

Webinar on “How green are the national recovery plans?”:

A cross-check of 10 draft National Recovery and Resilience Plans and National Energy & Climate Plans



EVENT REPORT

Date: Tuesday 23 March, 10h00-13h00

Platform: ZOOM

1. Brief description of the event

The main purpose of the event was discussing with NGO and LRA representatives the consistency between the National Energy and Climate Plans (NECPs) of 10 Member States and their draft National Recovery and Resilience Plans (NRRPs) following the adoption of the Next Generation EU Recovery Package and the inter-institutional agreement on the Recovery and Resilience Facility (RRF) in December 2021, in the aftermath of the Covid pandemic.

The event was particularly timely as by 30 April 2021 Member States are expected to submit their final NRRPs to the European Commission to unlock the biggest investment plan in Europe's history. The EU will restart its economy under the greatest green stimulus ever seen, with 37% of the Recovery and Resilience Facility (RRF) allocated to the European Green Deal and 30% of the Multiannual Financial Framework dedicated to climate.

A screenshot of a Zoom presentation slide. The slide has a white background with a blue border. At the top, it says '© Event Backgrounds.com - agenda template 22_03_2021.pptx - Protected View - PowerPoint'. The main title is 'How green are the national recovery plans?' in large blue font. Below the title, it says 'A cross-check of 10 draft National Recovery and Resilience Plans and their National Energy & Climate Plans'. At the bottom, there are social media handles '@_plan_up #RecoveryPlan', a small photo of a man, and logos for the European Climate Foundation and the LIFE program. A small 'EED' logo is in the top right corner of the slide.

The webinar gathered over 220 participants across a varied number of stakeholders including the wider environmental NGO community (both EU and national), local and regional authorities, national authorities, EU institutions (European Commission, Permanent Representations to the EU, European Parliament), academia and industry.

The webinar built on an effective network and brought together the wider environmental NGO/CSO community which is active on monitoring and feeding into the NRRP drafting process (CAN Europe, Bankwatch, E3G, Wuppertal Institute to name a few).

2. Background

On 18 December 2020, the EU institutions reached an agreement on the Recovery and Resilience Facility Regulation which will be the main new instrument to channel the funds of the Next Generation EU Recovery Package. The final text adopted by the negotiators has complemented the original proposal made by the European Commission with important provisions tackling five key aspects: **green dimension, climate tracking methodology, “do no significant harm” principle, consistency with other initiatives and consultation process.**

Member States will have to ensure that reforms and investments contained in their Recovery Plans (NRRPs) contribute to the green transition including biodiversity. The RRF has also established that it shall only support measures respecting the “do no significant harm” (DNSH) principle.

Moreover, Member States are required to provide a summary of the consultation process carried out with a broad range of stakeholders, including civil society, local and regional authorities and youth organisations, and explain how the inputs of the stakeholders are reflected in the plan.

Member States are also required to justify the various criteria and provide an explanation on how their Recovery Plan is consistent with other relevant plans and funds, in particular: National Energy and Climate Plans (NECPs) and Partnership Agreements and Operational Programmes.

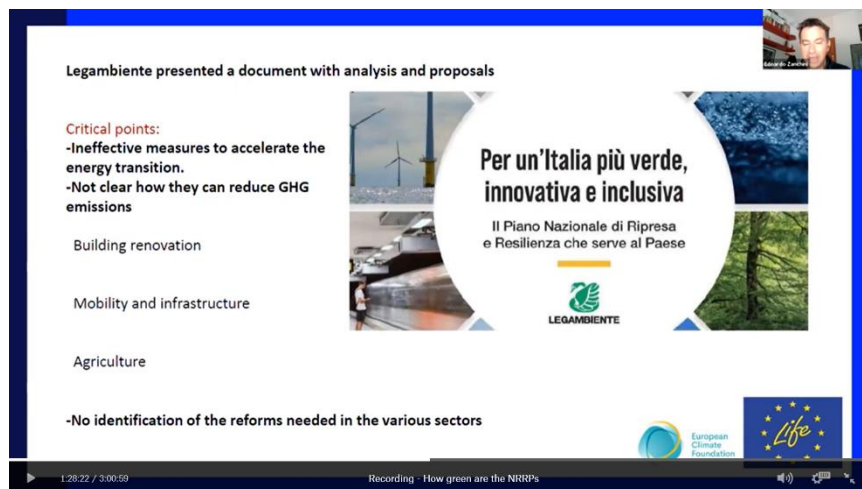
By the time the event took place, draft NRRPs were sent by most Member States to the European Commission which has provided initial feedback. However, the feedback was not made public.

3. Main purpose of the event

The event focused on 10 draft NRRPs: Slovenia, Hungary, Latvia, Poland, Italy, Bulgaria, Czech Republic, Spain, Austria and Portugal. As such, it gave a comprehensive overview of the different approaches across Europe and the main challenges identified.

Each draft NRRP was presented and commented by a national environmental NGO which has actively reached out to the government authorities to provide its feedback during the drafting process. The 10 NGOs were the following: Umanotera (SL), Clean Air Action Group

(HU), Polish Green Network (PL), Ecodes (ES), Legambiente (IT), Green Liberty (LV), Economic Policy Institute (BG), Centre for Transport and Energy (CZ), Zero (PT), EU Umweltbuero (AT).



The discussion addressed the link between the National Recovery and Resilience Plans and the current National Energy & Climate Plans (NECPs) in three sectors which are important to achieve **the national GHG emissions binding targets under the Effort Sharing Regulation: transport, building and**

agriculture. It also addressed the role of fiscal measures, such as carbon taxes, as part of the economic reforms that Member States need to undertake to be granted the recovery funds to contribute to achieve the climate and environmental sustainability targets (DNSH).

4. Format of the discussion

The discussion was framed to address a few specific issues related to the *green dimension* of the NRRPs and the *Do no Significant Harm (DNSH)* guidance presented by the European Commission:

- concerns on the application of the green dimension and the climate tracking methodology, where substantial discretion and flexibility might generate unwanted loopholes and ineffective spending;
- lack of time for national governments to carry out proper assessments ensuring effective compliance with all the five dimensions;
- lack of transparency and insufficient civil society involvement by national governments in the process of drafting NRRPs;
- synergies between the National Energy and Climate Plans and the NRRPs.

The 10 NGO speakers were provided with a common slide format to guide their presentation and ensure consistency and comparability of their assessments. The areas covered in each presentation were the following:

1. Status of the NRRP
2. Public Consultation

3. Comments on measures/investments in the transport, buildings and agriculture sectors
4. Consistency between measures in the Recovery Plans and the National Energy and Climate Plans (NECPs)
5. Commitments to fiscal reforms- use of fiscal instruments
6. Final recommendations and way forwards

5. Main takeaways

The discussion was opened by the **Wuppertal Institute (Timo Wehnert)**, which updated the audience on its [Green Recovery Tracker](https://www.greenrecoverytracker.org), which assesses the contribution of EU member states' national recovery plans to the green transition.



The assessment is based on a quantitative and qualitative analysis conducted in partnership with local experts. Only 9 draft NRRPs were publicly available and have been assessed (FR, ES, DE, PT, PL, SK, SL, LV, BG). All these plans contain measures contributing to the green transition. However, the *green spending share* in most of the 9 countries assessed falls short of the 37% climate and biodiversity spending required by the Recovery and Resilience Facility. Moreover, there is a risk that about 21% of the recovery funding may have a negative impact on mitigation and the shift will mostly depend on implementation. Overall, many plans still lack details on how measures will be implemented and there is a risk that measures which look green at first glance may end up supporting fossil fuels. Therefore, it will be crucial to keep monitoring the process until its end and assess the final NRRPs to make sure that the recovery will be greener.



The perspective of the Local and Regional Authority was presented by the **Mayor of Krizevci (Croatia) Mario Rajn**, who is also board member of Energy Cities association. The Mayor pointed out that Croatian NRRP was not made public at any stage. However, MFF funds are under discussion in the country. He pointed out that new models of city governance and a new role for the citizens are required. Support to city governance is necessary for the

deployment of renewable energy by engaging with local communities and energy communities. To make the most of the Recovery Plan, cities and regions should have a more prominent role in finding solutions with citizens and the private sector. Citizens must be involved as political actors on one side and as owners/users/producers to enhance circular economy approaches and drive behavioral change.

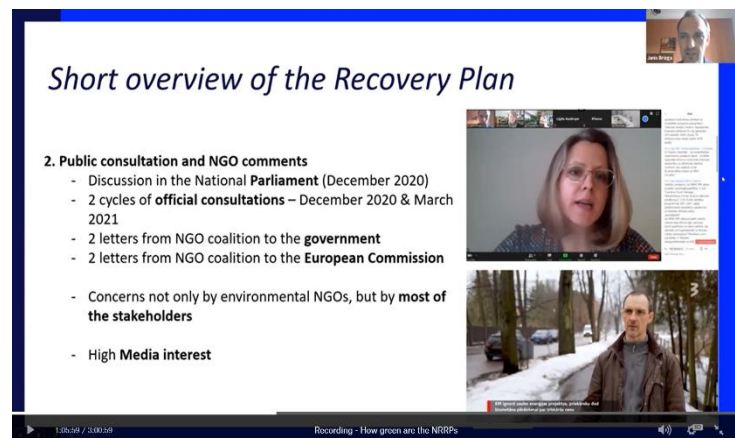
Across the 10 draft NRRPs (SL, HU, LV, PL, IT, BG, CZ, ES, AT, PT) assessed by the national NGOs, it has been possible to identify a few common elements:

1. Status of the NRRPs

To 23 March, most NRRPs were already drafted. However, the level of detail of most draft plans was varied, and generally vague. Moreover, not all the information was made publicly available by the governments. Over the past months, all NRRPs have improved in quality and granularity since their very first version in October 2020. This shows that active CSO participation and pressure had a positive impact. In **Austria**, the NRRP has never been published to date due to internal political reasons. In the **Czech Republic**, no updated version was available since October 2020. In **Italy**, which is the first beneficiary of the EU Recovery funds, no formal consultation took place and the political crisis in early February caused delays in the drafting of the NRRP. While the draft NRRP was not publicly available, the national media spread information and contacts with national authorities were established to provide inputs. **Spain** presented a first draft in October, but no information on subsequent versions was available. In **Hungary**, only bits and pieces of the draft NRRP were made publicly available, containing very general and vague information.

2. Public Consultation

Almost no country has held a formal and open public consultation process. In most of them, contacts have been sporadic and mainly due to proactive initiative of NGOs/CSOs to reach out to their own contacts in government departments responsible for the drafting of the NRRP. Most contacts were via email or web meetings. Feedback from national authorities has been very scarce, if non-existent. Therefore, it has not been possible to assess if and how the revised and final NRRPs will integrate the comments made by NGOs/CSOs.



The screenshot shows a video recording interface. The main content is a slide titled "Short overview of the Recovery Plan". The slide lists the following points under "2. Public consultation and NGO comments":

- Discussion in the National Parliament (December 2020)
- 2 cycles of official consultations – December 2020 & March 2021
- 2 letters from NGO coalition to the government
- 2 letters from NGO coalition to the European Commission
- Concerns not only by environmental NGOs, but by most of the stakeholders
- High Media interest

The video interface includes a top right corner with a small video thumbnail, a larger video window on the right showing a woman speaking, and a bottom right window showing a man speaking. The bottom of the interface shows a progress bar at 1:06:38 / 2:00:59 and the text "Recording - How green are the NRRPs".

Some exceptions are worth mentioning: in **Latvia** two official consultations took place (December 2020, March 2021) as well as in **Portugal**. In **Austria**, a public consultation was launched even though the draft NRRP has never been made public. In **Poland**, thanks to civil society pressure, a public consultation was launched in March 2021.

3. Comments on measures/investments in the transport, buildings and agriculture sectors (good and bad)

Overall, the 10 draft plans available were in the form of a “shopping list” and the level of detail has not allowed to properly evaluate sectoral measures and investments. It has therefore proven difficult to assess how much the measures/investments will contribute to the 37% climate target and will comply with the DNSH principle. Moreover, many investments still support fossil fuels, especially in the transport and building sectors.

Regarding transport, many draft plans contain large investments for road/highway construction and very few invest in the development of rail and public transport. In the **Portuguese** draft plan, no soft mobility investments have been included (bike lanes, others). As to **Spain**, there are concerns on over-support to biogas, and lack of measures for decarbonizing the maritime and air sectors and electrifying heavy road transport. In the **Latvian** draft plan, good examples are the planning to green the transportation system of the Riga metropole area, improve the energy efficiency of the buildings and businesses. The **Polish** draft plan contains large investments in “clean transport” but these include investments in LNG/CNG buses.

Short overview of the Recovery Plan (continued)

4. Agriculture:

- Two small measures (food depots 'to cut food miles', support to non-GMO feed production), no significant climate impact expected at system level

5. Buildings:

- Flagship housing renovation programme: biggest measure worth 3 bn€ but coal and gas still supported, level of climate ambition below what's required for Renovation Wave, NRS not yet adopted
- Investment in efficient heat/cold sources in district heating systems: support for gas CHP and waste incineration

6. Transport:

- Big investment in railway upgrades and new rolling stock, but: no new lines, the measure is not part of a bigger plan leading to modal shift. Transport exclusion not addressed
- Big investment in clean transport, but 'clean' includes LNG/CNG buses. Investment support schemes, details (and climate impacts) of specific project not known.

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1:18:28 / 3:00:59 Recording - How green are the NRRPs

As to the agriculture sector, measures and investments have been widely overlooked or will have a minimal impact on climate (**Poland**). Limited good projects have been identified in **Slovenia** (use of RES in food production, digitalisation, coops capacity and increase in organic food, forestry adaptation), while production restructuring (meet to plant) is still missing. In the **Portuguese** draft plan, investments in one large dam will mostly support unsustainable intensive agriculture. In the **Spanish** draft plan, there are no specific measures to reduce GHG emissions in the agriculture sector, control pollution and waste and protect nature from the expansion of farms and livestock.

As to the buildings sector, there are widespread concerns that the replacement of old and inefficient boilers will keep coal and biomass on the one side and incentivize gas boilers on the other (this is especially the case for **Poland** and **Czech Republic**), while energy refurbishment is limited only to the public sector in **Slovenia**.

In the **CZ** draft plan, less than a third of the total budget can be considered pro-environment and measures supporting biodiversity are below 7% of the total allocation.

Regarding the **Bulgarian** draft NRRP, while all the projects include a blanket statement that they are in line with the "Do not significantly harm" principle, the reality is different. According to an insider's source, Bulgaria lacks the expertise to analyze the projects against the DNSH principle and in general the principle is considered a challenge by the teams working on the NRRP.

Short overview of the Recovery Plan

SPAIN

3.2. Building (examples)

Positive

- Self-consumption, local energy communities and "solar roofs"
- Building rehabilitation and urban renovation
- Energy efficiency measures and deployment of renewable energies

Negative

- Detailed plan for elimination of fossil fuels
- Measures for the protection of the territory, landscapes and biodiversity in the process of deployment of wind and solar infrastructure
- Elimination targets for polluting heating and cooling systems

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2:15:16 / 3:00:59 Recording - How green are the NRRPs

4. Consistency between measures in the Recovery Plans and the National Energy and Climate Plans (NECPs)

As above, the low level of detail of the 10 NRRPs available does not allow a thorough assessment of the consistency with the NECPs. Overall, it seems that the 10 NRRPs do not contradict the measures contained in the NECPs. However, they do not either increase the ambition of the NECP, which is found to be a downside, given the unprecedented funding opportunity to accelerate the green transition. In a few cases, such as for **Slovenia**, the consistency between the NRRP and the NECPs has been found limited on transport, and partial on measures for agriculture and buildings.

Consistency between measures in the Recovery Plans and the National Energy and Climate Plans (NECPs)

1. The measures for **transport, buildings and agriculture** in the Recovery Plan are mostly aligned with the contents of the ECP but there are inconsistencies

Commitments to Policy Reforms – Use of fiscal instruments

- Fiscal instruments were not part of the toolbox of measures in the Recovery Plan; however, there are existing policies such as a carbon tax already in place that will play a role
- There are no commitments to reform environmental harmful subsidies since that is considered a broader policy to be taken at a higher policy level

- Need better specification of investments
- Clarification on how green/climate transition investments were quantified
- Scrap investments in roads, dams/intensive agriculture, nature conservation conflictual areas
- Include soft and active mobility

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2:38:36 / 3:00:59 Recording - How green are the NRRPs

The same happens in **Portugal**, where some inconsistencies have been found between the two. As to **Bulgaria**, the measures for transport are quite consistent, those for buildings only partially consistent while there are no agriculture measures in the Bulgarian NECPs. The NRRP however does include some measures for restoration, rehabilitation

and modernization of the state hydro-ameliorative system, although the way they will be implemented can still raise concerns if modern forms of irrigation reducing climate and nature impacts are not introduced. As to the **Polish** NECP, it has been observed that it is so

“fossil-fuel centered” that is quite irrelevant in terms of its climate impact. However, the draft NRRP is based on a newer energy policy document (PEP2040), which is slightly better but still not compatible with the EU’s 2030 and 2050 targets.

5. Commitments to fiscal reforms- use of fiscal instruments

The 10 draft NRRPs analysed do not contain any specific mention of additional fiscal instruments (carbon/green taxes, measures to stop harmful subsidies) to be introduced to contribute to a green recovery, especially regarding the 37% climate target. However, the **Austrian** draft National Reform Program for 2021 does mention increasing environmental funding/subsidies and levy and tax adjustments in the mobility sector, e.g. higher tax for SUVs, subsidies for e-cars, phasing out of environmentally harmful subsidies. Countries which have already introduced a carbon tax in the past are not envisaging to enhance this instrument as part of their economic and fiscal reforms proposed in their NRRPs. Those which do not have a carbon tax are not planning to introduce it as part of the toolkit of measures. However, the **Spanish** NRRP recognizes the shortcomings of the Spanish tax system and mentions the creation of an expert group for tax reform, as well as adjustments to existing taxes to reinforce their effectiveness, eliminate some dysfunctions and adapt incentives to boost economic activity and employment.

6. Final recommendations and way forwards

Numerous different recommendations for the way forwards have been indicated by the 10 speakers.

- Make the final NRRPs public once they have been submitted to the European Commission.
- Set up immediately an effective process to consult civil society on the final NRRPs and make sure the feedback is integrated in the final approved NRRP.
- Keep scrutinizing national governments during the NRRPs implementation process and setup the proper institutional framework for monitoring recovery spending; not just administrative oversight but also assessing performance and alignment with the aims of the fund.
- Require more clarification on how green/climate transition investments were quantified.
- Require that specific investments in roads, dams/intensive agriculture, nature conservation conflictual areas and all measures/projects which support fossil fuels and clash with the DNSH principle are not included in the NRRPs.
- Carry out DNSH analyses for each project.
- Speed up with the Action Plans within the National Development Programme 2030
- Catch up momentum and introduce a synchronised system of green taxation on the basis of the existing separate green taxes.

- Include integrated approach as must for energy efficiency measures in the building sector.
- Devote 100% of the “transport connection” funding for railroads.
- Involve nature protection groups and experts in re-designing of the sub-components for Biodiversity and Agriculture in order to reach a coherent, climate-friendly and environmentally oriented approach to both.
- Make sure that Member States have long-term climate strategies which are fully consistent with the EU’s objectives.



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