

# National Recovery and Resilience Plans (NRRPs): Boost for long-term sustainability or missed opportunity?

Position paper, 31 March 2021

Next to national budgets, the EU's Multi-Annual Financial Framework (MFF) for 2021-2027 worth €1074 billion and 'Next Generation EU' with an additional €750 billion, including the Recovery and Resilience Facility (RRF) offering €672.5 billion in loans and grants, are meant to bring the economy back on its feet. The declared aim of the RRF is to mitigate the economic and social impact of the coronavirus pandemic and make European economies and societies more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transitions. To gain access to the RRF funds, Member States need to prepare and submit national recovery and resilience plans (NRRP) by 30 April 2021. Certain conditions need to be met: each plan must ensure that at least 37% of the expenditure is directed to the green transition and 20% to the digital transformation. They must be aligned with the recommendations of the European Semester and overall EU priorities.

Are the European Commission and national governments making sure that these funds are giving the ecological transition a real boost – or will this be another missed opportunity to achieve transformative change? We are concerned by:

- the fact that most measures in the NRRPs are vague and are **not designed to bring about the long-term systemic change** that is so urgently needed to reach the objectives of the European Green Deal. There is a real risk that plans will not go beyond ad-hoc green investments to stimulate the economy now rather than ensuring sustainability and resilience.
- the **lack of meaningful civil society involvement and public participation** in the design of the plans which recent research has revealed. Weak or absent public participation may even be in breach of legal requirements under the Aarhus Convention to which both the EU and its member states are parties. If not addressed now, the problem is likely to persist throughout the NRRPs' implementation. It is further **unclear in how far non-profits and social businesses can actually benefit from the investments** themselves given their commitment to wider public interest.
- the **narrow focus on the green and digital transformations**: the tunnel view on climate-related measures can turn into a missed opportunity to address the whole range of environmental crises. What is lacking is to align the RRF and national plans with **a holistic approach to sustainable development** ensuring that investments do not only stimulate economic health but deliver on the full range of environmental challenges while ensuring social justice and equity.

## Early calls for investments in long-term sustainability

In November 2020, the EEB in a joint [open letter](#) with other CSOs called for recovery funds to ensure the transformation by investing in projects aligned with established climate and environmental objectives. Civil society argued that the Partnership Agreements and the NRRPs must include robust conditions that compel Member States to grant public money (both EU funds and their own national budgets) only to support sustainable projects and activities. No money should subsidise fossil fuels-based activities (coal, oil and gas) or any other environmentally damaging activities such as nuclear power, unsustainable transport or intensive agriculture. In addition, countries should engage in economic reforms to increase the incentives for investments, e.g., by promoting carbon pricing, green public procurement and the systematic reform of environmentally harmful subsidies. Finally, also nature conservation must be part of the recovery efforts through restoration of ecosystems and their services on which our economy, our food and our health depend, and which can have long-lasting benefits to society. To be inclusive, it is further necessary to integrate gender mainstreaming and adopt a gender budgeting approach across all plans, including climate mainstreaming and digital targets. This must

include concrete objectives, targets, indicators, ex-ante and ex-post gender impact assessments, and draw on sex-disaggregated data. Civil society argued that the national plans were an ideal opportunity to invest in a climate-neutral, pollution-free and equitable future.

## Civil society side-lined

As Member States are still finalising their NRRPs, it is too early to make an in-depth assessment of the recovery plans; however, recent research has pointed out the clear lack of civil society engagement in the drafting process. The EEB has contributed through webinars and data to the [study](#) published by Civil Society Europe and the European Center for Not-for-profit Law which examines the CSO involvement. It is based on a survey conducted with 40 CSOs in 17 EU countries, interviews with European civil society networks, national and regional platforms, and additional data provided by the EEB. The results are bleak: across Europe, national governments have either not at all consulted citizens and CSOs or have not consulted them properly. There has been little proactive consultation through the European institutions or national governments, also in countries with generally good consultation practices such as Germany. Member states, with the exception of Bulgaria and Italy, failed to use existing structures for consultations. The study also showed that civil society organisations across the EU struggle to understand who in their government is responsible and how to get involved. Some countries, such as Belgium, Spain and Poland, indicated that they would involve CSO at a later stage; however, the study highlights the fact that late engagement will make it difficult if not impossible to effectively influence already drafted plans and turns CSO engagement into a tick box exercise.

Nevertheless, on national and EU level, where CSO have proactively demanded to be engaged in the process, they have received responses, were able to organise meetings with key stakeholders and have received support from Parliaments. For example, proactive attempts from environmental NGOs in Poland, Latvia, Hungary and the Czech Republic by reaching out to their Members of the European Parliament (MEPs) have led to positive results in engaging them in the development of the national plans.

EEB member [IIDMA's legal analysis](#) on transparency and CSO involvement in the design of the NRRPs found that the consultation procedures and Strategic Environment Assessments (SEA) were untransparent or absent. IIDMA found that the design of the NRRPs was not in line with legally binding requirements for the EU and member states under the Aarhus Convention which requires public participation in any plans or programmes that impact on environmental matters.

## All that gleams is not green

The EEB as part of the [RethinkRecovery](#) campaign initiated by Finance Watch aims to embed resilience at the heart of the recovery plans and to reform the EU fiscal framework. Finance Watch' first country assessments of Germany, Spain and France concludes that around 36% of the spending goes to long-term resilience-oriented measures that may have transformative effects on the economy. However, the remaining 64%, nearly twice as much, will restore the economy to pre-Covid levels. That means, the focus is put on short-term, demand-side measures such as VAT reduction on consumption, temporary working time reduction (e.g., in Germany) or ensuring higher competitiveness(e.g., in France). The NRRPs in France and Germany have further failed to show how they contribute to national energy and climate plans.

[The Green Recovery Tracker](#) launched by the Wuppertal Institute and E3G assesses the alignment of national Covid-19 recovery programmes with the green transition focusing on climate mitigation (while not looking into wider environmental and social impacts, e.g., effects on biodiversity). Through the online tracker, country reports for 9 countries and a constantly updated [table](#) give an overview of recovery plans. The assessment so far has showed positive examples from all countries and sectors, while the share of green spending is at around 28%, hence below the threshold of 37%. Moreover, 21% of the investments might even have negative effects. As a lot of projects falling under the national recovery plans are still vague, the potential negative impact is still

difficult to estimate. For example, the draft Polish NRRP foresees €3.2 billion to increase energy efficiency which may be used for investments in gas boilers.

The EEB further organized a [webinar](#) on *How green are the national recovery plans?* as part of the [PlanUp project](#) on the 23<sup>rd</sup> of March. EEB members from Slovenia, Hungary, Latvia, Spain, Portugal, Poland, Italy, Austria, the Czech Republic and Bulgaria provides insights into the status of the national plans, the public consultation process, environmental impacts and consistency with the National Energy and Climate Plans (NECPs) and recommendations. The country case studies have shown that:

- The status of the plans varies across member states. Most of them (Czech Republic, Slovenia, Latvia) have already published general plans, others already more detailed plans (e.g., Portugal and Poland). Austria was the only country represented that had not yet published a plan so far. In general, the **plans are rather vague with a lot of information still missing**. For a lot of investments, it is not yet clear if these will be environmentally friendly. For example, the Polish plan foresees large investments in clean transport, while this is not yet further defined and may include investment in gas-fuelled transport.
- As also shown by the recent reports by CSE and IIDMA mentioned above, **public participation and civil society consultation is rather weak**. In many countries, it was also unclear if and in how far the proposals presented by civil society and other stakeholders are considered for the final plans.
- The different status, lacking transparency and weak public participation renders a **coherent assessment of the plans impossible** at this stage.
- While positive investments across countries and sectors (in particular in the transport and building sector) are encouraging, there are **only a few investments into a sustainable food system and agricultural sector, in biodiversity and ecosystem restoration**. Several eNGOs also **ineffective measures** into the renewable energy transition (Latvia, Italy), climate adaptation and mitigation (Slovenia) or to reduce GHG emissions (Spain).
- Across the board, there seems to be a **lack of transformative measures** with plans failing to address long-term challenges by focusing on short-term feasibility. Political interests regularly prevail over a coherent, transformative agenda.
- There is a risk to create further lock-ins. E.g., Portugal does not invest much in soft mobility (such as bike lanes) but has earmarked 660 million for investments into new roads and highways.
- Overall, there seems to be good or partial alignment with the NECPs. However, there are also inconsistencies: e.g., the Czech plan only poorly addressed agriculture in light of its NECPs.

## Tunnel vision or transversal approach to sustainability?

While the recovery funds need to relate to climate (37% of the expenditure under the NRRPs) and to the digital transition (20% of expenditure), this approach seems to still follow the tunnel vision that the necessary deep transformation of our societies can be achieved by narrowing it down to climate change and digitalisation instead of adopting a transversal approach aligned with the 2030 Agenda and the Sustainable Development Goals. For instance, investments in renewable energy might have negative impacts on biodiversity or lack the aspect of a socially just transition if decided in a siloed approach. The RFF and the national plans not only lack a broader approach to the environmental crises of today beyond climate but also a holistic approach to sustainable development. The approach does not make sure that investments contribute to sustainability across the board, i.e., from a broad environmental perspective beyond climate and mainstreaming the social dimension including gender equality, addressing pre-existing inequalities and ensuring the inclusion of marginalised groups. Given that the RFF lacks a transversal approach to sustainability, we are afraid that member state will take over a more siloed approach in order to fulfil the European requirements without investing in broader sustainability and resilience. Moreover, there is a risk that member states will repeat the mistakes made after the 2008 financial crisis and focus on economic recovery only while neglecting social justice. While the EC has promised to integrate the SDGs into the European Semester process, whose recommendations the national governments have to follow to access the RFF funds, this has not at all been done in a systematic way.

For more information, please visit [Rethink Recovery](#) for an overview of the first assessments:

- Institute for Sustainable Development and International Relations ([France, Germany, Spain](#)) analysis
- [Greenness of Stimulus Index](#) produced as part of the [Finance for Biodiversity Initiative](#) (F4B) to assess if the global pandemic stimulus measures will help boost global resilience to climate and biodiversity risks
- Government support to clean vs fossil fuel energies since the beginning of the pandemic: [Energy Policy Tracker](#)
- [A Sustainable Recovery Plan for the Energy Sector 2021-2023](#), by the International Energy Agency, in cooperation with the IMF
- [IMF database](#) summarising key fiscal measures governments have announced or taken in selected economies in response to the COVID-1 pandemic and opinions:
- Greenpeace's [Three tests for Europe's Covid recovery plans](#)
- [Institut Veblen](#) pour les réformes économiques
- [Reaction](#) of the Nicolas Hulot Foundation on the recovery plan
- [Friedrich-Ebert-Stiftung \(FES\)](#) expressed reservations with respect to transformational nature of the French fiscal measures
- [The Conversation](#), an independent news organization
- German Institute for Economic Research ([Deutsches Institut für Wirtschaftsforschung](#))
- News portal [watson](#) referring to academic sources
- [Ecologists in Action](#) (jointly with ODG)