical, and more attuned to the unique socio-economic landscapes of MS (Zeitlin & Vanhercke, 2017).

However, the shift towards a more socially inclusive agenda within the European Semester does not obscure the historical emphasis on economic governance within the European Council's deliberations. The establishment of the Van Rompuy Task Force in 2010 in response to the euro crisis and its subsequent push for an integrated coordination and surveillance framework was primarily driven by concerns for fiscal stability. This focus on economic governance, heightened by the euro crisis, often overshadowed discussions on employment and social affairs, which received comparatively less attention in Council meetings from 1992 to 2015 (Maricut & Puetter, 2018).

This shift, driven by collaborative efforts of various EU policy actors, marks a significant evolution in the Semester's approach, aiming to balance fiscal stability with social well-being by addressing a broader range of socio-economic governance concerns. However, several scholars point to challenges in policy coordination and implementation under the European Semester, noting the modest implementation rates of recommendations and the persistent focus on fiscal discipline (Al-Kadi & Clauwaert, 2019; Darvas & Leandro, 2015; Maricut & Puetter, 2018). This critique underscores the challenges in achieving a coherent and effective policy coordination mechanism that aligns with both economic stability and social progress goals.

In summary, most scholars agree that the Semester entails a natural asymmetry, favoring economic over social policies, reflecting a longstanding trend within the EU where economic integration often took precedence over social integration. This emphasis on economic policies was driven by the need for legal and administrative enforcement mechanisms to maintain fiscal discipline among member states.

The judiciary plays a critical role in both social and economic domains, and its link to socialization within the context of the European Semester is significant. As the European Semester shifted from austerity measures to social investment-oriented CSRs between 2011 and 2016, it marked a move towards addressing social issues cooperatively (Maricut & Puetter, 2018). This period saw increased involvement of EU social and employment policy actors, fostering a more inclusive governance model tailored to the unique socio-economic conditions of MS. The judiciary, being a cornerstone of social well-being and economic stability (Mtima & Jamar, 2021), benefits from this collaborative approach, as it ensures that reforms are not only economically sound but also socially equitable.

This thesis explores how the European Semester's emphasis on socialization has influenced judiciary reforms in Italy. This study contributes to the broader discussion on the European Semester's effectiveness in fostering socio-economic governance by balancing fiscal stability with social progress. By providing empirical evidence on the impact of this policy coordination mechanism in the Italian context, it enriches the conversation on achieving a more balanced and inclusive approach to EU governance.

3. Theoretical Framework

This chapter will give a brief background on the concept of policy effectiveness and the Principal-Agent Theory which will be employed throughout the analysis.

The analysis aims to explore the influence of CSRs on Italy's judiciary reform. "Influence" is operationalized as the EU's capacity to achieve its policy objectives and intervene in the reform process through governance (Guardiancich and Natali, 2021). This conceptualization can be juxtaposed with the notion of conditionality discussed in the literature review. Conditionality refers to the binding nature of reforms tied to financial or other incentives (Khemani, 2017; Alonso & Matea, 2023). While influence encompasses the broader ability of the EU to shape and guide national policies through recommendations and governance structures, conditionality specifically highlights the enforceability and compliance mechanisms that come into play when reforms are linked to financial incentives such as those introduced by the RRF. This juxtaposition underscores the evolution of the European Semester from a guidance-based framework to one where financial conditionality significantly enhances the EU's leverage in compelling member states to implement necessary reforms.

The effectiveness of EU policy has been extensively discussed, posing challenges in defining and operationalizing the term. Effectiveness is sometimes considered a fundamental aspect of the 'output legitimacy' of the EU, as outlined by Scharpf (1999), which is integral to the EU's functionality. The link between influence and effectiveness is crucial to understanding the EU's capacity to shape national policies and achieve its objectives. The EU's influence, through mechanisms like the European Semester and financial conditionality, lies in the EU's ability to shape national policies and ensure that the reforms it promotes lead to the desired outcomes (Graziano & Halpern, 2016). This influence enhances policy effectiveness by increasing compliance and ensuring that MS implement necessary reforms.

Assessing the implementation scores provided by the European Commission is the best way to measure the effectiveness and consequently the influence of the CSRs. These scores offer a quantifiable metric to evaluate whether MS are following through on the recommended reforms, thus providing a clear indication of the EU's ability to enforce its policy objectives. By focusing on these implementation rates, it is possible to assess

how well the EU's recommendations translate into actual policy changes at the national level, thereby demonstrating the tangible impact of the EU's influence.

A Quantitative Descriptive Analysis along with some explanatory suggestions regarding trends in CSR implementation will provide valuable understanding into the success of reform efforts. This approach serves as an initial tool to assess the effectiveness of policies. If the implementation scores are low, it would indicate that the CSRs were not very effective in driving reform. Research indicates that faithfully implementing interventions with high fidelity is essential for achieving desired outcomes. Inadequate implementation fidelity, where the intervention is not delivered as intended, often leads to poor results, not because the intervention itself is ineffective, but due to the failure in its proper application (An et al., 2020). Furthermore, studies have shown that better implementation of policies or recommendations significantly enhances their impact. For example, effective implementation of educational interventions has been linked to improved outcomes, emphasizing the importance of faithful execution (Dee et al., 2010). Other examples of successful policy implementation leading to desired outcomes include the European Emissions Trading System (ETS) launched in 2005, and Restriction of Chemicals (REACH) regulation implemented in 2007. The ETS has significantly reduced emissions in energy-intensive sectors, contributing to the EU's climate goals (European Environment Agency, 2023). REACH has improved the protection of human health and the environment from chemical risks (European Chemicals Agency, 2023).

This analytical approach does not present a comprehensive view of the overall influence of CSRs. It is conceivable that CSRs may not have been implemented but still managed to elevate specific policy issues on the political agenda. Moreover, even if CSRs have been implemented, this method of analysis cannot definitively determine whether their implementation resulted from the Semester's influence or if the national government had independent plans to implement those reforms. Nevertheless, this type of analysis can still offer an overview of how effectively CSRs on fiscal and social policies have been implemented and, consequently, their influence on national reforms.

Therefore, the Principal-Agent Theory (PAT) will also be employed to answer the research question. The PAT suggests that the relationship between the EU (principal) and member states (agents) involves complex dynamics of delegation and compliance, which are not fully captured by implementation scores. This theory helps in understanding the

motivations and constraints of national governments, providing a more nuanced view of the factors influencing reform implementation. PAT has been essential in studying delegation and control within various contexts, including organizations, governments, and international bodies.

Key concepts in PAT include agency problems, information asymmetry, and incentive alignment. Agency problems arise due to conflicting interests, information asymmetries, and differing risk preferences (Jensen & Meckling, 1976). Information asymmetry, where the agent has more information than the Principal, leads to moral hazard and adverse selection (Picot et al., 1999; Eisenhardt, 1989). Incentive alignment involves mechanisms such as performance-based pay and monitoring to align the agent's interests with the Principal's (Lassar & Kerr, 1996; Gibbons & Murphy, 1992).

The EU presents a unique environment for applying PAT due to its complex multi-level governance system. The theory has been used to explain the delegation of authority from Member States to supranational institutions such as the Commission and the European Court of Justice, aimed at reducing transaction costs, providing technical expertise, and ensuring credible commitments (Pollack, 1997; Majone et al., 1996).

Scholars have explored how MS delegate authority to EU bodies, granting varying levels of discretion based on the need for expertise and credibility (Wilks & Bartle, 2002; Trondal & Jeppesen, 2008). For example, MS delegate powers to the Commission to benefit from its impartial agenda-setting capabilities and to lock in political agreements. The Commission, in turn, delegates implementing powers to EU agencies and national authorities, balancing the need for efficient policy execution with mechanisms to control and monitor these agents (Franchino, 2004; Thatcher, 2005). Studies highlight the prevalence of moral hazard and adverse selection in the EU, where the Commission's significant autonomy can lead to "agency drift," with agents pursuing their interests (Yannis & Mattia, 2017; Delreux & Adriaensen, 2019).

The European Semester exemplifies PAT by guiding and monitoring economic policies in Member States, thereby reducing information asymmetry and aligning national reforms with EU objectives (Di Mascio et al., 2020; Schimmelfennig & Sedelmeier, 2004).

Delegation offers benefits such as expertise, efficiency, and credible commitment to policies. However, it also introduces risks like agency slack and shirking, where agents

may not act in the Principals' best interests. Principals mitigate these risks through control mechanisms such as monitoring and sanctioning agents (Nielson & Tierney, 2003; Garrett, 1992). Effective control mechanisms include defining the scope of delegated authority, monitoring agent behavior, and applying sanctions if necessary (Christensen & Lægreid, 2007).

PAT therefore provides a robust framework for analyzing EU governance, shedding light on delegation processes and interactions between various EU entities and MS. This theoretical approach is crucial for understanding the dynamics within the European Semester and its role in aligning national reforms with EU objectives. While PAT provides a robust framework, it is not without limitations. Critics argue that the theory oversimplifies complex relationships and fails to account for the nuances of trust, cooperation and overlooks the collaborative aspects of EU governance (Majone, 2001). Pollack (2007) notes that while PAT is widely adopted in EU studies, it is often applied inconsistently, with scholars using different definitions and frameworks, leading to a lack of coherence in the literature.

Despite its limitations the PAT remains a fundamental tool for analyzing delegation and control across various fields. Its application in the EU context provides valuable insights into the complexities of multi-level governance. The concepts of delegation of authority, information asymmetry, incentives and monitoring, and compliance and accountability offer a valuable framework. They help analyze and understand the relationship between the European Semester's CSRs and the implementation of judiciary reforms in Italy. Drawing from the literature, a categorization has been developed to identify the agency problems affecting the implementation of CSRs in the Italian judicial system. Table 1 below summarizes this categorization and the operationalization.

Table 1 – Concept Categories of PAT

Concept Category	Definition	Operationalization
Delegation and Authority	This category examines how the European Commission, as the Principal, delegates authority to the Italian government, the agent. It includes the scope, clarity, and specificity of the	<p>Indicators: Specificity of CSRs, alignment with national legal frameworks, and political mandates.</p> <p>Data Sources: Texts of CSRs, EU legal documents</p> <p>Analysis: Assess the clarity and comprehensiveness of the CSRs.</p>

Concept Category	Definition	Operationalization
	mandates provided through the CSRs.	Determine how these recommendations align with Italy's existing legal and political structures and evaluate any ambiguities that may affect implementation.
Incentives and Monitoring	This category explores the incentives provided to Italy to implement judicial reforms and the monitoring mechanisms to ensure compliance. Incentives can be financial, political, or reputational.	<p>Indicators: Types and effectiveness of incentives (e.g., funding from the RRF), monitoring processes, and performance evaluations.</p> <p>Data Sources: RRF documentation, EU monitoring frameworks, stakeholder interviews.</p> <p>Analysis: Examine the incentives tied to the European Semester and how they influence Italy's commitment to reforms. Evaluate the effectiveness of monitoring processes, including how the EU assesses Italy's performance and compliance with CSRs.</p>
Information Asymmetry	Information asymmetry refers to situations where the agent has more information than the Principal, creating a potential for the Agent to act in its own interest rather than that of the Principal.	<p>Indicators: Reporting frequency and quality, and effectiveness of EU monitoring.</p> <p>Data Sources: EU progress reports, interviews with stakeholders.</p> <p>Analysis: Investigate the mechanisms for information exchange between the EU and Italy. Assess the quality and frequency of reporting, the transparency of processes, and the EU's ability to monitor and evaluate Italy's progress effectively.</p>
Compliance and Accountability	This category assesses the mechanisms and consequences for compliance or non-compliance with the delegated tasks. It includes enforcement measures and accountability structures.	<p>Indicators: Compliance rates, enforcement actions, feedback mechanisms.</p> <p>Data Sources: CSR implementation scores, Commission evaluations.</p> <p>Analysis: Evaluate the compliance mechanisms within the European Semester framework. Assess how effectively the EU enforces compliance with CSRs and the accountability measures in place.</p>

Source: Analysis

4. Methodology

Building on the insights from existing literature, this chapter outlines the methodological approach for the analysis, which is based on an explorative analysis. The objective is to evaluate the implementation scores of different CSRs and examine contextual factors that impacted the influence of justice-related CSRs in Italy. This chapter will also address the motivations for carrying out a case study on Italy. The process of data collection will be explained. Also, the potential limitations of the chosen methodology will be assessed.

4.1.Data Collection

The data collection for this research encompasses primary sources, secondary sources and three semi-structured interviews, as shown in Table 2.

Table 2 – Main Sources

Source Type	Description	Source
Primary Source	Official reflection papers, Factsheets, Reports and Policy Briefs	European Commission, 2018; European Parliament, 2020a,b; European Court of Auditors, 2020; Council of the European Union, 2023
Primary Source	Official dataset for all CSR implementation scores relevant to Italy (May 2023 version) and RRP for Italy	European Commission, 2024a, Piano Nazionale Di Ripresa E Resilienza (PNRR), 2021
Primary Source	Country reports published by the Parliament and Commission (e.g., European Commission, 2022)	European Commission, 2022
Secondary Source	Academic literature on challenges faced by the Italian judiciary system and influence of the European Semester on policy reforms.	Battaglia, 2024; Bielen & Marneffe, 2018; Fabri, 2022; Herke & Toth, 2011; Mora-Sanguinetti & Garoupa, 2015; Nakao & Tsumagari, 2012; Occhipinti, 2023

Explorative analysis is supported by three semi-structured interviews with Italian Prosecutors that have worked both at the nation level as well as in European institutions such as EULEX, OLAF and EPPO. Two of the Interviews have been conducted in person at the courthouse of Turin on the 14th and 15th of April 2024, while the third interview has been conducted on Zoom on the 26th of April 2024. The interviewees have worked

in the Italian and EU legal systems for several years. The interviews allowed to grasp insights into new topics and ideas not present in existing literature, especially regarding the perception of CSRs and the European Semester among magistrates, lawyers and prosecutors in Italy (Mashuri et al., 2022). The key informant interviews have been conducted using a semi-structured framework and an open-ended question guide (Leech, 2002; see Annex I). This approach enhances the study's validity by including key professionals directly engaged in the Italian judiciary system, who have first-hand knowledge of the community and the relevant issues (Kumar, 1989).

4.2. Method

By evaluating whether the reforms implemented in Italy over the past decade align with those requested by the CSRs, we can determine the influence that CSRs and the European Semester have had in promoting judicial reforms in Italy. To comprehensively examine the impact of CSRs related to justice and its influence on subsequent judicial reforms in Italy, this thesis will employ a combination of Qualitative Analysis (QA), Quantitative Descriptive Analysis (QDA) and three semi-structured interviews as the primary research methodologies.

The objective of Qualitative Analysis (QA) is to provide an overview of the themes and contexts of a given judicial CSR. QA has been selected to analyze patterns in the literature and interview data to identify connections with the CSR datasets. QA is considered valid due to its highly systematic nature (Schreier, 2014). By requiring a thorough examination of all material relevant to the research question, this method effectively reduces the risk of interpreting the material based solely on personal assumptions and expectations (Schreier, 2014, p.171).

Quantitative Descriptive Analysis (QDA) will be used to analyze the CSR dataset (European Commission, 2024a). QDA is a systematic research method used to describe the content of communication materials. This method focuses on identifying and quantifying specific characteristics, themes, patterns, or trends within the data, making it useful for a variety of research purposes (Kemp et al., 2018). The quantitative approach will allow to focus on counting and measuring occurrences. Themes and concepts will be categorized within the CSR dataset and then analyzed to identify patterns and meanings. It can be used to understand the purposes, messages, and effects of communication

content and to make inferences about the producers and audience of the texts analyzed (Kemp et al., 2018).

The dataset used for the analysis offers a detailed look at the CSRs given to Italy. It covers the year and version of each CSR, includes the exact wording of the recommendation, and specifies the policy areas involved, such as corruption, the justice system, and public administration. Additionally, it provides the European Commission's assessment of Italy's progress on these recommendations. Spanning several years, this dataset gives a thorough view of how these recommendations have changed and the progress made in putting them into action.

First, the overall number of CSRs and implementations scores in all Policy Areas will be assessed and analyzed to determine trends and patterns. Secondly, the CSRs specifically related to justice will be assessed, considering the overall number of CSRs related to justice and their implementation scores. This will allow to make a comparison between the overall trend in CSR implementation and assessment in Italy and the specific trends if justice related CSR in Italy. To select the CSRs related to justice, only areas and text that contain the word “justice” in their description are considered (Annex III).

By examining the implementation scores in justice-related CSRs, we can identify which sectors are more responsive to CSRs and which face ongoing challenges. For instance, the analysis can show if recommendations related to reducing proceeding times or digitalizing processes encounter more resistance or success. This can be further understood by evaluating the political, economic, and social contexts influencing these outcomes. Additionally, such analysis can reveal Italy's administrative capacities and political will, highlighting how these factors affect CSR success.

Understanding the implementation landscape helps policymakers tailor future recommendations to address identified barriers and leverage facilitators. For example, if low scores in social policy CSRs are due to inadequate administrative support, future recommendations could include capacity-building components. Combining these findings with qualitative assessments from stakeholder interviews provides a comprehensive picture of CSR effectiveness, guiding both EU-level policy formulation and national reform strategies.

4.3. Case selection

The single case study of the influence of CSR on the reforms of Italy's judiciary system was chosen due to its potential to provide detailed insights into the interaction between EU governance mechanisms and national policy implementation (Zainal, 2007). The case of Italy is compelling for two main reasons.

Firstly, Italy's judiciary has been among the main policy fields (along with taxation, health care and renewable energy, digitalization and labor market policies) that the European Semester focuses on with its CSRs on Italy, making it a vital case study for understanding the practical impacts of CSRs on national legal systems. The Italian judiciary has long faced inefficiencies and delays, significantly impacting both domestic and EU-wide economic and social policies (European Commission, 2023). Italy is a notable example of a country experiencing more pronounced macroeconomic imbalances compared to others (European Commission, 2023; Piano Nazionale Di Ripresa E Resilienza, 2021).

Secondly, the implementation of judicial reforms in Italy, driven by CSRs, offers a unique perspective on the dynamics of principal-agent relationships within the EU because it highlights how the EU (the principal) influences and monitors the actions of MS (the agents) to ensure compliance with its policy objectives. This relationship demonstrates the European Semester's capacity to steer national reforms through CSRs and conditionality, thereby revealing the effectiveness of its governance and oversight mechanisms. Moreover, the persistent emphasis on judicial reforms in Italy's CSRs highlights the ongoing challenges and the strategic interest of the EU in improving the efficiency and effectiveness of Italy's judiciary (OECD, 2022).

For these reasons, Italy's judiciary reforms were chosen over other potential case studies such as Poland or Hungary, which also face EU scrutiny but have different political and judicial contexts. Italy's long-standing membership in the EU and its pivotal role in European politics provide a rich context for examining the interaction between EU recommendations and national reforms.

The period between 2013 and 2023 has been chosen to assess the implementation scores of CSRs related to justice in Italy. The years 2011 and 2012 are not considered because CSRs were not comprehensively assessed during that time. This analysis allowed for a thorough assessment of the different levels of implementation achieved throughout

the last decade, thereby assessing the trends in influence of the European Semester. The period between 2013 and 2023 has been chosen for several reasons. Firstly, the period after 2013 is particularly relevant because, by that time, the European Semester had already undergone some of its most significant reforms. Namely, in December 2011, the Six-Pack legislation strengthened fiscal surveillance within the European Semester, enhancing budgetary discipline by introducing stricter rules for fiscal governance, including the Excessive Deficit Procedure (EDP) and the Macroeconomic Imbalance Procedure (MIP). The MIP includes an alert mechanism, in-depth reviews, and corrective actions to prevent and correct imbalances.

In 2012, the Semester further developed with the Two-Pack regulations, which came into effect in 2013. These regulations reinforced economic policy coordination by requiring euro area Member States to submit draft budgetary plans for review by the European Commission and the Eurogroup before finalization, ensuring that national budgets align with EU fiscal rules.

Moreover, the Treaty on Stability, Coordination, and Governance in the Economic and Monetary Union, also known as the Fiscal Compact, was signed in March 2012. It introduced stricter fiscal rules, including the requirement for MS to enshrine balanced budget rules into national law and to adopt automatic correction mechanisms for significant deviations from budgetary targets.

After 2013, the European Semester began placing greater emphasis on structural reforms aimed at boosting growth and employment. The Annual Growth Survey (AGS) highlighted the need for MS to implement reforms in labor markets, pension systems, and other structural areas to enhance competitiveness and long-term economic stability. Additionally, the process of issuing CSRs was refined to provide more tailored and actionable guidance to MS. Lastly, considering the period between 2013 and 2023 will show how the CSRs have been addressed differently across the time considered and it will provide insight into whether the emphasis on judiciary policy reform has changed over the years.

5. Analysis

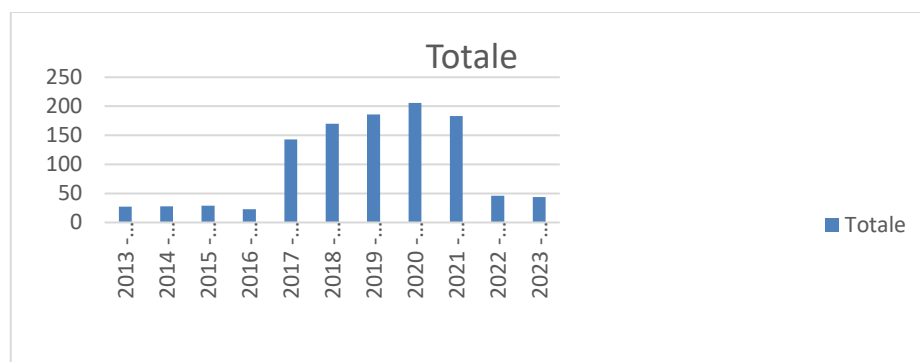
5.1. Quantitative Descriptive Analysis of CSR dataset

5.1.1. Overall implementation Rate in Italy

To measure the effectiveness of the CSRs in promoting judiciary reform the implementation scores supplied by the Commission will be analyzed. The scores measure the rate of implementation (fully addressed, substantial progress, some progress, limited progress and no progress) in the period between 2013 and 2023.

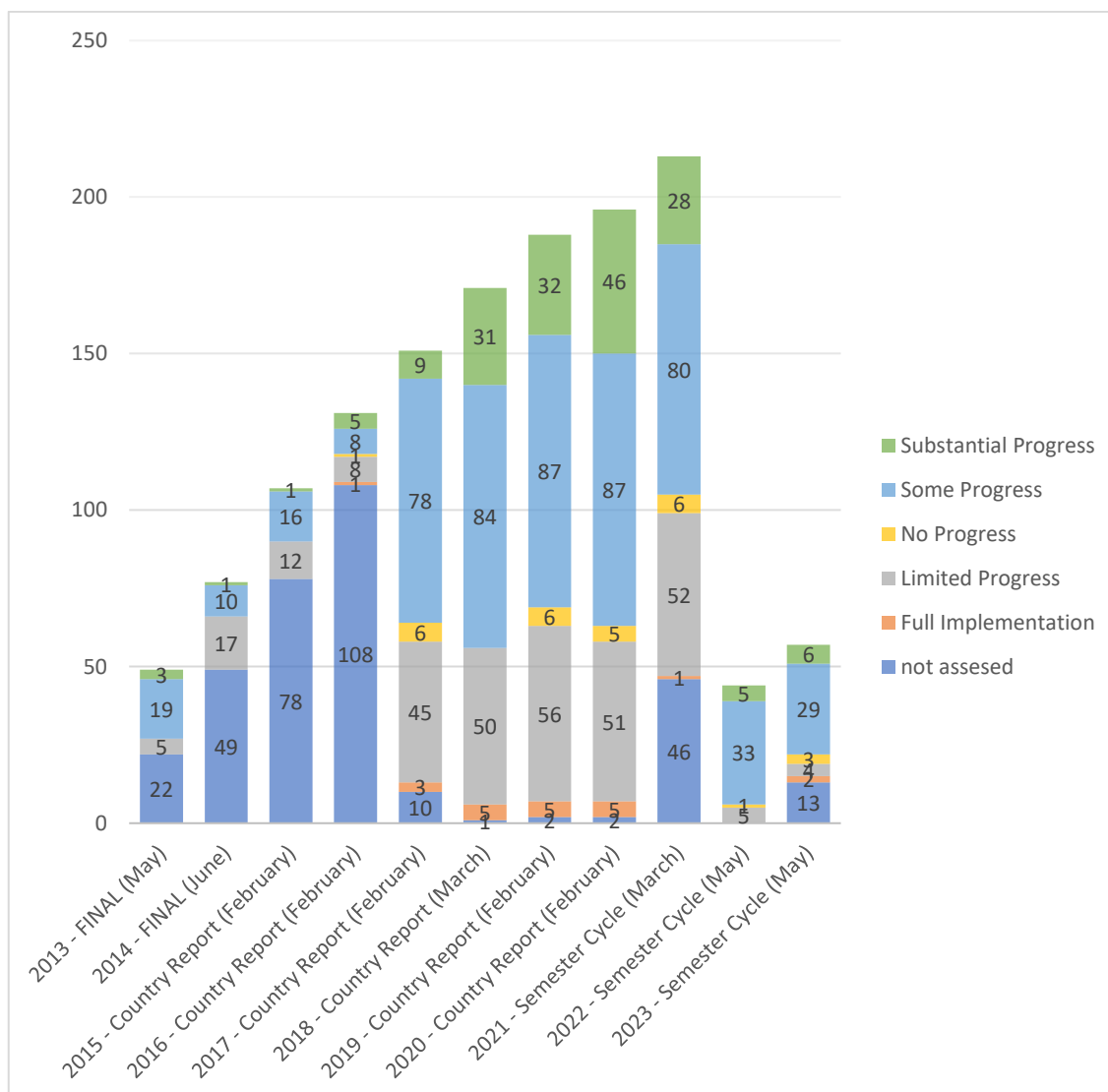
The overall implementation rate in Italy of CSRs has changed substantially throughout the 2013-2023 period. *Figure 1* shows how the number of CSRs published by the European Semester has increased substantially between 2017 and 2021. Indeed, according to the CSR dataset published by the Commission the CSR directed to Italy between 2013 and 2016 were ca. 22-29 while in 2017, 143 CSRs were published reaching 206 in 2020. As can be seen in *Figure 2*, between 2013 and 2016 most CSRs are assigned the scores of “limited progress” and “some progress”. As the number of CSRs increases throughout 2017 and 2022 the most frequent scores in order become “some progress”, “limited progress”, followed by “substantial progress”. The overall number of CSRs in 2022 and 2023 decreases (46 and 44 CSRs were published in those years) and displays a major positive assessment as most CSRs score “some progress”.

Figure 1: Total number of CSRs for Italy



Source: European Commission, 2024a

Figure 2: Overall implementation scores for CSR in Italy in all Policy Areas (2013 – 2023)



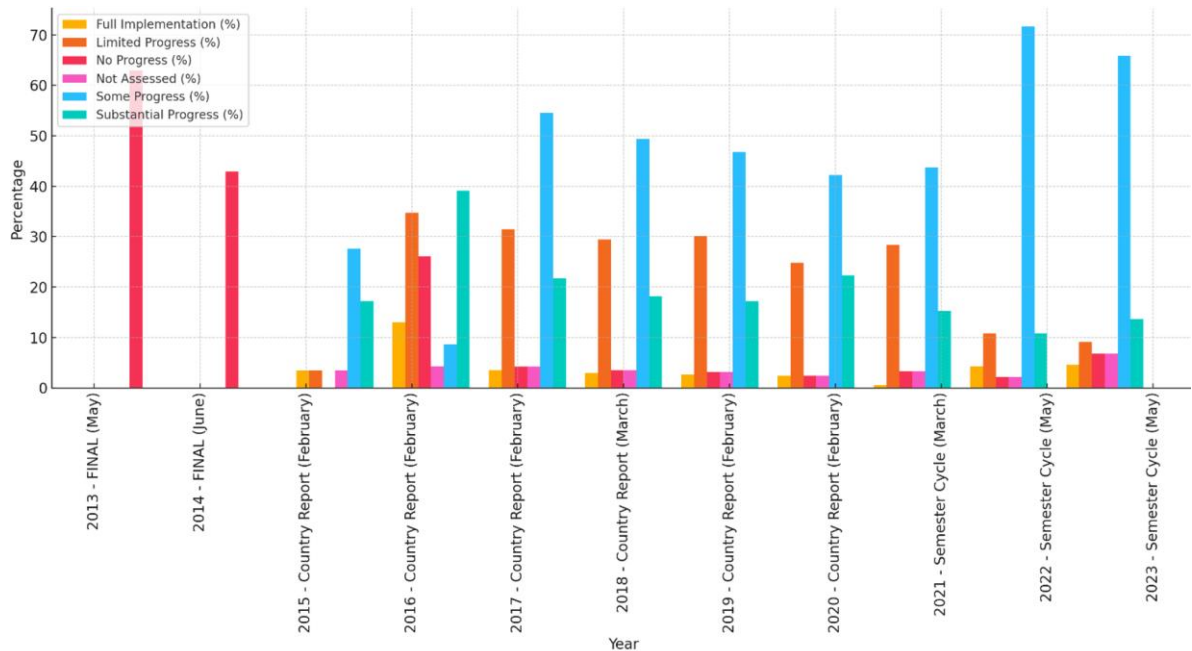
Source: European Commission, 2024a

Figure 3 shows that there has been a substantial improvement in implementation scores over the years. Indeed, the percentage of CSRs that display an assessment score of “no progress” decreased substantially and progressively from 62.92% in 2013 to 6.82% in 2023. The percentage of CSRs scoring “limited progress” between 2016 and 2021 fluctuates between 24% (2020) and 35% (2016) while reaching a promising ca. 10% in 2022 and 2023. The last two cycles of the Semester present promising scores as in 2022, 71.74% of CSR scored “some progress” and 10.87% “substantial progress” and similar percentages apply to 2023 as well.

Throughout the whole period 2013-2023 the percentage of CSRs that score “full implementation” remains very low ranging between 2 and 4.5% in all years except for 2016 were 13.04% of CSRs scored “full implementation”. The percentage of CSRs that

scored “substantial progress” does not follow a precise pattern ranging from 10.87% in 2022 to 39.13% in 2016.

Figure 3: Implementation Score Percentages 2013-2023



Source: European Commission, 2024a

To gauge the effectiveness of CSR implementation over time, the evaluation focuses on three key scores: "full implementation," "substantial progress," and "some progress." In 2013 and 2014 none of the CSRs was assessed with any of those scores. An improvement can be observed in 2015 and 2016 where 3.5% and 13.04% score “full implementation”, 17% and then 39% of CSRs score “substantial progress” and 27.6% and then 8.7% score “some progress”.

The assessment changes in the years between 2017 and 2021 where the CSR that score “some progress” increases substantially from 54.55% in 2017 to 43.73% in 2021. The years 2022 and 2023 see a change in that most CSR score “some progress” (71.74% and 65.91%) which represents a substantial improvement from the previous years as also the CSR that score “limited progress” fall significantly from an average of 30% to ca 10%. The CSRs that score “full implementation” remains low but is still higher than in previous years displaying a 4.35-4.55% of all CSRs.

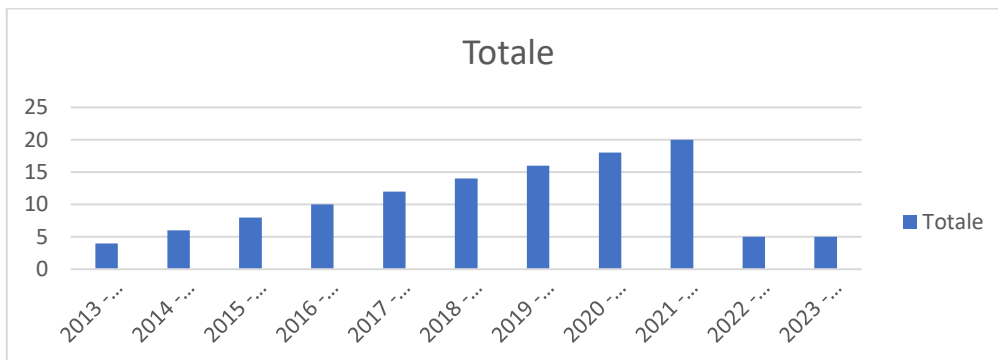
In sum, the analysis shows a shift from "limited progress" and "some progress" to more favorable assessments in recent years. Despite fluctuations, the overall trend indicates improved implementation, with fewer CSRs scoring "no progress" and

increased scores in "some progress" and "substantial progress," though "full implementation" remains low.

5.1.2. Implementation rate in the field of justice

By analyzing the number of CSR related specifically to justice it can be observed that there has been a steady increase in CSRs related to justice over the period between 2013 and 2021. Following the same trend as the CSRs in general there has been a sharp decrease in CSRs issued by the Semester in 2022 and 2023 (*Figure 4*).

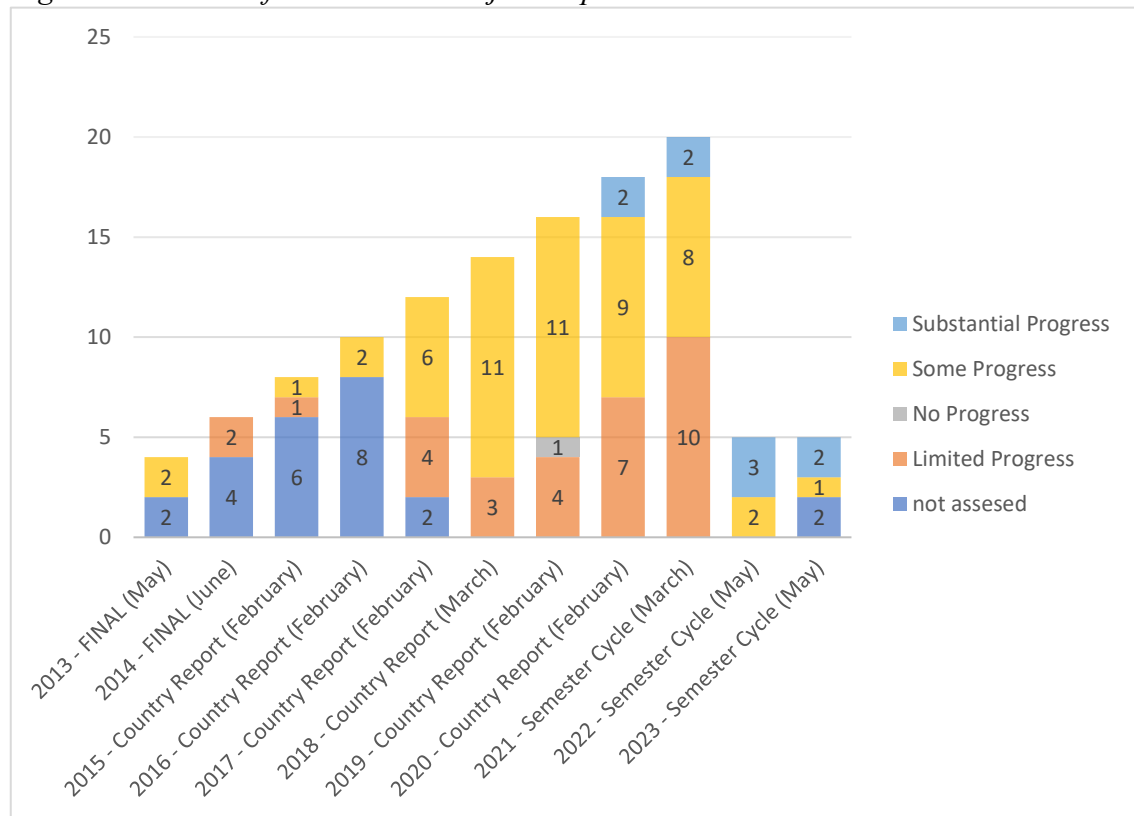
Figure 4: CSRs related to justice between 2013 and 2023



Source: European Commission, 2024a

As visualized in *Figure 5* most CSRs related to justice have not been assessed between 2013 and 2016. The number of CSRs that has not been assessed by the Commission diminishes significantly in the years following 2017 and most CSRs related to justice score either "some progress" or "limited progress".

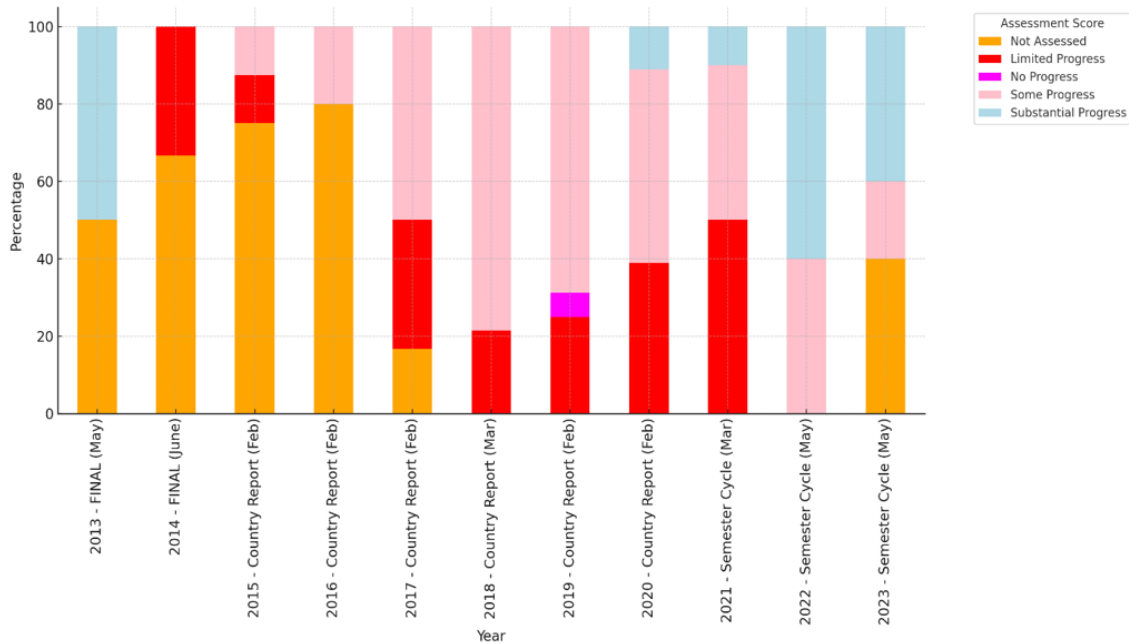
Figure 5: Number of CSRs related to justice per each assessment score



Source: European Commission, 2024a

From Figure 6 the percentages of the various assessment scores can be seen over the years. From 2017 to 2021, a notable percentage, ranging from 20% to 45% of justice-related CSRs scored "limited progress." This substantial proportion suggests ineffective implementation and influence of the CSRs during this period. However, a high percentage of CSRs also scores "some progress" which can be seen in a positive light as far as the effectiveness of the Semester is concerned. A slight improvement can be observed in 2020 and 2021 where at least around 10% of CSRs display a "substantial progress" in implementation. While none of the CSRs throughout the decade scored "full implementation" a positive shift can still be observed in 2022 and 2023 where 60% and 40% of the CRSs related to justice score "substantial progress".

Figure 6 – Implementation Scores By Year, Justice Related CSRs



Source: European Commission, 2024a

In sum, from 2013 to 2021, the number of CSRs related to justice in Italy steadily increased, with a significant drop in 2022 and 2023. Initially, most justice-related CSRs were not assessed, but post-2017, they predominantly scored "some progress" or "limited progress." Between 2017 and 2021, 20% to 45% of these CSRs scored "limited progress," indicating implementation challenges. However, a positive trend emerged with some CSRs showing "substantial progress" in 2020 and 2021, and a significant improvement in 2022 and 2023, where 60% and 40% of the CSRs scored "substantial progress."

5.2. Qualitative Content Analysis: Data from Interviews and Literature

This section of the analysis delves into the insight collected during the interviews with key professionals that have worked in the Italian Judicial System and have served some time also at some European Institutions working in the field of justice in offices such as EPPO, EULEX and OLAF. The content of the interviews will be linked to key literature in the field.

When asked about the perceived influence of the European Semester and the EU in general in promoting reforms of the judicial system, all three interviewees share the opinion that the measures that can influence reforms directly are either regulations or directives and that CSRs only have little influence as they are not binding (Interviewee 1;2;3). Indeed, EU regulations represent legal acts that all Member States in the EU must

enforce as law immediately and simultaneously. Their applicability is quick and direct in that they do not need to be transposed into national law. In fact, once passed, they apply directly and uniformly across all MS. This measure ensures consistency and uniformity in the application of EU law. Regulations are by far the most impactful measure as they override national laws also when they might be contradicting (Leczykiewicz, 2014).

On the other hand, EU directives establish objectives for all MS to achieve, with individual MS deciding how to incorporate them into national law. This flexibility can result in varying application and enforcement across the EU. They significantly impact national legislation and policies, promoting harmonization to meet EU-wide objectives (Leczykiewicz, 2014).

To assess the influence and the limits of European governance through the CSRs and the European Semester in the Italian context the PAT will provide a useful lens to understand where the EU manages to delegate power effectively and where it presents weaknesses. The following section will operationalize the concepts of *Delegation of Authority*, *Incentives and Monitoring*, *Compliance and Accountability* and *Information Asymmetry* as defined by the literature on PAT in the theoretical framework.

Concept Categories

1. Delegation and Authority

Considering the category of *Delegation and Authority* as defined in the theoretical framework, the EU as the Principal does not delegate authority to the MS in a clear manner with CSRs as it does with regulations and directives. CSRs are indeed just “recommendations”, and the MS (agent) is ultimately responsible over how and whether to implement them. Later in the analysis the *Incentives and Monitoring* practices will be addressed to understand how the European Semester makes sure that MS comply with their recommendations. To understand how the EU delegates authority to the Italian government it is also necessary to examine the scope and clarity of the mandates provided through the CSRs. To do so, the main themes addressed in the CSRs related to justice have been identified and analyzed. The main macro themes identified in the CSRs related to justice are the following: “Judicial and Legal System Efficiency”, “Anti-Corruption Measures”, “Public Administration and Governance”, and “Regulatory Framework and Competition”. *Table 2* summarizes them.

Table 2 – Main Themes Addressed by Justice-Related CSRs

Macro Theme	Recommendations
Judicial and Legal System Efficiency	Improve judicial system efficiency, Reduce length of civil trials, Effective case management, Enforcing and streamlining procedural rules, Promote alternative dispute resolution
Anti-Corruption Measures	Improve fight against corruption, Reform procedural rules, Reduce length of criminal trials, Implement anti-corruption framework, Revising statute of limitations
Public Administration and Governance	Reform public administration, Adopt legislative decrees, Clarify government competences, Better management of EU funds, Improve administrative capacity and transparency
Regulatory Framework and Competition	Simplify administrative and regulatory framework, Reduce case-handling duration, Foster out-of-court settlement, Adopt Annual Law on Competition, Address competition restrictions

Source: Analysis

The most pressing and recurring recommendations are the one that refer to “Reducing the length of civil trials”, “Reform procedural rules”, “Reform public administration”, “Simplify administrative and regulatory framework” and “Foster out-of-court settlement”. These recommendations are part of the macro themes about *Judicial and Legal System Efficiency*, *Public Administration and Governance* and *Regulatory Framework and Competition*. Regarding these themes, the text of the CSRs that address them is generally formulated vaguely. Below are some examples of how these vague CSRs are formulated:

e.g. Judicial and Legal System Efficiency:

“Reduce the length of civil trials at all instances by enforcing and streamlining procedural rules, including those under consideration by the legislator and with a special focus on insolvency regimes. Improve the effectiveness of the fight against corruption by reforming procedural rules to reduce the length of criminal trials” (2022 - Semester Cycle May, EC)

e.g. Anti-Corruption Measures:

“Improve the effectiveness of the fight against corruption by reforming procedural rules to reduce the length of criminal trials.” (2022 - Semester Cycle May, EC)

e.g. Public Administration and Governance

“Implement the reform of the public administration by adopting and implementing all necessary legislative decrees, in particular those reforming publicly-

owned enterprises, local public services and the management of human resources.”
(2021 - Semester Cycle March, EC)

e.g. Regulatory Framework and Competition:

“Address restrictions to competition, including in services, also through a new annual competition law.” (2021 - Semester Cycle March, EC)

Interviewees 1,2 and 3 agree that this kind of vague formulation does not give enough specifics on how to implement the recommendations. The scope of the CSR is broad covering a wide range of topics that need to be addressed. However, they do not dig into the specific characteristics of how the Italian judicial system works. This reduces the overall clarity of the Recommendations. As backed by the literature, the scope, clarity, and specificity of CSRs are not sufficient for the recommendations to be implemented efficiently (European Court of Auditors, 2020).

2. *Incentives and Monitoring*

To assess the *Incentives and Monitoring* category it is necessary to explore the incentives provided to Italy to implement judicial reforms and the monitoring mechanisms to ensure compliance. Regarding the incentives, the three interviewees agree with scholars such as Alonso and Matea (2023) and Khemani (2017) who claim that governments are more likely to implement reforms when there is a loan conditionality attached to it. Accordingly, the fact that the CSRs were not attached to any loan conditionality up until the launch of the Recovery and Resilience Facility (RRF) in 2021 reduced the incentives to implement them. As part of the NextGenerationEU recovery plan, the RRF provides financial support to member states for implementing reforms and investments aligned with the CSRs. These financial incentives are linked to the successful implementation of the recommended reforms. The interviewees claim that the willingness to implement reforms has improved significantly with the launching of the RRF.

However, this improved willingness to implement reforms did not translate into the full implementation of the CSRs related to justice. Based on the Quantitative Descriptive Analysis of the CSRs database, a positive shift is evident in 2022 and 2023, with 60% and 40% of the CSRs related to judiciary achieving a "substantial progress" rating. This contrasts with the period from 2015 to 2019, where none of the justice-related CSRs reached "substantial progress," and in 2020 and 2021, where only 10% achieved

this rating. However, over the decade, none of the CSRs have achieved a "full implementation" score, even after the launch of the RRF.

The European Semester uses several different monitoring mechanisms to assess the Member States's progress in the implementation of CSRs. Firstly, each MS submits an annual National Reform Program (NRP) to the Commission. The NRP outlines a detailed roadmap of planned reforms and investments that the country plans to take to address the CSRs and achieve its national targets.

Stability and Convergence Programs (SCP) focus on fiscal policy and budgetary measures and ensure that fiscal policies are aligned with EU requirements and CSRs. The Commission prepares annual Country Reports for each MS that assess the progress made in addressing the CSRs and achieving the targets set in the NRPs and SCPs. The Commission also holds bilateral meetings with national authorities to discuss the implementation of the CSRs and provide guidance. These meetings are supposed to facilitate direct dialogue and help clarify the expectations and requirements of the CSR. Based on the analysis of the Country Reports and the outcomes of the bilateral meetings the Commission publishes the European Semester Spring Package which includes the proposals for CSRs (European Commission, 2022c).

As part of the Macroeconomic Imbalance Procedure (MIP), the Alert Mechanism Report (AMR) identifies MS that may be experiencing economic imbalances and ensures that potential risks are detected early and addressed through appropriate CSRs and corrective actions. In-Depth Reviews are conducted when the Commission identifies countries that could potentially display imbalances in the AMR. These reviews provide a detailed analysis of the nature and implications of the imbalances and guide the formulation of specific CSRs. Moreover, the Annual Growth Survey (AGS) sets out the EU's economic priorities for the coming year and provides a basis for the CSRs. The goal of the AGS is to ensure that the recommendations are aligned with the overall economic strategy of the EU (European Commission, 2016).

Another crucial monitoring instrument are the Implementation Reports which the European Commission periodically publishes. The reports track the progress of reforms and the adherence to CSRs. The aim of these reports is to provide transparency and accountability, highlighting both achievements and areas where further action is needed.

Based on these reports MS should be able to assess which areas need more work and which objectives have been achieved (European Commission, 2024c).

Through these mechanisms, the European Semester conducts a comprehensive and continuous monitoring process to ensure that Italy and other MS effectively implement the CSRs. However, the degree to which these monitoring mechanisms led to compliance with the recommendations is debatable. The enforcement mechanism and accountability structure will be assessed under the *Compliance and Accountability* category.

3. *Compliance and Accountability*

There are different mechanisms and consequences for compliance or non-compliance with the delegated tasks. The mechanisms for compliance are the same used to monitor, mentioned in the section above. These include Annual Assessment and Recommendations, National Reform and Stability Programs, Bilateral Meetings and Enhanced Surveillance.

The consequences for non-compliance however are set out under different mechanisms. There are “softer” and “harder” consequences for non-compliance. Firstly, non-compliance can lead to peer pressure and reputational consequences within the EU framework. This can result in recommendations being repeated, with the lack of progress highlighted in future reports.

If the non-compliance leads to significant imbalances the Commission can launch an Excessive Imbalance Procedure, requiring the member state to submit a corrective action plan. If then the member state still fails to address the imbalances the Commission can require closer monitoring and additional reporting requirements. Also, the non-compliance with fiscal rules under the Stability and Growth Pact (SGP) can trigger the Corrective Arm, requiring the member state to take specific corrective measures (Efstathiou & Wolff, 2019). Indeed, the SGP which can impose financial sanctions, including fines when persistent non-compliance is observed. Finally, persistent non-compliance can lead to financial sanctions, including fines. Furthermore, access to RRF funds is contingent on implementing reforms aligned with CSRs. The funding can be suspended if member states do not comply with the requested reforms, making the RRF framework an effective compliance mechanism.

All these mechanisms are designed to ensure that MS implement the reforms to foster economic stability, growth, and cohesion within the EU. By providing a structured approach, these mechanisms help monitor and enforce adherence to the economic and fiscal recommendations set by the European Semester, ensuring that member states stay aligned with EU-wide policies and objectives. However, the interviewees, as well as several studies (e.g., Efstathiou & Wolff, 2019; Guardiancich & Guidi, 2022) claim that the most impactful consequences for non-compliance are under the Stability and Growth Pact (SGP) and the RRF frameworks.

4. Information Asymmetry

The category of Information Asymmetry identified in the theoretical framework refers to situations where the Agent (Italy) has more information than the Principal (EU), creating a potential for the agent to act in its own interest rather than that of the Principal. When looking at the specific challenges that Italy faces in reforming the judicial system, it is conceivable to think that Italian policy officers possess more information and are more aware of the specifics of the state of implementation and progress of CSR implementation. According to Interviewee 2, who worked at the European Anti-Fraud Office (OLAF) for several years, the collaboration between Italian policy officers and officers of the European Institutions is much closer than commonly believed. Indeed, according to the prosecutor the bilateral meetings that the Commission holds with national authorities to discuss the implementation of the CSRs and provide guidance are quite effective and frequent. Therefore, it appears that the information asymmetry between national authorities and the EU is not acting as a barrier to the effective development or implementation of CSRs relating to justice.

Furthermore, the inefficiency of the Italian judicial system especially considering the length of proceeding has been a highly discussed political issue not only by the EU supervisory bodies but also in the Italian political landscape. Indeed interviewees 1, 2 and 3 unanimously claim that the length of proceeding is an issue that several political forces have tried to tackle but with limited success. According to the interviewees the most successful reform of the justice system that aligns with the longstanding requests set out by the European Semester through CSRs is the Cartabia Reform. The Cartabia reform, enacted through Law 134/2021, was implemented on December 30, 2022, aligning with

Italy's Recovery and Resilience Plan (RRP) goals, specifically aimed at reducing the duration of legal proceedings (Battaglia, 2024).

6. Identification of Key Successes and Failures

6.1. The Recovery and Resilience Plan and the Cartabia Reform

The Recovery and Resilience Plan (RRP) for Italy aims to tackle the challenges in the justice system by implementing five main reforms and one investment plan. The first reform deals with civil justice and seeks to shorten the duration of civil proceedings by reducing the number of new cases that enter courts, streamline current processes, clear backlogs, and boost court productivity. It aims to do so by strengthening mediation, alternative dispute resolution and arbitration and extending the cases where a single judge can adjudicate. Court productivity is planned to be boosted by monitoring systems and incentives to achieve standard performance across courts (Piano Nazionale Di Ripresa E Resilienza, 2021).

The second one tackles criminal justice and aims at reducing the length of criminal proceedings. The plan is simplifying the procedures, broadening the use of digital technology and by setting a limit to the duration of preliminary investigation. Also, court productivity is planned to be boosted in the same way as in the first reform.

The third one relates to insolvency and seeks to improve and digitalize insolvency procedures by introducing early warning systems before insolvency and specializing courts and pre-courts institutions to better manage all stages of the process, including by providing judicial and administrative authority members with specialized training. The fourth one relates to tax courts and seeks to reduce the excessive volume of appeals at the Court of Cassation as well as improve the effectiveness of tax law enforcement.

The fifth, which focuses on the digitalization of the legal system, calls for all documents to be filed electronically and for all civil cases to be conducted entirely online. It also aims to digitalize criminal proceedings in the first instance, eliminating preliminary hearings. Finally, in accordance with the law, it seeks to provide a free, completely searchable database of civil law rulings.

The final and sixth investment relates to the hiring practices for the criminal, administrative, and civil courts. The plan aims to achieve a transformational shift through the extraordinary resources provided by the plan, while maximizing synergies and working in the near term on organizational variables to allow the reforms under preparation to deliver results more swiftly (Piano Nazionale Di Ripresa E Resilienza, 2021). To decrease the backlog and disposition time in Italy, the "office of the trial," an

organizational instrument, is designed to be established (or strengthened) through temporary hiring as support teams for the magistrates. The disposition time refers to the average duration of a process and it is calculated as the ratio between the number of pending proceedings and the number of defined proceedings annually multiplied by 360. The specific objectives of the reforms and investment (1.4, 1.5, 1.6, 1.7, 1.8) are outlined in Table 4 (see Annex II). The RRP incorporates objectives set out by the European Semester with the CSRs, but the guidelines are more precise and clear quantifiable objectives are set with a specific deadline to meet. The extract from Table 4 (Annex II) below shows an example of more clearly defined and formulated goals.

Extract from Table 4 (Annex II)

Reform	Objective	Indicator Type and Description	Baseline	Goal	Timeline
Reform 1.4: Civil Justice	Reduction of backlog cases for Civil Ordinary Courts (first instance)	Target: Reduce by 95% the number of pending cases in 2019 (337,740) in the Civil Ordinary Courts (first instance).	100%	5% of 2019 cases	Q4 2024
Reform 1.4: Civil Justice	Reduction of backlog cases for the Civil Court of Appeal (second instance)	Target: Reduce by 95% the number of pending cases in 2019 (98,371) in the Civil Courts of Appeal (second instance).	100%	5% of 2019 cases	Q4 2024

Source: Council of the European Union, 2023

Referring to the theoretical framework and the PAT, it can be concluded that through the RRF, the Principal (EU) manages to delegate authority and responsibility to the Agent (Italy) in a more efficient manner. The RRF, established to assist EU member states in recovering from the COVID-19 pandemic, focuses on six main pillars: green transition, digital transformation, smart and sustainable growth, social and territorial cohesion, health and resilience, and policies for the next generation, including education and skills (European Union, 2023). Italy's RRP aligns closely with these pillars through its structured missions and specific targets.

Italy's RRP is built around these six pillars, addressing green transition, digital transformation, economic and social resilience, health, infrastructure for sustainable mobility, and public administration and judicial reforms. Italy's RRP targets digital transformation by investing €49.2 billion in "Digitisation, Innovation, Competitiveness,

Culture” with the aim of enhancing digital infrastructure and digitalizing public administration (Piano Nazionale Di Ripresa E Resilienza, 2021). Key actions include expanding high-speed internet access and promoting digital skills, which are core objectives of the RRF. For instance, these investments have led to the creation of the publicly accessible Banca Dati di Merito, where information about civil proceedings can be found (Ministero dell'Economia e delle Finanze, 2024).

In terms of public administration and judicial reforms, Italy’s plan includes measures to streamline administrative processes and reduce the length of legal proceedings, improving overall efficiency. These reforms have helped Italy reduce the backlog of cases significantly, supporting the RRF’s goal of enhancing institutional resilience and administrative capacity (European Commission, 2024). By aligning its missions and specific targets with the RRF’s overarching objectives, Italy’s RRP ensures that financial support from the RRF is effectively utilized to promote comprehensive recovery and long-term resilience. This alignment facilitates better coordination and implementation, addressing the structural challenges Italy faces and promoting economic, social, and environmental sustainability.

As seen by the objectives listed in Table 4 of the Annex, the RRF lays forth precise and clear goals that ensure a focused scope for Italy's reforms. The *Delegation and Authority*, which includes the scope, clarity, and specificity of the mandates provided, is therefore more efficient under the RRF.

Also, the *Incentives and Monitoring* provided to Italy to implement judicial reforms, along with the monitoring mechanisms to ensure compliance, are more effective under the RRF. This is because funds are connected to and released upon the correct and timely implementation of the recommendations. The issue of *Information Asymmetry*, where the Agent has more information than the Principal, does not persist, as the state of implementation and the objectives are clearly measurable and transparently communicated and monitored. Regarding *Compliance and Accountability*, which assesses the mechanisms and consequences for compliance or non-compliance with the delegated tasks, it can be stated that the RRF leads to a more efficient implementation of judicial reforms. Indeed, non-compliance can result in the withholding of planned funds, ensuring diligent adherence to the set objectives.

As of 2024, Italy has made significant progress in implementing the reforms and achieving the objectives outlined in its RRP. Italy has enacted the enabling legislation required for civil justice reform. This includes measures to simplify procedures, implement binding timeframes, and enhance alternative dispute resolutions.

According to interviewees 1,2,3 the Cartabia Reform (Law No. 206 of November 26, 2021) has played a pivotal role in reaching the objectives of the RRP. The Cartabia Reform, which took effect on February 28, 2023, significantly impacted Italy's civil law by introducing new arbitration procedures and various measures to enhance out-of-court settlements by means of the ADR (Alternative Dispute Resolution), thereby reducing court workloads and the duration of proceedings.

The Cartabia reform introduced additional tax incentives for mediation, assisted negotiation and arbitration and the extension of legal aid has been made available from June 30, 2023. This measure aimed to make ADR more attractive and financially viable for parties in dispute. Furthermore, if the conciliation attempt is not completed, the reform provides that evidence gathered in ADR procedures can be used in civil proceedings (Battaglia, 2024). Moreover, the reform extends the scope of mandatory mediation to include disputes involving long-term relationships, such as ongoing contractual obligations. This compels parties to attempt mediation before resorting to court litigation. Moreover, new regulations are introduced for the training of mediators, ensuring that both mediators and the bodies that manage ADR processes are well-equipped and competent (Boccadutri, 2023). From 2011 to 2023, the use of civil and commercial mediation in Italy increased significantly, helping to reduce the number of cases pending in the courts and improving the efficiency of the justice system. According to data from the Ministry of Justice, the number of mediations initiated and successfully concluded has grown year by year, demonstrating the effectiveness of this tool in resolving disputes in an alternative way (Ministero della Giustizia, 2024a).

To reduce the number of cases brought before court the reform also allows for out-of-court investigations within the assisted negotiation procedure and extends assisted negotiation to other areas. This process involves the parties' lawyers facilitating communication and helping reach an agreement out of court. The reform introduces corporate arbitration into the Code of Civil Procedure, establishing new articles that define the role and powers of arbitrators and reduces the time limit for appealing

arbitration awards. The Ministry of Justice shows a promising improvement for 2022 compared to the end of 2021, with a 6.2 percent decrease in civil and 12.1 percent decrease in criminal cases (Occhipinti, 2023).

Efforts are ongoing to reduce backlog cases significantly, with targets to reduce by 95% the number of pending cases from 2019 by the end of 2024. However, as mentioned by Interviewee 1, the deadline of the objective has already been renegotiated aiming to reduce the backlogs to 90% by 2026 due to structural and operational challenges faced by the judicial system (Fabri, 2022).

Similar to the reform of civil justice, several measures have been undertaken by the Italian government to reform criminal justice. The Cartabia reform laid the essential groundwork for the telematic criminal process and led to a significant progress in the digitalization of the justice system. The reform aimed to address foundational issues by creating the legal and procedural frameworks necessary for digital transformation in criminal justice. Although the civil sector was already efficient in this regard, the Cartabia reform pushed for similar advancements in the criminal sector.

The main step forward concerns the mandatory electronic filing of all documents for civil proceedings and the establishment of a fully searchable database of civil decisions. The public database for civil trials in Italy has been operational since Dec. 14, 2023 (Ministero della Giustizia, 2024b). This database, accessible through the telematic services portal of the Ministry of Justice, allows the consultation of about 3.5 million civil orders from Courts and Courts of Appeal. It allows users, including practitioners and citizens, to search and consult judgments, decrees and orders through online authentication systems. Regarding criminal trials, there is currently no equivalent publicly accessible database. Digitalization remains more effective in civil justice compared to criminal justice due to several fundamental differences between the two sectors.

One of the primary reasons digitalization is more successful in civil justice is the native digitization of documents. In the civil sector, the process of digitalization is inherently smoother because lawyers are already accustomed to creating and submitting telematic acts. This means that documents start off in a digital format and are managed digitally throughout the process. Furthermore, the civil justice system primarily involves lawyers and judges, making the digital workflow more streamlined and manageable. The

fewer parties involved, the simpler it is to coordinate and maintain a digital process (Interviewee 1).

In contrast, the criminal sector faces significant hurdles because it does not generally start with digital native documents. Many documents are still created and managed in physical form, complicating their integration into a digital system. Additionally, digitalizing criminal justice is more complex due to the involvement of multiple parties beyond lawyers, including transcribers, doctors, police, and other law enforcement agencies. This multiplicity of stakeholders introduces variability and complexity in adopting a unified digital system (Interviewee 1). Overall, the Cartabia reform and subsequent legislative changes have significantly improved the digitalization of justice, addressing long-standing recommendations from the European Semester.

Reducing the length of proceedings and increasing the efficiency of the justice system remains a crucial objective under the reform of criminal justice. Law No. 89 of March 24, 2001, commonly referred to as the “Pinto” law, was a significant step towards reducing trial duration by providing fair compensation for exceeding the “reasonable term” of a trial. According to the rules set by the Pinto Law, the jurisdiction to decide on appeals on fair compensation for those who have suffered pecuniary or non-pecuniary damage due to the failure to comply with the reasonable duration of the trial lies with the Court of Appeal of the district in which the judge before whom the first instance of the underlying trial was held is located (Ministero della Giustizia, 2018). According to the Pinto Law, trials are deemed to comply with the reasonable term if they do not exceed three years in the first instance, two years in the second instance, one year in the judgment of legitimacy, three years for enforcement proceedings, and six years for bankruptcy proceedings (Ministero della Giustizia, 2018). However, the Pinto Law did not result in a sufficient improvement of the speed of processes which remains a crucial issue in the Italian justice system.

The insolvency framework reform has also seen the enactment of enabling legislation. This reform includes measures to improve out-of-court settlements, establish early warning mechanisms, and create specialized courts for insolvency matters. These measures are aimed at streamlining insolvency processes and reducing the time and cost involved.

Tax courts have seen comprehensive reforms to make tax law enforcement more effective and reduce the high number of appeals, streamlining tax litigation and improving the efficiency of tax dispute resolutions. Moreover, Italy has initiated recruitment procedures to strengthen the personnel in civil, criminal, and administrative courts. By mid-2024, the goal is to complete the recruitment of at least 10,000 new personnel. Additionally, primary legislation to improve the governance of the RRP has been enacted to ensure effective coordination and monitoring of the plan's implementation.

Additionally, the Cartabia reform supports restorative justice techniques as an alternative to conventional punitive measures, fostering mediation and reconciliation between victims and offenders. It established specialized divisions within courts to handle specific categories, such as family law or business conflicts. The reform also aims to improve the efficacy and efficiency of criminal investigations by giving prosecutors greater resources and autonomy. Finally, changes to the appeals procedure are intended to reduce frivolous appeals and decrease the backlog in higher courts. This includes expedited case processing and stricter standards for appeals' admissibility (Boccadutri, 2023).

In sum, the Cartabia Reform has been pivotal in achieving the goals set by Italy's RRP. By introducing comprehensive arbitration procedures and enhancing Alternative Dispute Resolution (ADR) systems, the reform has significantly reduced court workloads and expedited legal proceedings. Additionally, the reform managed to promote digitalization in the justice system and establish specialized courts for specific types of cases, as well as resulting in a notable endeavor to decrease case backlogs.

This progress exemplifies how the European Semester, through the RRF, effectively influenced and accelerated judicial reforms in Italy. Unlike previous CSRs that lacked financial incentives, the RRF's conditional funding mechanism has driven substantial and long-overdue policy changes in the Italian justice system. However, while Italy has achieved several milestones in enacting necessary legislation and initiating critical reforms, challenges remain, particularly in fully achieving the ambitious backlog reduction targets and ensuring the efficient implementation of digital solutions across the judiciary.

6.2.Explanations for lack of implementation

The interviewees provide several explanations for why the reforms are not being fully implemented. The political willingness to do so represents a significant factor. Indeed, Interviewee 1 mentions that the professional category of lawyers, along with employees, is by far the most represented one in the Italian Parliament (Camera dei deputati, 2024). Indeed, 72 Members of Parliament out of 660 are lawyers which represents 10,75% of the parliament. Since lengthy proceedings represent a source of income for lawyers, the interviewee claims that there is little interest by a large part of the parliament to promote reforms that shorten their length.

Moreover, the number of lawyers in Italy is much larger than in many other European countries. By 2023 the registered layers in Italy are 247.000 (Statista, 2024a) compared to 166.000 in Germany, 70.000 in France and 145.000 in Spain (European e-Justice Portal, 2024). Also, approximately 60.000 of the lawyers in Italy are so called *avvocati cassazionisti* which means that they are authorized to practice before the Court of Cassation. This number is extraordinary compared to countries like France where only 121 layers called "avocats aux conseils" are allowed to bring cases in front of the Cour de Cassation (French Supreme Court) (Statista, 2024b). This extremely high number of lawyers in Italy makes it possible for citizen to file almost 2.5 million civil cases every year and arguably increases the "litigiousness" (number of cases brought to court) of Italians (Occhipinti, 2023). Interviewee 1 and scholars like Occhipinti (2023) believe that the high number of lawyers directly correlates with the number of filed cases, whereas others, including Biglieri (2021), argue that Italy's prolonged disposition time is not primarily due to the population's "greater litigiousness". In fact, with 2.6 civil or commercial cases brought per 100 inhabitants, Italy is not distant from the European average (2.23). Moreover, countries like Spain, despite a higher "litigiousness rate" (2.7), see a significantly lower disposition time of 367 days compared to 527 days in Italy as of 2018 (Biglieri, 2021).

Interviewee 1 and several other scholars (Bielen & Marneffe, 2018; Mora-Sanguinetti & Garoupa, 2015; Occhipinti, 2023) contend that the surplus of lawyers, particularly *avvocati cassazionisti*, in the Italian context leads to an increase in frivolous appeals, imposing strain on the court system and prolonging proceedings. However, despite these concerns the Italian RRP does not address the role of lawyers at all.

Another reason for the lack of success in reducing the length of trials relies in the principle of compulsory prosecution (Interviewee 3). A dominant paradigm in academic literature claims that discretionary prosecution is more efficient than mandatory prosecution (Easterbrook 1983; Landes 1971). Compulsory prosecution is a legal principle that requires prosecutors to pursue charges for all prosecutable offenses if there is sufficient evidence to support the case (Nakao & Tsumagari, 2012). Unlike discretionary prosecution, where prosecutors have the flexibility to decide whether to bring charges based on various factors such as the severity of the offense, likelihood of conviction, or resource constraints, compulsory prosecution mandates that all cases with adequate evidence must be prosecuted. This principle aims to ensure the uniform application of the law, thereby reducing potential biases and upholding the rule of law by guaranteeing that all crimes are prosecuted consistently. In systems with compulsory prosecution prosecutors are obligated to bring charges for any offense they believe can be proven in court (Nakao & Tsumagari, 2012).

There are several advantages of such a system. Firstly, all cases with sufficient evidence are prosecuted, preventing selective prosecution. Secondly, if everything is prosecuted it limits the influence of personal biases or external pressures on the decision to prosecute. Lastly, such a system enhances trust in the legal system by demonstrating that the law is enforced consistently and fairly.

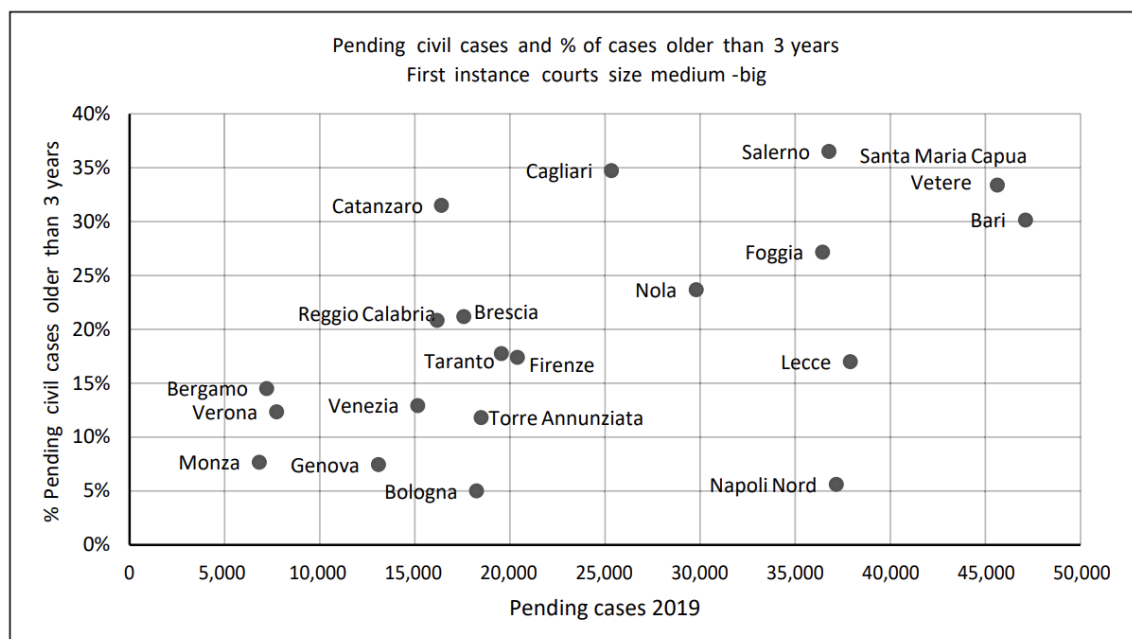
While compulsory prosecution promotes fairness and equality in the justice system, reduces corruption and favoritism, and ensures that all crimes are addressed, it can also lead to overburdened courts and prosecutorial offices. This occurs because all cases must be pursued regardless of resource constraints or case severity. Such a system therefore requires sufficient resources and infrastructure to handle the increased caseload that results from prosecuting all offenses without discretion.

Also, measures like plea bargaining have not been efficient in reducing the time of proceedings as expected because they are not widely accepted or appealing to parties involved. Despite the introduction of abbreviated trials in 1989, the preference remains for ordinary trials, leading to minimal use of these simplified rites. This lack of attractiveness has hindered their effectiveness in speeding up the judicial process (Interviewee 1).

Additionally, backlogs are challenging to reduce due to large disparities between different courts in Italy. For instance, courts in Rome and Naples have the most significant backlogs, which might hint to the fact that inefficiency is more tolerated (Interviewee 1, Fabri, 2022). According to interviewee 1, it takes more time to implement reforms on a national scale, especially in courts where backlogs are more tolerated, further complicating efforts to streamline the judicial process.

Figure 7 illustrates the notable performance disparity among first-instance courts (tribunali) that are similar in size. This is evidenced by contrasting statistics from courts of comparable size, such as those in Bari and Monza. In Bari, 30% of civil cases remain pending for over 3 years, while in Monza, this figure stands at 7%. Additionally, as of 2019, Monza had 7,000 pending cases, markedly fewer than the 47,000 pending cases in Bari.

Figure 7 – Pending Civil Cases and % of Cases older than 3 years (First Instance Courts Size Medium -Big)

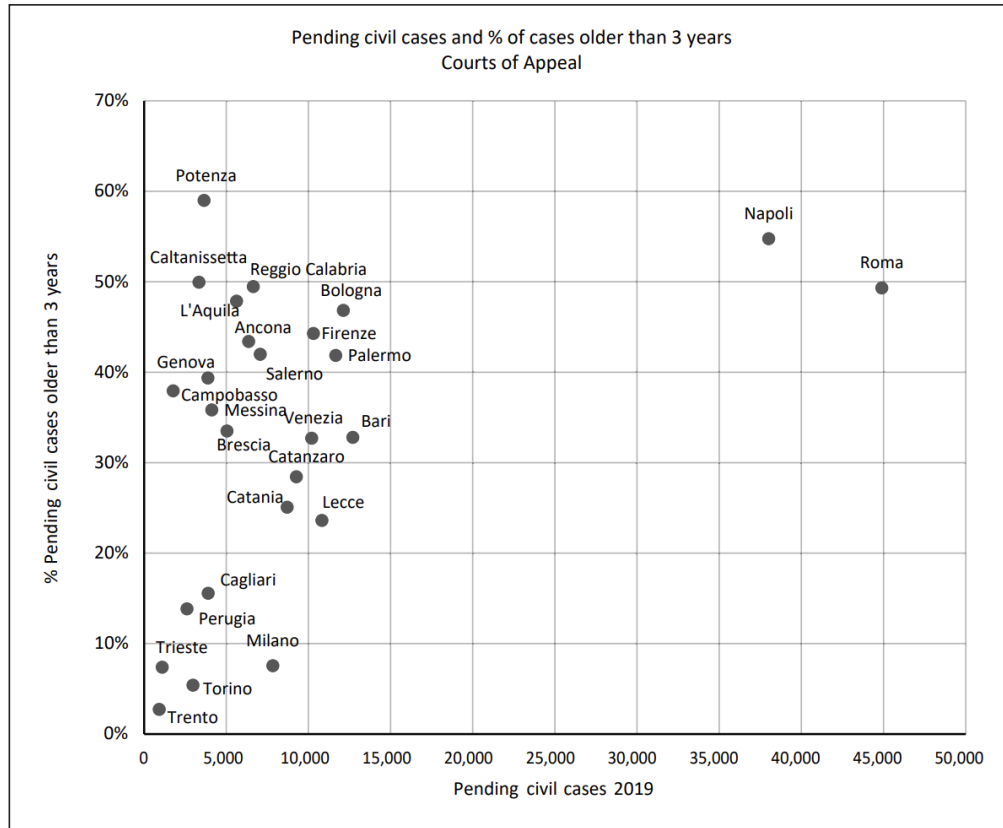


Source: Fabri, 2022

The scenario shifts for the Courts of Appeal, as depicted in Figure 8. Remarkably, the larger courts exhibit notably poorer performance compared to their smaller counterparts. For instance, Rome and Naples, two of the largest Courts of Appeal, demonstrate a substantial volume of pending civil cases, with figures reaching 38,000 and

45,000 respectively. In contrast, smaller courts like Trento and Potenza show significantly fewer pending civil cases, ranging from 1,000 to 3,500 (Figure 8).

Figure 8 - Pending Civil Cases and % of Cases older than 3 years (Court of Appeal)



Source: Fabri, 2022

According to Interviewee 2, another issue that significantly hinders the acceleration of judicial processes is the prohibition of the principle of *reformatio in peius* under Italian law. This principle, if allowed, would discourage lawyers from appealing cases unnecessarily, as it introduces the risk that an appeal could result in a worse outcome for their clients (Herke & Toth, 2011). Currently, without this deterrent, lawyers are more inclined to file appeals indiscriminately, hoping for any improvement, which overloads the courts with frivolous or low-merit cases (Interviewee 2). This surge in appeals places an undue burden on judicial resources and prolongs the resolution of genuinely important disputes, thereby compromising the overall efficiency of the judicial system.

7. Discussion of results

The overall implementation rate of CSRs in Italy has shown notable variation across the years. Between 2017 and 2021, the European Semester witnessed a notable rise in the publication of CSRs, peaking at 206 in 2020, suggesting increased vigilance over Italy's reforms. Over the same period, there has been a significant improvement in the implementation of CSRs, with the percentage of those rated as "no progress" decreasing from 62.92% in 2013 to 6.82% in 2023. Notably, within the realm of justice-related CSRs, there has been a shift towards more positive assessments, particularly with an increasing trend in scores indicating "some progress", especially after 2020.

The number of justice-related CSRs steadily increased from 2013 to 2021, aligning with the overall trend. However, similar to general CSRs, there was a sharp decline in 2022 and 2023. Between 2013 and 2016, many justice-related CSRs were not assessed. Post-2017, there have been only partial advancements in judiciary reforms, indicating challenges in fully addressing the recommended reforms. However, after the introduction of the RRF, the years 2020 and 2021 saw around 10% of justice-related CSRs achieving "substantial progress." The years 2022 and 2023 marked a positive shift with 60% and 40% of justice-related CSRs scoring "substantial progress," respectively. This improvement signifies more effective implementation strategies in recent years, presumably thanks to the conditionality attached to the RRF.

The Interviews revealed critical insights into the influence of the European Semester and EU in promoting judicial reforms in Italy. They highlighted that regulations and directives are the most impactful measures for reform, as they mandate compliance directly and uniformly across member states without requiring transposition into national law. This view aligns with the literature, emphasizing that EU regulations are binding and enforceable immediately, ensuring consistency and uniformity (Leczykiewicz, 2014). The interviews revealed several key factors behind the lack of full implementation of judicial CSRs in Italy. Political willingness plays a crucial role, as highlighted by Interviewee 1, who noted that a significant proportion of the Italian Parliament consists of lawyers who may have vested interests in maintaining lengthy proceedings. Additionally, the high number of lawyers, especially *avvocati cassazionisti*, contributes to increased litigation and frivolous appeals, straining the court system. The principle of compulsory prosecution, as discussed by Interviewee 3, ensures that all cases with

sufficient evidence are pursued, but this leads to overburdened courts. Measures like plea bargaining have not been widely adopted, further slowing down the judicial process. Disparities in court efficiency, particularly in larger courts like those in Rome and Naples, exacerbate the backlog issue. Moreover, the prohibition of *reformatio in peius* under Italian law, as pointed out by Interviewee 2, results in unnecessary appeals, further clogging the judicial system. These insights highlight the complex interplay of political, professional, and systemic factors impeding effective judicial reform in Italy. Both the interviewees and literature critique this lack of clarity and specificity, arguing it hampers effective implementation (European Court of Auditors, 2020).

The effectiveness of CSRs is significantly enhanced by financial incentives and robust monitoring mechanisms. The introduction of the RRF in 2021, which ties financial support to CSR implementation, has notably improved governments' willingness to pursue reforms. Moreover, compliance mechanisms, including annual assessments, National Reform Programs, bilateral meetings, and financial sanctions, play a crucial role, with financial consequences being the most impactful (European Commission, 2021).

Furthermore, transparency is maintained through frequent bilateral meetings, reducing information asymmetry between the EU and member states. The Cartabia Reform, part of Italy's Recovery and Resilience Plan (RRP), aligns with CSR objectives by reforming civil and criminal justice, enhancing insolvency procedures, improving tax courts, and investing in hiring practices to reduce case backlogs.

However, despite these advancements, challenges remain. The ambitious targets, such as reducing backlogs by 95% by 2024, have been renegotiated due to operational and structural hurdles, with new targets aiming for a 90% reduction by 2026. Nonetheless, the Cartabia Reform's alignment with the RRP and CSR objectives has driven substantial and necessary changes within the Italian judiciary, exemplifying how targeted financial incentives and clear, measurable goals can facilitate meaningful reform. The Cartabia Reform therefore exemplifies the potential success of targeted legislative actions supported by EU frameworks.

7.1.Future Risks and Recommendations

Reflecting on Italy's implementation of CSRs in general, it is evident that while there have been improvements, challenges remain. Historically, the implementation of CSRs in Italy has seen mixed results. The introduction of the RRF has provided a

significant boost by linking financial incentives to CSR implementation, which has led to notable improvements in recent years, especially in areas related to economic and administrative reforms. However, full implementation of CSRs remains low, highlighting the need for more robust mechanisms and clearer, more actionable recommendations.

In the judicial sector, CSRs have consistently emphasized the need to reduce the length of proceedings, improve the efficiency of the justice system, and address the backlog of cases. Based on the insight from the analysis, there appears to be considerable confidence in the ability of the Italian judicial system to reduce the time of proceedings. The Cartabia Reform, aligned with the objectives of the RRP, represents a significant step forward, introducing comprehensive changes aimed at enhancing the efficiency and effectiveness of the judiciary. Despite these efforts, the complexity and volume of pending cases present ongoing challenges. Indeed, reducing disposition time, which is the main goal to improve the efficiency of the judicial system, continues to face significant obstacles. The reduction of disposition time by 40% in civil cases and 25% in criminal cases seems achievable as professionals will abbreviate small criminal trials to increase the number of defined trials and reduce pending ones (Interviewee 1). This strategy aligns with the goals set by the RRP. However, the impact may not be as significant as anticipated because the most complex and critical cases will likely continue to exceed the procedural time limits. This discrepancy will be masked by the improved ratio between pending and resolved proceedings annually, as many smaller cases will be closed more swiftly. To build on the progress achieved by the Cartabia Reform and meet the objectives set by Italy's Recovery and Resilience Plan, several key recommendations can be made. These suggestions aim to enhance the efficiency, effectiveness, and responsiveness of the Italian judicial system, ensuring alignment with the European Semester's CSRs.

Firstly, to improve the effort to speed up processes it is necessary to promote methods such as plea bargaining which significantly reduce the length of processes but are not used extensively yet. Promoting other methods for resolving disputes outside of court can also significantly reduce the backlog of cases. Enhancing incentives for such practices, including tax benefits and simplified procedures, can encourage more parties to settle disputes quicker and out of court. Furthermore, since the Cartabia Reform has established a solid foundation for judicial improvements it is crucial not to alter its core

provisions but rather to build on its successes, ensuring continuity and stability in the reform process.

The high number of lawyers, particularly those practicing at the Court of Cassation, can contribute to prolonged proceedings. Implementing measures to regulate the number can streamline judicial processes. Moreover, linking financial incentives to the proper implementation of European Semester reforms will ensure greater accountability and motivation for adhering to the recommended changes. This approach has proven effective under the RRP.

Enhance interoperability and education for magistrates and lawyers would also foster a broader understanding of European goals at national level. Providing more opportunities for magistrates to work at the EU level and promoting cooperation between national and European judicial systems are essential in this regard. This can be achieved through targeted educational programs, such as the European Judicial Training Network (EJTN). However, it is necessary to extend measures to improve Participation in EGJTN (Interviewee 2). Encouraging greater involvement in the EJTN can enhance mutual learning and trust between magistrates from different countries. Understanding diverse judicial systems can foster better cooperation and integration within the EU framework.

At the national level, governments should promote public and professional awareness campaigns that highlight why efficiency and speed in judicial proceedings are crucial. Slow justice equates to denied justice, and it is vital to communicate this to ensure broader support for reforms. Including younger professionals in the discussion, in training programs and in the judicial system can bring fresh perspectives and energy. This demographic shift can drive innovation and a more dynamic approach to judicial processes. To achieve the reform's objectives magistrates and lawyers must be actively involved in it. Improved communication and collaboration between the judiciary and legal professionals can bridge gaps and foster a more cohesive system.

The principle of *reformatio in peius* (which is now prohibited under Italian law) should be legally recognized to ensure that lawyers do not appeal decisions frivolously, merely hoping for a better outcome. Knowing that an appeal could potentially result in a worse decision, lawyers will be more cautious and selective about which cases to appeal. Consequently, this measure will help decrease the frivolous workload of courts, leading to more efficient judicial proceedings and better allocation of judicial resources.

As mentioned by Interviewee 2, the lack of informative channels on European issues contributes to a low interest and understanding of European issues. Better training and use of TV and journalism could tackle this issue and inform the public and legal professionals about the significance and impact of EU reforms building broader support and understanding. By implementing these recommendations, Italy can further improve its judicial system, ensuring it meets the standards set by the European Semester and effectively addresses both national and EU-wide challenges.

8. Conclusion

The primary research question of this thesis was to explore the role of CSRs proposed during the European Semester in promoting judiciary reforms in Italy. To address this, the thesis employed a Quantitative Descriptive Analysis (QDA) of justice-related CSRs over the period 2013-2023 and triangulated these findings with qualitative insights from secondary literature and interviews with key professionals in the field.

The analysis revealed several key findings regarding the effectiveness of CSRs in promoting judiciary reforms in Italy. Notably, there has been a significant improvement in the implementation of CSRs, with a decrease in recommendations rated as "no progress" from 62.92% in 2013 to 6.82% in 2023. The implementation of justice-related CSRs showed a positive trend, with an increasing number of recommendations being rated as "some progress" or "substantial progress," especially after 2020. This indicates a more proactive approach and effective measures towards judiciary reforms in recent years.

The interviews provided critical insights into the challenges and factors affecting the implementation of judicial CSRs in Italy. Political willingness, the high number of lawyers, and systemic inefficiencies were identified as significant barriers. Despite these challenges, the introduction of the Recovery and Resilience Facility (RRF) in 2021, which ties financial support to CSR implementation, has notably improved the government's willingness to pursue reforms.

Based on the insights from the analysis, there appears to be considerable confidence in the ability of the Italian judicial system to reduce the time of proceedings. The implementation of Italy's PNRR and the Cartabia Reform mark significant steps towards addressing the longstanding inefficiencies within the Italian judiciary. These reforms, supported by the European Union's Recovery and Resilience Facility, aim to reduce the backlog of cases and improve the overall efficiency of the justice system through targeted measures and financial incentives.

The Cartabia Reform, a cornerstone of the PNRR, introduced comprehensive changes to the civil and criminal justice systems, insolvency procedures, tax courts, and the digitalization of legal processes. It also focused on enhancing court productivity by introducing monitoring systems, incentives, and expanding the use of alternative dispute resolution methods. The reform's specific goals, such as reducing the backlog of civil

cases by 95% by 2024, demonstrate a clear and ambitious roadmap for judicial improvement. However, challenges remain, particularly concerning the complexity and volume of pending cases, which continue to strain the system.

One key limitation of this thesis is that, although the analytical approach used offers valuable insights, it does not provide a complete picture of the overall impact of CSRs. Indeed, the impact of CSRs is challenging to evaluate solely based on implementation scores, as they may still influence the political agenda by highlighting specific policy issues, even if they are not fully implemented. Additionally, even when CSRs have been implemented, this method of analysis cannot conclusively establish whether their implementation was due to the Semester's influence or if the national government had independently planned those reforms. Moreover, the analysis relies on qualitative data from interviews, which, while insightful, may not capture the full scope of the judicial reform landscape in Italy. The analysis also depends on available statistics and reports, which may not always reflect real-time developments or the nuanced impacts of the reforms. Future research could benefit from a more comprehensive data set, including quantitative metrics and broader stakeholder perspectives, to provide a more holistic view of the judicial reforms' effectiveness.

The Principal-Agent Theory applied in this study suggests that while the EU can set clear goals and provide incentives through the RRF, the actual implementation largely depends on Italy's internal political will and administrative capacity.

According to the analysis there are no specific tendencies of specific governments in Italy to promote judiciary reforms more than others, as the implementation scores fluctuate without a specific pattern throughout the 6 governments that Italy had between 2013 and 2023. However, a more meticulous implementation of judiciary reforms can be observed under Prime Minister Draghi, which coincides with the launch of the RRP.

To enhance the efficiency of the Italian judiciary and meet the objectives of the PNRR, key recommendations include promoting faster judicial methods like plea bargaining, maintaining the core provisions of the Cartabia Reform, regulating the number of lawyers, linking financial incentives to reforms, and recognizing the principle of *reformatio in peius* to discourage frivolous appeals. Additionally, fostering cooperation and training for magistrates and lawyers, and conducting public awareness campaigns on

the importance of efficient judicial proceedings are essential for gaining broader support for these reforms.

The thesis concludes that the CSRs proposed during the European Semester have played a crucial role in promoting judiciary reforms in Italy. The structured recommendations and financial incentives provided through the European Semester and the RRF have driven significant changes, particularly in the efficiency and effectiveness of the judicial system. However, full implementation of these recommendations remains a challenge due to political and systemic factors. A highlight of this thesis is the identification of the RRF as a critical factor in improving the implementation of justice-related CSRs. The financial incentives and robust monitoring mechanisms associated with the RRF have significantly enhanced the effectiveness of the European Semester in driving judicial reforms.

The findings of this thesis have broader implications for understanding how EU mechanisms like the European Semester can influence national reforms beyond fiscal policies. The study underscores the need for continued and enhanced cooperation between EU institutions and member states to achieve comprehensive and sustainable reforms. It also highlights the importance of addressing systemic and political challenges to improve the implementation of EU recommendations effectively.

In conclusion, while Italy has made significant strides in judicial reform following the CSRs published by the European Semester, continued efforts to enhance clarity, specificity, and incentives within CSRs are necessary. This thesis offers valuable insights and recommendations for policymakers to enhance the effectiveness of these reforms. By addressing the identified challenges and building on the successes of the Cartabia Reform and the RRF, Italy can achieve a more efficient and effective judicial system, aligned with European standards and capable of delivering timely justice to its citizens.

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Annexes

Annex I:

Semi-structured interview guide:

Leech, B. L. (2002). Interview methods in political science. *PS-WASHINGTON*-, 35(4), 663-664. <https://indiachinainstitute.org/wp-content/uploads/2017/05/9BIn-Symposium.pdf>

Annex II:

Table 4 – Objectives of the RRP related to justice

Reform	Objective	Indicator Type and Description	Baseline	Goal	Timeline
Reform 1.4: Civil Justice	Entry into force of enabling legislation for civil justice reform	Milestone: Provision in the law indicating the entry into force of the enabling legislation.	N/A	Legislation Enacted	Q4 2021
Reform 1.5: Criminal Justice	Entry into force of enabling legislation for criminal justice reform	Milestone: Provision in the law indicating the entry into force of the enabling legislation.	N/A	Legislation Enacted	Q4 2021
Reform 1.6: Insolvency	Entry into force of enabling legislation for insolvency reform framework	Milestone: Provision in the law indicating the entry into force of the enabling legislation.	N/A	Legislation Enacted	Q4 2021
Reform 1.7: Tax Courts	Comprehensive reform of tax courts of first and second instance	Milestone: Provision in the law indicating the entry into force of the revised legal framework.	N/A	Legal Framework Enacted	Q4 2022
Reform 1.4: Civil Justice	Reduction of backlog cases for Civil Ordinary Courts (first instance)	Target: Reduce by 95% the number of pending cases in 2019 (337,740) in the Civil	100%	5% of 2019 cases	Q4 2024

Reform	Objective	Indicator Type and Description	Baseline	Goal	Timeline
		Ordinary Courts (first instance).			
Reform 1.4: Civil Justice	Reduction of backlog cases for the Civil Court of Appeal (second instance)	Target: Reduce by 95% the number of pending cases in 2019 (98,371) in the Civil Courts of Appeal (second instance).	100%	5% of 2019 cases	Q4 2024
Reform 1.4 and 1.5: Civil and Criminal Justice	Entry into force of measures aimed at reducing backlog	Milestone: Provision in the law indicating the entry into force of primary legislation and secondary acts to reduce backlog.	N/A	Legislation Enacted	Q1 2024
Reform 1.4 and 1.5: Civil and Criminal Justice	Reduction in the length of civil proceedings	Target: Reduce the disposition time by 40% of all instances of civil and commercial litigious cases compared to 2019.	100%	60% of 2019 cases	Q2 2026
Reform 1.4 and 1.5: Civil and Criminal Justice	Reduction in the length of criminal proceedings	Target: Reduce the disposition time by 25% of all instances of criminal cases compared to 2019.	100%	75% of 2019 cases	Q2 2026
Digitalisation of Justice	Digitalisation of the justice system	Milestone: Provision in the primary and secondary acts indicating the entry into force of the corresponding acts.	N/A	System Digitalised	Q4 2023

Reform	Objective	Indicator Type and Description	Baseline	Goal	Timeline
Recruitment for Civil, Criminal, and Administrative Courts	Conclusion of the recruitment procedures for civil and criminal courts and administrative courts	Target: Complete the recruitment or the extension procedures of at least 10,000 units of personnel for the office of trial and the technical administrative personnel and place them in service.	0	10,000 personnel	Q2 2024

Source: Council of the European Union, 2023

Annex III:

Justice- Related CSRs:

https://docs.google.com/spreadsheets/d/12fvEWz98NjQ4x_xmmPd5SMKK4cfi5a3g/edit?usp=sharing&ouid=117016095770223633776&rtpof=true&sd=true