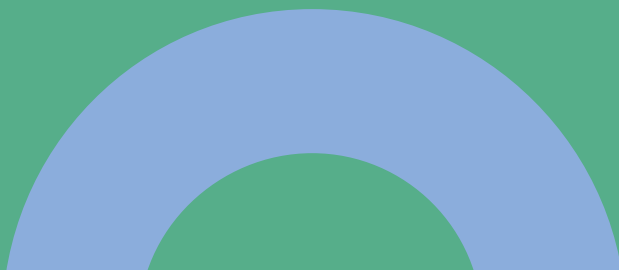


A Chance for a Greener Future:

Recommendations for the post-Covid
recovery plans of Italy, Spain, Hungary,
Poland and Romania



LIFE PlanUp

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FURTHER INFORMATION

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Introduction

The COVID-19 pandemic has led to a deep economic recession both in Europe and worldwide. In all EU countries, the measures to contain the virus' spread have had a significant socio-economic impact, mainly due to the economic weight of the sectors directly affected by the lockdown measures.

It is essential not to repeat the same mistake that governments in Europe made after the 2008 financial crisis, which means distributing resources and moving up a few grand projects while putting off everything else. Today the European Union and its priorities are very different from twelve years ago. The recently agreed 2021-2027 budget could contribute to the relaunch of EU economies through green interventions, that will bring short-term relief and mark the way for more sustainable, resilient, supportive economies and societies.

On July 21 2020, EU leaders reached a historic agreement. The European Council decided to mobilise 750 billion euros to help European economic recovery through the Recovery and Resilience Fund, starting in 2021. To access these funds, EU Member States need to submit National Recovery and Resilience Plans (NRRPs) to the European Commission by April 2021. These plans should align with the countries' National Energy and Climate Plans (NECPs) and the new higher climate targets to boost sustainable and inclusive recovery.

This briefing analyses the draft recovery plans (where available) or the governments' guidelines on priority investments of 5 countries: Italy, Spain, Hungary, Romania and Poland. It provides recommendations on how governments can improve their plans before submitting them to the European Commission.



Italy

Budget:

NEXT GENERATION EU 193 BILLION EUROS BETWEEN 2021 AND 2026:

➤ **65.5 billion grants and 127.6 billion loans**

JUST TRANSITION:	13.5 billion euros
REACT-EU:	1.2 billion euros
OTHER EU SOURCES:	15 billion euros
TOTAL =	222.9 billion euros

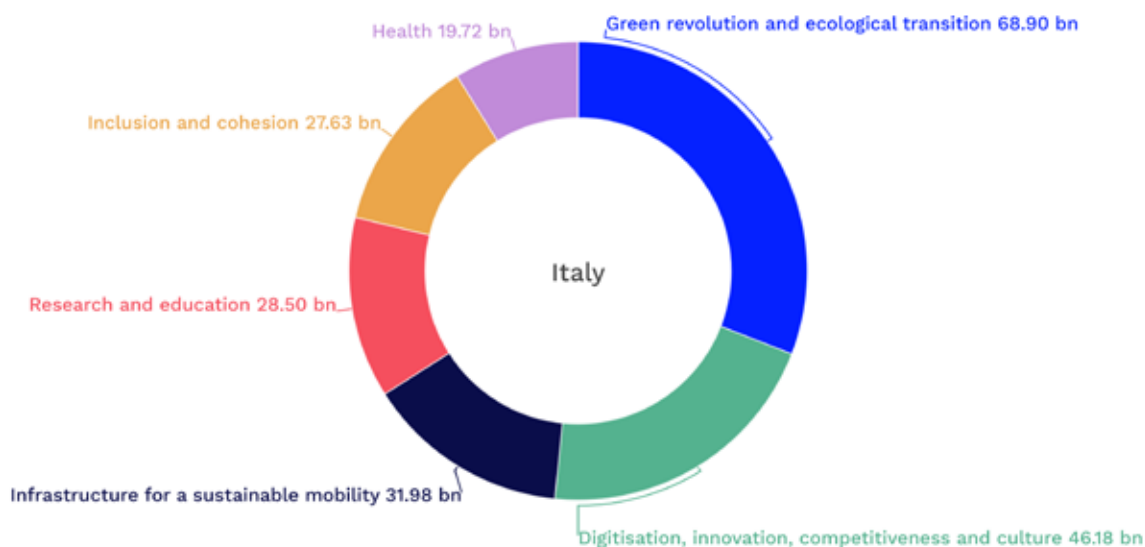
The Italian recovery plan: key initiatives

In its proposal for a recovery and resilience plan, Italy declares that it aims to change its economy towards a more ecological, modern, digital and inclusive one. To achieve this, the Italian government has set out six areas for investments, which are then articulated in 48 projects.

The most relevant initiatives for this briefing include:



The six investment areas of the Italian recovery plan



Note: The percentages were calculated by the project team on the basis of the amounts presented in the Italian plan.

Green revolution and ecological transition (68.90 bn - 30.9 %)

This mission includes three of the Next Generation EU's flagship programmes identified by the European Commission in its Annual Sustainable Growth Strategy 2021 and reiterated in the Guidelines for Recovery and Resilience Plans: *Power up* (renewables and green hydrogen production and production and transport of green hydrogen), *Renovate* (energy efficiency of buildings), *Recharge and Refuel* (development of sustainable mobility through electricity and hydrogen distribution networks).

Sustainable agriculture and circular economy (6.3 bn - 2.8 %)

The first component, "sustainable agriculture and circular economy", aims to promote environmental sustainability in the agricultural supply chain, support innovative decarbonisation projects through circular economy processes, and define a national circular economy plan.

**UNDER THE SUSTAINABLE AGRICULTURE SECTION (1.8 bn - 0.8 %),
THE GOVERNMENT OUTLINES INVESTMENTS IN 3 AREAS:**

- i) more sustainable agricultural production processes;
- ii) energy efficiency and thermal insulation of buildings used for production in the agricultural and livestock sector;
- iii) the improvement of storage capacity of agricultural raw materials, and agriculture market infrastructures, and the development of integrated logistics for the entire supply chain.

**THE CIRCULAR ECONOMY AND WASTE MANAGEMENT SECTION
INCLUDES 3 PROJECTS:**

- i) modernising existing plants and building new plants for waste recycling;
- ii) developing a national circular economy plan, financed through a dedicated fund aimed at reducing primary material production;
- iii) fostering green transition in the South and small islands.

Renewable energy, hydrogen and sustainable sustainable mobility (18.22 bn - 8.2 %)

The second component addresses in particular the production and distribution of energy. The goal is to support the use of renewable energy sources and prepare the infrastructure for the integration of renewables into the national electricity system and for electric vehicles and liquid hydrogen. It also tackles transport emissions and includes measures to upgrade public transport and develop sustainable public and private mobility. This component includes 3 sections.

1. PRODUCTION OF RENEWABLE ENERGY

This section aims at supporting the creation of new renewable greenfield projects, developing floating PV projects and offshore wind, as well as grid parity plants to promote the collective self-production and self-consumption of renewable electricity. It also includes investments to support solar and wind energy industries, and boost the digitisation of the electricity grid.

2. PRODUCTION, DISTRIBUTION AND USE OF GREEN HYDROGEN

Under this heading, the Italian government aims to encourage the production and use of hydrogen in various applications. Investments will flow into the production of hydrogen in brownfield sites and to develop electrolyzers, as well as to create an Italian hydrogen supply chain for industrial applications. This area will also finance research projects to explore the use of hydrogen in railway and heavy-duty transport.

3. SUSTAINABLE LOCAL TRANSPORT, CYCLE PATHS AND ROLLING STOCK RENEWAL

With this measure, the government aims to develop sustainable mobility and strengthen the existing national mobility network. Projects under this area foresee the construction of new cycling networks as well as integrated actions (bike lanes, school buses, sharing mobility, etc.) in 40 municipalities with over 50,000 inhabitants. The budget assigned to this area will also serve to renew the current stocks of buses, trains, and ships with the aim to drastically reduce emissions and foster digitisation in all three sectors.

Energy efficiency and buildings (29.35 bn - 13.1 %)

Buildings are responsible for more than a third of the total energy consumption in Italy. The third component “Energy efficiency and redevelopment of buildings” addresses the need to improve energy efficiency and reduce energy consumption in buildings, as well as their adjustment to anti-seismic norms.

To achieve these objectives, the projects are divided between public and private buildings. The Italian government proposes the following main investments and incentives:

PUBLIC BUILDINGS: This area covers projects such as rehabilitating school buildings and constructing new, safer and more efficient ones; boosting energy efficiency and the restoration of public buildings in metropolitan areas, including for social services; developing intervention plans aimed at reducing energy consumption of judicial buildings.

PRIVATE BUILDINGS: Under this heading, the Italian government plans to extend the governmental bonus for energy efficiency and anti-seismic adaptation for private homes (tax deduction equal to 110 % of the interventions costs).

Protection of land and water resources (15.03 bn - 6.7 %)

The fourth component promotes interventions to tackle hydrogeological instability and improve resilience to extreme weather events.

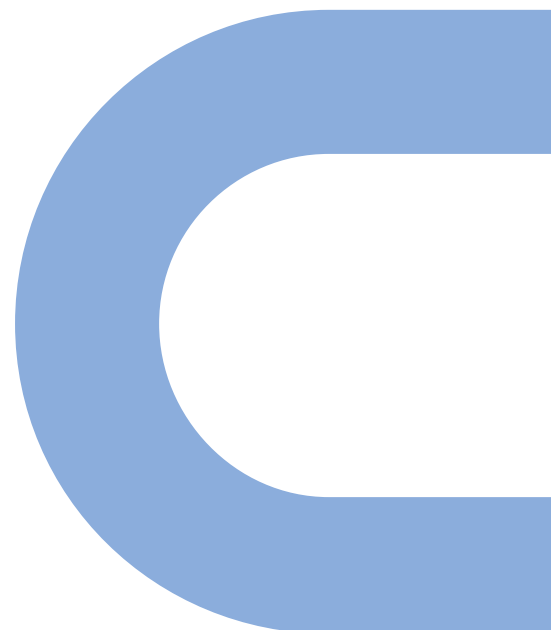
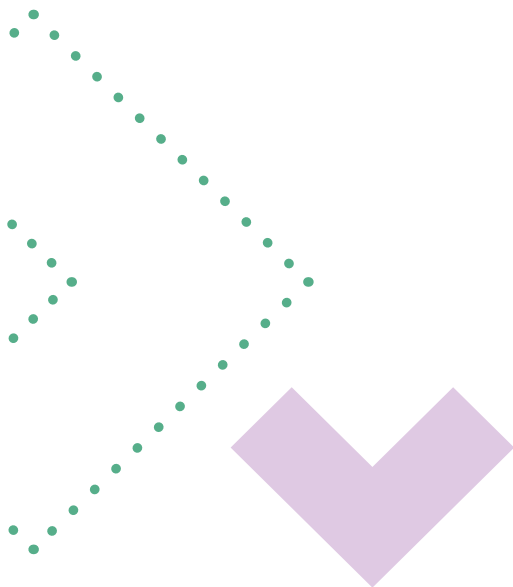
Key projects include developing an integrated management of river basins; pursuing sustainable management of the irrigation and forest agro-ecosystem; digitising water resource and flood risk management, and implementing an urban forestry programme to help capture CO₂.



European Commission's recommendations

As part of the assessment of the Italian final national energy and climate plan, the European Commission suggested that the Italian government adopts measures and supports investments in the following:

- Energy efficiency of buildings and decarbonisation of the power especially by boosting renewable electricity production, reducing the role of natural gas and increasing the role of renewable gas while continuing the planned phase-out of coal by 2025, and upgrading energy infrastructures.
- The circular economy through a revision of taxes and subsidies to make them consistent with the green transition.
- Sustainable transport, including infrastructure while promoting climate change adaptation, including to ensure the climate-proofing of existing and future infrastructures.




PlanUp recommendations

According to the Italian proposal for a recovery and resilience plan, the green ecological transition stands to receive the largest share of the recovery budget. This shows that Italy is committed to powering the ecological transition through the recovery. However, it is crucial that projects under this mission fulfill it and are aligned with the objectives of the European Green Deal.


Below are some key recommendations that the Italian government should consider before submitting the final plan to the European Commission.

ALIGNMENT WITH THE EUROPEAN COMMISSION'S RECOMMENDATIONS:


Under the green and ecological transition mission, the government outlines 48 projects divided into 6 key areas of intervention. Each area is assigned a share of the total budget allocated to the mission. However, the criteria with which the funds are allocated to each area are unclear. Moreover, many of the 48 projects are very vague; in some cases they are only a headline. The projects lack concrete details as well as specific budget figures.

 In the final plan, the government should provide more details and concrete examples of the projects, including how they will be funded.

AGRICULTURE: Agriculture is largely overlooked just like in Italy's NECP. Measures outlined in the recovery plan address emissions from energy used in agriculture but not from the sector itself, which are quite large. Activities to address emissions from soil cultivation and animal rearing should also be addressed with funds obtained through the recovery facility.

 The Italian government should promote low environmental impact agriculture by economically discouraging intensive agricultural and livestock practices and changing the sector towards a sustainable, organic and innovative model.





TRANSPORT/MOBILITY: Under the “green revolution” mission, mobility is coupled with the energy transition. Investments aim to support the development of renewable energy and related infrastructure to reduce power and transport emissions, including through the production of hydrogen. However, the plan pays little to no attention to electromobility and the necessary expansion of charging infrastructure. With a target of rolling out 6 million electric vehicles by 2030, as reported in Italy’s NECP, the plan does not mention any investment to increase charging infrastructure. If Italy is truly committed to achieving the target on electric vehicles, it should allocate more funds and outline more detailed measures to put in place the necessary infrastructure for it. Another huge gap of the recovery plan is the lack of resources allocated to the development of sustainable urban mobility. Sustainable urban mobility is a cornerstone of the NECP and very important to cut down emissions from transport in cities. This entails increasing the network of bicycle lanes, strengthening zero-emission public transport, in particular buses, strengthening local railway transport and boosting sustainable shared mobility. While these elements are briefly included in the NRRP, they are not assigned the funding that they deserve to be properly implemented and contribute to the decarbonisation of the transport sector.

➤ The recovery plan should focus on boosting the uptake of renewable energy in transport and developing the infrastructure necessary to roll out electric vehicles and support alternative transport modes. More details and more funds should be allocated to projects aimed at upgrading public transport and urban planning for sustainable mobility.

BUILDINGS/ENERGY EFFICIENCY: Energy efficiency and building renovations will receive the biggest share of the funds under the green revolution mission (more than half of the total budget allocated to the mission and in total 20 % of the whole recovery facility). It is also one of the least detailed areas of intervention, providing only a list of actions, to be carried out mostly in public buildings to increase their energy efficiency. The main measure to promote energy efficiency in private buildings is only the continuation of the ecobonus scheme, now called superbonus since the percentage of tax rebate was increased to 110 %.

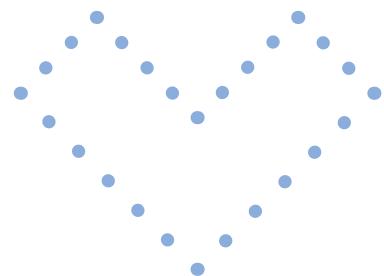
➤ Energy efficiency is a crucial policy to reduce emissions from buildings and reach the European Green Deal goals. While the actions outlined in the plan are going in the right direction, they remain too vague. They should be better detailed and include concrete projects into which the money is going to be invested.

GOVERNANCE/TRANSPARENCY: Good governance and inter-institutional coordination are key to develop a coherent and ambitious plan. So far, the Italian government has taken some initiative to consult the public ahead of the publication of the drafts. More consultations are envisaged before the formal adoption.



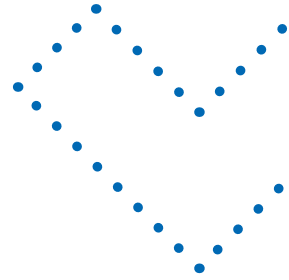
The recovery plans should envision spaces for a broad stakeholder consultation. To guarantee the effectiveness of the measures, these must be coherent with the regional and local context and needs. Ensuring public ownership and support for the NRRP is of utmost importance, especially since the money spent through the recovery facility will be used in the very near future and will have long-lasting consequences on the entire economy. It is therefore crucial that the Italian government stand by its promises to conduct an effective public consultation.

Transparency in the processes, and greater coordination between all decision-making levels, including for municipalities, regions and civil society are key.





Spain



Budget:

140 BILLION EUROS BETWEEN 2021 AND 2026:

- **37 % of which would go to green investment and 33 % to digital transformation**
- **€72bn in grants between 2021 and 2023, and €68bn in loans**
 - €27bn of which are part of the Spanish national budget for 2021²



The Spanish recovery plan: key initiatives

According to the Spanish recovery and resilience plan, Spain aims to achieve full gender equality and change its productive model into a more ecological, digital and cohesive one. To achieve this, the Spanish government has set out 30 projects within 10 sectoral areas, in which it plans to invest³. The 10 most relevant initiatives for this briefing are listed below:

Agriculture and rural development (22.4 bn - 16 %)

This section covers the following:

- (i) establishing low emission zones and charging and parking infrastructure for electric vehicles; improving public transport;
- (ii) promoting solar panel rooftops and energy communities, providing support for sustainable and affordable energy in municipalities with fewer than 5,000 inhabitants; installing renewable and efficient public lighting;
- (iii) transforming and digitising the logistics chain agri-food and fishing industry, promoting the circular economy, organic production, seasonal and local consumption, and the reduction of food waste.

Infrastructure and resilient ecosystems (17.08 bn - 12.2 %)

The Spanish government plans to use (iv) land use policies, such as a reforestation programme against desertification, land degradation and the loss of biodiversity; develop a climate mitigation and adaptation policy as well as (v) water resources and coastline preservation policies such as infrastructure restoration aimed to reduce their sensitivity to the effects of climate change. It further plans to promote coordinated and sustainable management and development of water, land and related resources; develop nature-based solutions for water purification (green filters), sanitation, reuse and optimisation of water infrastructure, river restoration and aquifer retrieval. Finally, Spain aims to (vi) modernise and digitise key transport and its infrastructures, and develop main European transport corridors.

² Spain estimates in its national energy and climate plan (NECP) that 241 billion euros over the period 2021-30 is needed to achieve the objectives of energy and climate plans distributed as follows: €83.5bn in energy efficiency, €91.8bn in renewable energy, €58.6bn in grids, and €7.5bn in non-energetic sectors/other measures. The government foresees that 20 % would come from public investment, and 80 % from private, although it is unclear, what will trigger the latter.

³ The amounts below were calculated by the project team on the basis of rounded percentages presented in the Spanish plan and are therefore approximate figures.

Industry and energy transition (12.46 bn - 8.9 %)

This section covers:

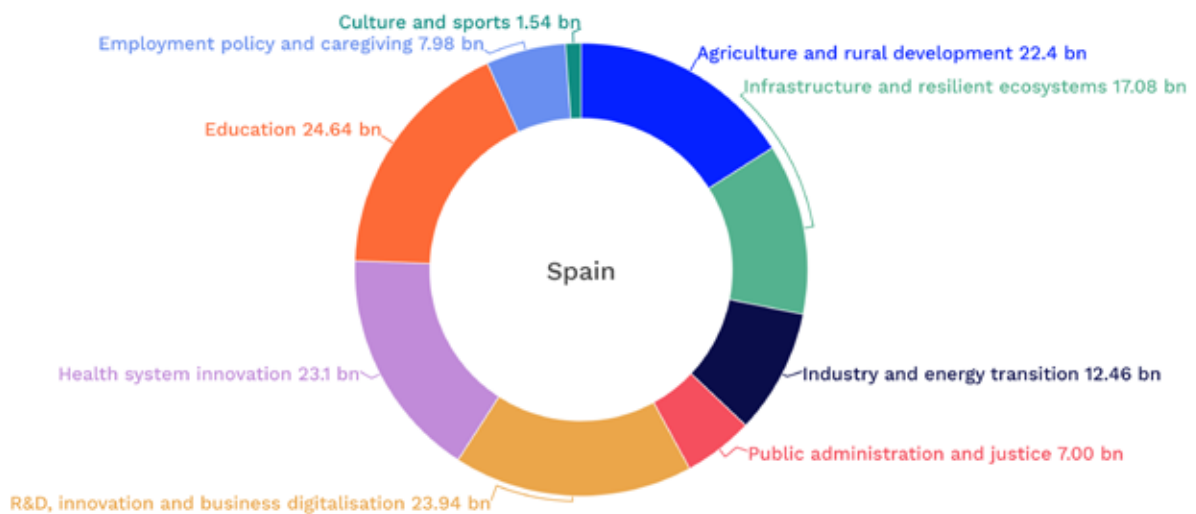
(vii) the deployment of renewable energy and promotion of the energy-intensive industrial sectors' competitiveness. This includes the “National Self-consumption Strategy” and a roadmap to support biogas and offshore wind energy. This section also includes:

(viii) progressively electrifying mobility and the building sector, promoting smart grids and energy communities; deploying energy storage technologies;

(ix) developing a roadmap for renewable hydrogen and its sectoral integration;

(x) creating jobs in the territories affected by the energy transition through a Just Transition Strategy.

The nine investment areas with allocated funds of the Spanish recovery plan



Note: The amounts were calculated by the project team on the basis of rounded percentages presented in the Spanish plan and are therefore approximate figures. While tax reform is included as one of the areas to receive funding, the plan does not specify how much funding will be allocated to it.

European Commission's recommendations

As part of the assessment of the Spanish final national energy and climate plan, the European Commission stated that the Spanish government should include a minimum of 37 % expenditure related to climate. The Commission proposes that the Spanish government adopts the following measures and recommends that the government identifies the investment needs and financial sources to deliver on them:

- Supporting building renovations and developing renewable energy, especially in heating and cooling and transport;
- Strengthening and expanding the transmission and distribution lines including electricity interconnections with neighbouring countries;
- Promoting sustainable transport, including improving e-mobility infrastructure and shifting freight from road to rail;
- Promoting the circular economy, water management, flood prevention and waste water treatment measures.




PlanUp recommendations

The Spanish proposal for the post-covid recovery includes many positive principles but lacks concrete measurable actions and its link with the EU Green Deal needs to be strengthened. The draft text does not reflect Europe's increased emission reduction commitment, and the Paris Agreement is not even mentioned. Furthermore, it must go beyond the required minimum 37 % climate-related funding to mitigate financial risks, generate jobs and drive a resilient and stable recovery.


Key recommendations that the Spanish government should consider before submitting the final plan to the European Commission are outlined below.


ALIGNMENT WITH THE EUROPEAN COMMISSION'S RECOMMENDATIONS: Most key priority areas of the Spanish draft recovery plan follow the recommendations provided by the European Commission. However, the draft lists policies that lack detail, such as a timeline for their milestones, criteria, impact objectives (aimed emission reductions, employment, investments, etc.) as well as provisional percentages for the co-financing mentioned, private and/or public, in each of their 30 projects. The same applies to the prioritisation of "strategic sectors", the definition of which is too broad. The focus should be on key sectors that have the most potential to transform the economy.

TRANSPORT/MOBILITY: The plan includes some measures on transport - for example, the promotion of low-emission zones and charging and parking infrastructure for electric vehicles. However, it excludes the promotion of public transport, cycling and other sustainable modes of transport; it does not include measures to boost the electrification of heavy road transport, and ignores its potential to reduce GHG emissions from the shipping and aviation sectors.

 It is important that the final plan includes measures to address these three key areas as well. These are crucial to reach a deep decarbonisation of the transport sector and achieve climate neutrality as soon as possible after 2030.

BUILDINGS/ENERGY EFFICIENCY: As was the case in the NECP, the Spanish government has missed the opportunity to include a detailed plan for the phase-out of fossil fuels in its recovery plan. Energy efficiency is a crucial policy





to reduce emissions from buildings and reach the European Green Deal goals. Together, energy efficiency and building renovations would amount to the biggest share of the funds of the Spanish NRRP (21.35 %). However, and although the draft plan includes positive measures related to the energy upgrading of buildings across different sectors, the measures to increase energy efficiency and develop renewable energy sources remain too vague. More details on it should be provided in the final plan.

AGRICULTURE: Although agriculture is one of the sectors that stands to receive one of the largest sums under the NRRP, there are no policies mentioned to cut agricultural and livestock emissions, nor to improve energy efficiency in farms.

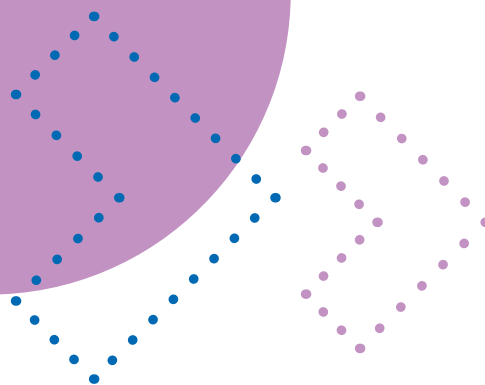
➤ With the EU's common agricultural policy (CAP) reform falling short, the Spanish recovery plan needs to step up and increase climate ambition in this sector. The Spanish government should promote low environmental impact agriculture by economically discouraging intensive agricultural and livestock practices and changing the sector towards a sustainable, organic and innovative model.

GOVERNANCE/TRANSPARENCY: Good governance and inter-institutional coordination is key for climate policy-making. In its recovery plan, the Spanish government commits to modernising the Spanish public administration procedures. However, the plan does not foresee any investment in human resources for the management of the recovery funds, nor does it provide details about the governance required to attain well chosen and run projects.

➤ The recovery plans should also envision spaces for a broad stakeholder decision-making coordination. To guarantee the effectiveness of the measures, these must be coherent with the regional/local context and needs. However, there has been no public participation thus far, and there is no consultation foreseen in the development or implementation period of the Spanish plan. Ensuring public ownership and support for the NRRP is of critical importance. To this end, the government needs to put in place an effective public consultation and ensure the transparency of decision-making. Furthermore, municipalities must play a greater role in involving citizens and local businesses in order to yield better results.



Hungary



Budget:

18.7 BILLION EUROS⁴ BETWEEN 2021 AND 2027:

➤ **8.7 billion EUR grants and 10 billion EUR loans**

The Hungarian recovery plan: key initiatives

At the time of writing, the Hungarian government has not disclosed its national recovery and resilience plan (NRRP). A summary of the plan was published at the beginning of December 2020 and was under public consultation for a few weeks.

The summary outlines 9 priority areas in which the Hungarian government plans to invest the recovery funds.

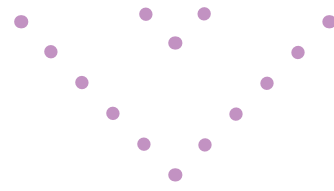
According to this document, the estimated funding required to finance the programme is HUF 5,760 billion (= 16 bn EUR). Nearly one-third of the programme's budget is dedicated to the development of transport, while one-sixth is earmarked for the healthcare system.

The most relevant initiatives for the purpose of this briefing include:

Development of green transport

This area is centered around the following three main measures.

⁴ Final numbers to be confirmed as no final official document is available in English.



Under the **IMPROVEMENT OF TRANSPORT INFRASTRUCTURE AND SERVICES**, the Hungarian government aims to double the capacity of the railway transport.

THE TRANSPORT NETWORK REFORM aims to operate the entire suburban and intercity transport network as one system, with a common network and traffic organisation, an integrated timetable structure and a unified ticketing system.

Through a **LOGISTICS REFORM**, the Hungarian government wants to improve Budapest's competitiveness in the field of green mobility as a freight hub in Central and Eastern Europe.

Moreover, investments will be made to **BOOST THE ELECTRIFICATION OF PUBLIC TRANSPORT**, through the increase in the number of hybrid and electric vehicles and better integration among the different means of transport (tram, metro, buses). The goal is to make it highly competitive with private transport.

Energy switch

The aim of the energy transition component is to decarbonise the energy sector. This area is also centered around 3 measures:

By **INCREASING THE ELECTRICITY SYSTEM'S FLEXIBILITY AND PROMOTING THE INTEGRATION OF RENEWABLE ENERGY**, the Hungarian government aims to increase the share of carbon-free electricity generation, photovoltaic capacity and the share of renewables in electricity consumption, and ensure that by 2030 the country's final energy consumption does not exceed the 2005 consumption. The measure aims to spread smart metering to improve network resilience and to improve transmission system operators and distributors.

Through **THE INTRODUCTION OF ENERGY EFFICIENCY OBLIGATION SCHEMES**, the government wants to support building renovations that improve the buildings' energy efficiency. The aim is to save 1.29 PJ of energy between 2021 and 2030.

Finally, **THE PROMOTION OF RENEWABLE ENERGY INVESTMENTS IN THE BUILDING SECTOR** measure focuses on financial incentives for installing residential PV systems and electrification of residential heating systems in combination with a solar system or heat pumps.



Transition to a circular economy

The key elements of the “transition to a circular economy” component are related to waste and waste water management and the industrial sector. The reforms aim to keep natural resources in circulation and minimise the amount of materials that become waste. Measures in all three dimensions focus on waste prevention and the promotion of re-use of materials and secondary production to achieve a more efficient and responsible use of natural resources.

The nine priority areas listed in the Hungarian recovery plan summary

Demography and public education

Research & Innovation

Development of settlements and rural areas

Water Management

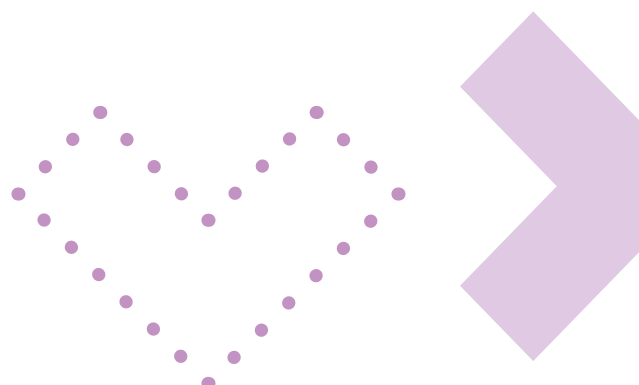
Development of green transport

Energy switch

Transition to a circular economy

Digitisation

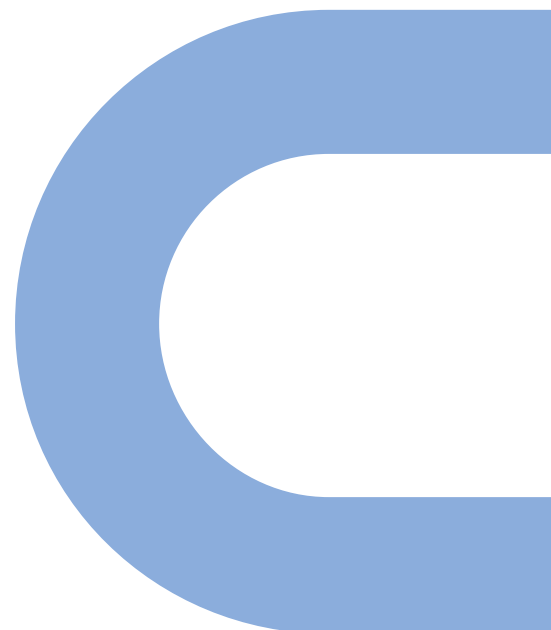
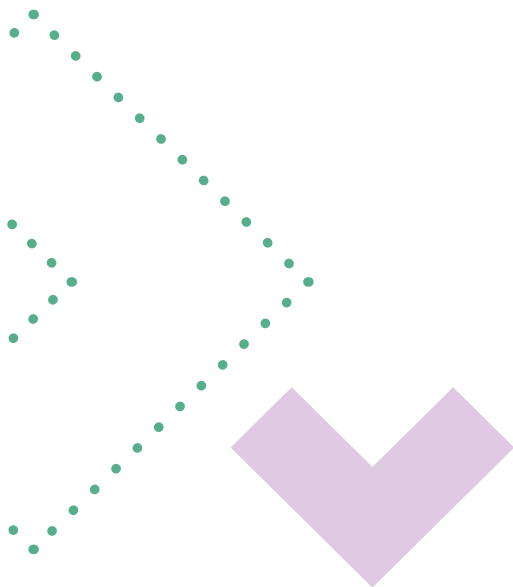
Health



European Commission's recommendations

In its assessment of the final Hungarian national energy and climate plan, the Commission proposes that Hungary invests above all in measures that

- Encourage investments in energy efficiency in residential housing and public buildings;
- Support sustainable public transport and alternative transport modes, both in the capital region and across the country;
- Promote renewables in the electricity and heating sectors, including measures to boost electricity production with solar photovoltaics, and measures to upgrade existing infrastructure, storage capacity and smart grids.



PlanUp recommendations

The summary of the recovery plan provides a good overview of the 9 key areas in which the Hungarian government intends to invest the recovery funds.

However, as this is only a summary of the identified priorities, it lacks details on how the money will be spent as well as how the budget is divided among the 9 priority areas.

Key recommendations that the Hungarian government should consider before submitting the official recovery plan to the European Commission are outlined below.

ALIGNMENT WITH THE EUROPEAN COMMISSION'S RECOMMENDATIONS: The nine key priority areas, and in particular the three highlighted in this report, follow quite closely the recommendations by the European Commission in the detailed analysis of the Hungarian NECP. The recovery plan includes provisions to improve energy efficiency in the building sector, to address emissions from transport, especially through support for public transport, and finally to promote the uptake of renewable energy. Some of the projects described in the summary are more concrete and detailed than others

➤ In the final plan, it will be important to provide more details and concrete examples of the projects planned in each area, including how they will be funded and what impact they each are going to have on the country's economic and decarbonisation goals.

TRANSPORT/MOBILITY: According to the summary, measures to address emissions from transport play a major role in the Hungarian recovery plan. This key area stands to receive one third of the entire recovery budget. Most measures aim to upgrade the public transport infrastructure by creating better interconnections within the network and supporting its electrification. While these measures go in the right direction, no intervention is planned to boost private electromobility and to remove polluting vehicles from the market. Charging infrastructure is also not properly addressed.

➤ More details and figures should be included on the plans to roll out electric vehicles, including support for consumers.

BUILDINGS/ENERGY EFFICIENCY: Energy efficiency and building renovations is addressed as part of the key area that aims to promote the integration of renewable energy in the energy system. The area focuses mostly on the promotion of renewable energy (mostly solar, but still no wind), including

support for prosumers. However, the only programme meant to address energy efficiency in buildings is the Energy Efficiency Commitment System, which is meant to support renovations in residential buildings. However, the government gives no specifics as to how this system would work, and what type of support or incentives it would provide to households.

➤ Energy efficiency is a crucial policy to reduce emissions from buildings and reach the goals of the European Green Deal. In Hungary, such measures are also crucial to tackle energy poverty. While in principle the actions outlined in the summary are going in the right direction, they remain too vague. More details should be provided on the energy efficiency scheme and concrete projects into which the money is going to be invested should be included in the final plan.

AGRICULTURE: Like in the Hungarian NECP, agriculture is largely overlooked. The only measure that partially addresses the sector is the one aimed at improving water management. However, this is a climate adaptation measure that is aimed at enabling farmers to adapt flexibly to the challenges caused by insufficient rainfall and to improve the efficiency of their agricultural production. Activities to address emissions from soil cultivation and animal rearing should also be addressed with funds obtained through the recovery facility.

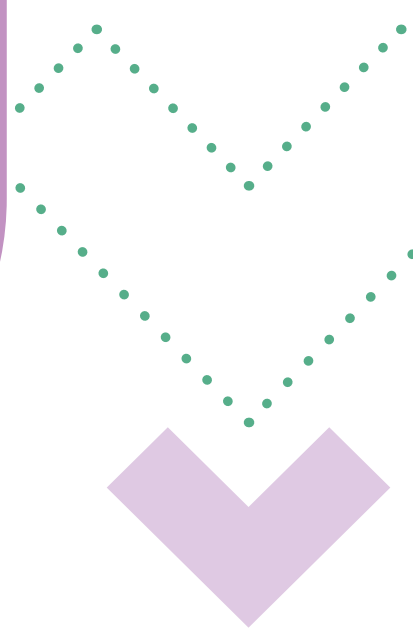
➤ The Hungarian government should promote low environmental impact agriculture by economically discouraging intensive agricultural and livestock practices and turning the sector towards a sustainable, organic and innovative model.

GOVERNANCE/TRANSPARENCY: Good governance and inter-institutional coordination are key to develop a coherent and ambitious plan. The Hungarian government has released a summary of the recovery plan in early December 2020 and conducted an online consultation on this to gather feedback from a variety of stakeholders. However, the consultation concerns only a summary outlining the main priorities that does not go into the details of every measure and project that will be funded through the recovery budget. Moreover, it is unclear whether a follow up consultation on the actual plan will be conducted.

➤ The recovery plans should envision spaces for a broad stakeholder consultation. To guarantee the effectiveness of the measures, these must be coherent with the regional and local context and needs. Ensuring public ownership and support for the NRRP is of utmost importance, especially since the money spent through the recovery facility will be used in the very near future and will have long-lasting consequences for the entire economy. It is therefore crucial that there be an effective public consultation in place, transparency in processes, and greater coordination between all decision-making levels, including for municipalities and regions.



Romania



Budget:

33 BILLION EUROS BETWEEN 2021 AND 2026:



13.8 billion grants and 19.2 billion loans

The Romanian recovery plan: key initiatives

In July 2020, the Romanian government published a pandemic recovery investment plan. This document is the first draft of the National Recovery and Resilience Plan, which is currently still being finalised in collaboration with the European Commission.

According to this draft, the Romanian government identified 8 areas of investments to boost the Romanian economy and accelerate the green transition.

The most relevant initiatives for this briefing include:

Transport infrastructure

This area of intervention focuses on road, railway, shipping and aviation transport. The main goal of the road infrastructure projects is to build new motorways to better connect the different regions of the country. Railway transport projects aim to increase the existing railway infrastructure as well as developing new metropolitan trains in big cities to facilitate commuters flow and reduce traffic in urban areas.



Energy infrastructure

This area prioritises new investments aimed at ensuring the increase of the share of clean energy in the energy mix, in particular wind and photovoltaic, as well as large-scale energy storage. Some of the key projects included in this area are:

- i) investments in onshore and offshore wind energy parks, as well as photovoltaic installations;
- ii) new projects on research and drilling for new natural gas sources, namely Romgaz, as well as switching power plants from coal to gas for electricity production;
- iii) projects to develop gas network for the transport of natural gas throughout the country.

Local development

This area includes several development projects to improve living conditions of local communities. Among these, two projects are worth noting for the purpose of this briefing:

- i) 1 billion euros is planned to be spent on the expansion and establishment of new smart gas networks for the purpose of connecting 70 % of the dwellings to this utility, in particular rural areas where around 24 % of households use gas;
- ii) several energy efficiency and thermal rehabilitation projects are planned in local communities to reduce energy consumption and greenhouse gas emissions, and improve energy security.

Agricultural infrastructure and irrigation

Projects under this area are mostly related to the improvement of the irrigation and drainage systems to protect crops from droughts and ensure more favourable conditions for soil cultivation and land use. To increase food security and lower dependency on foreign imports, the plan also envisages the construction of eight warehouses for the storage of agricultural products, located in the eight regions of the country and strategically placed close to transport infrastructures.

Investments for the environment

This last investment area bundles together all the ongoing and planned projects that are aimed at tackling climate change. These projects include:

- i) continuation of programmes to incentivise the uptake of electric vehicles, both public and private, and develop charging infrastructure;
- ii) programmes to increase energy efficiency in public and private buildings;
- iii) afforestation and land use programmes to increase sinks;
- iv) finance for programmes to facilitate the installation of photovoltaic panels on rooftops, both in houses already connected to the grid and isolated ones.

The eight investment areas of the Romanian draft recovery plan

Transport infrastructure

Energy infrastructure

Local development

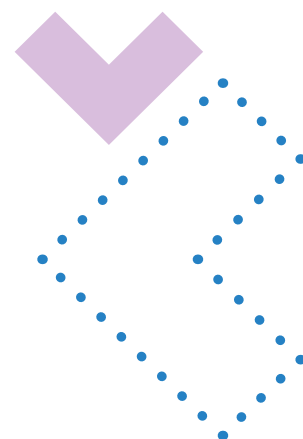
Agricultural infrastructure and irrigation

Investments for the environment

Education infrastructure

Health infrastructures

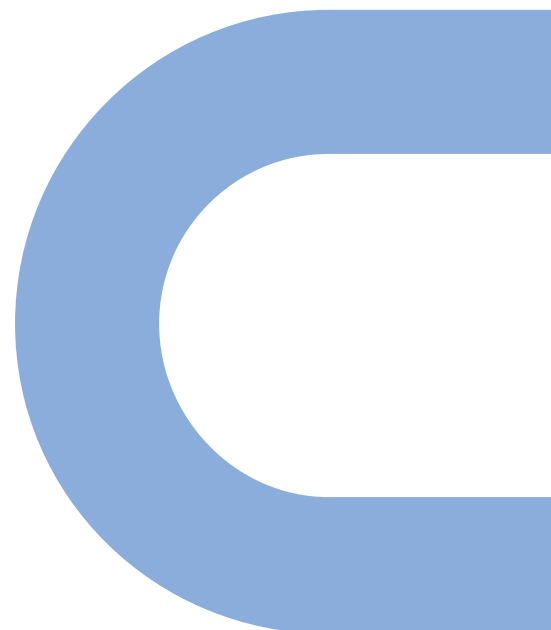
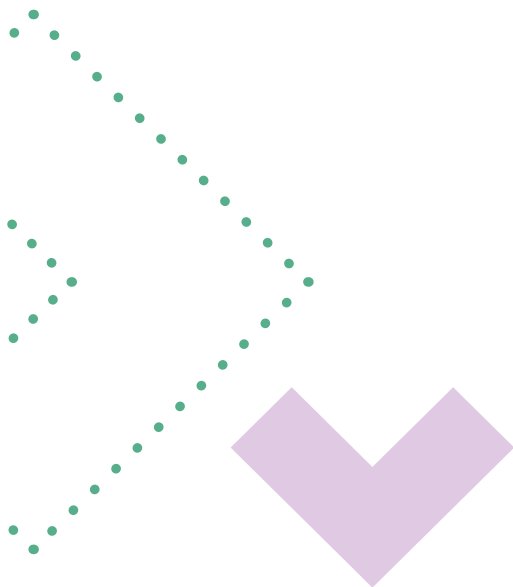
Sport infrastructure



European Commission's recommendations

In its assessment of the final Romanian national energy and climate plan, the Commission proposes that the country invests above all in measures that

- Boost renewable energy generation; measures aimed at fostering the renovation of buildings and the energy efficiency of district heating networks;
- Improve transport infrastructure and sustainable mobility, including reforming the transport agencies and supporting the deployment of recharging and refuelling infrastructure;
- Support the phase-in of green taxation and green budgeting.



PlanUp recommendations

The first draft of the Romanian investment plan for the post-Covid 19 recovery is very detailed and encompasses several measures in all key sectors of the economy. While climate and the green transition are not tackled as one of the eight priority areas, measures to reduce greenhouse gas emissions are included in almost every sector. Most investments aim to increase renewable energy, energy efficiency and emissions reductions. However, some projects should be reconsidered as they could undermine efforts to tackle climate change and others should instead receive more attention and funding.


Key recommendations that the Romanian government should consider before submitting the final plan to the European Commission are outlined below.

ALIGNMENT WITH THE EUROPEAN COMMISSION'S RECOMMENDATIONS: Most of the eight key priority areas, follow the recommendations provided by the European Commission in the detailed analysis of the Romanian NECP. The recovery plan includes provisions to improve energy efficiency in the building sector, to reduce emissions from transport, especially through support for public transport, and to promote the uptake of renewable energy. Some of the projects described in the summary are more concrete and detailed than others.

➤ In the final plan, it will be important to provide more details for planned projects, including not only how much funding they require but also how they will be funded and what impact they each are going to have on the country's economy and decarbonisation goals.

TRANSPORT/MOBILITY: The majority of investments for the transport sector are directed to the construction of new motorways and to modernise and develop new railway infrastructure. The latter plays a crucial role in the decarbonisation of the transport sector, both for passenger and freight transport. Important measures to boost the uptake of electric vehicles and to develop charging infrastructure are instead only briefly listed in the last priority area "investment for the environment".

➤ In the final plan, it will be important to find a better balance between investments and ensure that more funding is given to projects that



support the decarbonisation of the transport sector and are sustainable in the long term. Expanding the charging infrastructure for electric vehicles and modernising and developing public and alternative transport in cities are crucial measures that deserve more attention in the final plan.

BUILDINGS/ENERGY EFFICIENCY: Energy efficiency and building renovation is addressed as part of the key area that aims to develop local communities. In this area, investments for thermal rehabilitation of buildings and financial support for the national district heating are recognised as priorities to achieve deep reductions in energy consumption and greenhouse gas emissions as well as cuts to the heating costs. However, a large part of the investments under this area is dedicated to the expansion of gas distribution networks in several regions, in particular in rural areas. While this may have the short-term benefit of reducing local air emissions due to biomass use for heating, it could lead to stranded assets in the future.

➤ It is paramount that the recovery funds not be used to finance fossil fuels and infrastructure that is not future proof. Not only are such projects not financially sound, they also risk to crowd out other investments that can have a higher impact in terms of GHG emissions reduction.

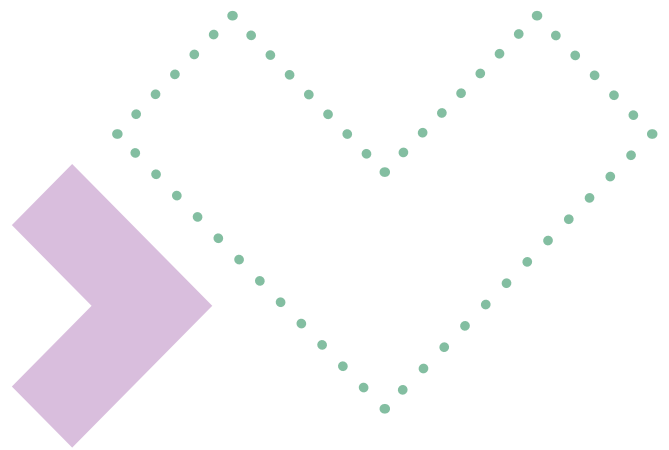
AGRICULTURE: In the draft recovery plan, agriculture is one of the eight priority areas of intervention. However, the measures listed in the plan are mostly climate mitigation actions such as the development of improved irrigation and drainage systems to address the impact of climate change. Activities to reduce emissions from soil cultivation and animal rearing are not included in the investment plan.

➤ The Romanian government should include measures that promote more sustainable, organic and innovative agriculture models and discourage the use of intensive agriculture and livestock rearing practices.

GOVERNANCE/TRANSPARENCY: Good governance and inter-institutional coordination are key to develop a coherent and ambitious plan. The Romanian government published a first version of the recovery plan in July 2020. However, the government did not carry out any public consultation on this document and it is unclear whether the stakeholders will be consulted on

the final version of the recovery plan before it is submitted to the European Commission by April 2021.

- The recovery plans should envision spaces for a broad stakeholder consultation. To guarantee the effectiveness of the measures, these must be coherent with the regional and local context and needs. Ensuring public ownership and support for the recovery plan is of utmost importance, especially since the money spent through the recovery facility will be used in the very near future and will have long-lasting consequences on the entire economy. It is therefore crucial that there be an effective public consultation in place, transparency in processes, and greater coordination between all decision-making levels, including for municipalities and regions.





Poland

Budget:

57.3 BILLION EUROS BETWEEN 2021 AND 2027:

➤ **23.1 billion grants and 34.2 billion loans**

European Commission's recommendations

In its assessment of the final Polish national energy and climate plan, the Commission proposes that the country invests above all in measures that

- Support investments in renewable energy to reduce dependency on coal, and in energy efficiency in buildings and industry;
- Enhance energy system integration and promote the decarbonisation of gas consumption, including by developing the market for storage technologies and clean hydrogen;
- Foster sustainable transport, including through the development and modernisation of the public transport infrastructure, and promotion of intermodal transport networks and electromobility.

PlanUp recommendations

As the draft Polish recovery plan is not available to the public at the time of writing, the project partners have compiled suggestions on measures and reforms that would benefit the country and would support the green transition.

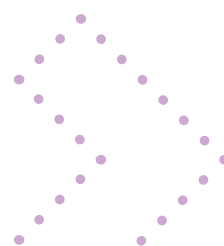
These are outlined below.

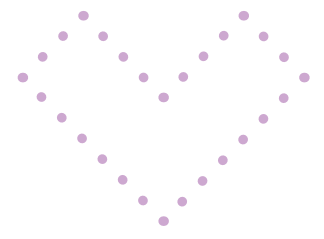
ALIGNMENT WITH EUROPE'S MANDATE AND THE CLIMATE AGENDA: The national recovery plan is an opportunity for Poland to develop an energy and climate strategy that fully contributes to the EU's climate goals.

➤ The NRRP should be based on a solid strategic framework. One of the most important aspects is the adoption, as required by EU law, of a long-term climate and energy strategy, which is consistent with the objectives of the European Green Deal. The Polish government should prioritise projects that generate synergies between different areas of the clean transition. These include cutting greenhouse gas emissions, reducing energy poverty and air pollution, developing more sustainable transport and creating better jobs and driving innovation.

GOVERNANCE/TRANSPARENCY: Good governance and inter-institutional coordination are key to develop a coherent and ambitious plan. So far, the Polish government has not taken any initiative to consult the public.

➤ The recovery plans should envision spaces for a broad stakeholder consultation. Ensuring public ownership and support for the NRRP is of utmost importance, especially since the money spent through the recovery facility will be used in the very near future and will have long-lasting consequences on the entire economy. It is therefore crucial that there be an effective public consultation in place, transparency in processes, and greater coordination between all decision-making levels, including for municipalities and regions.





Renewable energy/energy efficiency

Increasing the share of renewable energy and improving energy efficiency, especially in the built environment, will be crucial in the post-Covid recovery. The plan should thus include reforms that facilitate and support these two objectives. Some key measures that the government should consider are outlined below:

REFORM THE LEGISLATION ON WIND POWER (WIND FARMS ACT)

The so-called “distance control” in the Polish Wind Farms Act requires the minimum distance between wind farms and nearby buildings or nature sites to be ten times the total height of a turbine. This is a huge barrier to the development of wind energy in Poland.

The potential of wind energy is enormous and constantly growing.


The government should therefore change the legal framework as soon as possible to enable the liquidation of investments in this sector. This means transferring the competence on the subject to local communities who could then choose to waive compliance with the distance control rule.

ENSURE THAT THE TRANSPOSITION OF THE RENEWABLE ENERGY DIRECTIVE (RED II) INTO POLISH LAW SUPPORTS PROSUMERS AND ENERGY COMMUNITIES AND PROVIDES AN INCENTIVE TO FURTHER DEVELOP RENEWABLE ENERGY

The transposition of RED II into national law provides an opportunity to define national policies in support of prosumers and energy communities. The new regulations should ensure that both individual and collective prosumers have the right to produce, consume, store and sell renewable energy, without being subject to unjustified or discriminatory fees and procedures. It should also remove existing barriers and support the development of distributed energy (with particular emphasis on energy communities that currently do not exist in Poland), including through simple and transparent regulations and procedures.

CONTINUE AND RESTRUCTURE THE “MÓJ PRĄD” (MY ELECTRICITY) PROGRAMME

The “My electricity” programme aims to boost solar power by providing subsidies for households to install rooftop photovoltaic panels. However, its budget was not sufficient to meet the high demand and the programme risks being discontinued. In order to achieve the new EU climate target, the government should extend and restructure the programme. For example, it could allow for funding for energy storage, as well as for other RES, in addition to PV (in particular heat pumps). It will also be important to adjust the programme to the abilities of recipients, including those most in need, while spending funds more effectively. The programme should focus the allocation of funds to the groups most in need.



A restructured Mój Prąd programme should include reducing energy poverty as one of its objectives and give priority to installing solar panels on houses with high energy efficiency.

AMEND THE “CZYSTE POWIETRZE” PROGRAMME

The Czyste Powietrze programme supports thermal modernization of buildings combined with the replacement of heating sources. Its main objective is to improve the energy efficiency of the existing residential single-family housing. However, the programme has not yielded the expected results. Part of the reason is that the application procedure is too complex and creates unnecessary bureaucracy.

To be more effective, the application procedure should be streamlined and the programme should allocate more funds to the groups most in need. Moreover, it should support renewable energy sources in addition to energy efficiency interventions. This would avoid the risk of this programme providing incentive for energy efficiency interventions that still rely on fossil fuels (such as a switch from coal to gas).

“THE POLISH RENOVATION WAVE”

The government should gradually increase the requirements for energy standards for newly built and thermo-modernized buildings so that the number of zero-energy, zero-emission and positive-energy buildings increases significantly. This is crucial to achieve Poland’s 2030 energy efficiency target. Regulatory and financial mechanisms that support the modernisation of heat generation and the reduction of heat consumption, and increase energy efficiency should be strengthened at national level through market and social mechanisms.

For example, the government could impose fines on entrepreneurs who do not meet energy efficiency standards, with the possibility of cancelling the fine if they implement improvements within a set time.

Transport

Emissions from the transport sectors are constantly increasing in Poland. The plan should include several financial and logistic measures to achieve deep decarbonisation objectives in line with the European Green Deal.

Some options are outlined below.

INTRODUCE A TAX FRAMEWORK TO SUPPORT THE USE OF LOW AND ZERO EMISSION CARS

The plan should include provisions to revise or introduce the following four types of taxation so that they incentivise the uptake of low- and zero-emission cars.



EXCISE TAX

The Polish government should introduce an excise tax on polluting second-hand cars to discourage their purchases. The new tax should be calculated on the basis of engine size, EURO standard, CO2 emissions and vehicle weight.

CHANGES TO VAT FOR VEHICLES

VAT on cars should be reformed to encourage customers to buy low- and zero-emission vehicles. This would make them more accessible to the wider public thus increasing their uptake.

ENVIRONMENTAL FEE

The government should introduce emission fees for registration and use of vehicles. This would promote zero- and low-emission vehicles over polluting ones. The tax would be paid when registering the vehicle and its amount would depend on the environmental impact of a given vehicle: diesel cars would be charged a higher fee, followed by petrol cars, and low-emission cars. Zero emission vehicles would be exempt from the tax. The revenue from the levy could be transferred to the Low Carbon Transport Fund.

ANTI-SMOG TAX

The plan should introduce a property tax on passenger cars and make its amount dependent on the level of exhaust emissions specified in the EURO standard, vehicle weight and type of engine (diesel or petrol). Municipalities would be in charge of collecting the tax annually and it would remain as their own resource. Zero-emission vehicles would be excluded from it.

DEVELOP PUBLIC TRANSPORT OUTSIDE METROPOLITAN AREAS AND IMPROVE SUSTAINABLE TRANSPORT IN CITIES

Improving the competitiveness of public transport outside metropolitan areas is a key measure to reduce traffic and CO2 emissions. This measure should go hand in hand with a co-financing programme for the purchase of electric buses for regional and local carriers.

IMPROVE SUSTAINABLE TRANSPORT IN CITIES

There are several quick and relatively easy infrastructure improvements that the recovery facility could finance. These include marking tram and bus lanes, reconstructing pedestrian crossings and lighting them, setting up a modern stop infrastructure with passenger information systems. Prioritising public transport at critical intersections and reducing speed limits for cars would also foster more sustainable and safe transport. The government should also set a national fund for investments in cycling infrastructure, with the aim of at least doubling the number of bicycle users in Poland by 2030, and directly contributing to a decrease in greenhouse gas emissions.

Conclusions

As Member States finalise their National Recovery and Resilience Plans, it will be crucial that they ensure the resources are allocated to projects that are sustainable and in line with the objectives of the European Green Deal. This report highlights some examples of measures that should be reconsidered. These include major investments in gas infrastructure planned in Romania or the refusal to invest in wind energy by the Hungarian government.

Italy and Spain, which have so far the most complete plans, have dedicated the largest share of their recovery budget to the green transition. However, several measures that would contribute to deep emissions reduction are still missing or are not sufficiently detailed.

In general, all governments need to put forward more specific measures and details to ensure the money of the recovery facility is transparently allocated to the sustainable and green transition.

Public participation on the plans is almost entirely lacking. The development process of the National Energy and Climate Plans (NECPs), for one, has demonstrated the usefulness and importance of involving all stakeholders in drafting long-term plans that carry consequences for current and future generations. It is therefore crucial that before the submission of the final recovery plans, governments organise effective and inclusive public consultations. This will ensure more transparency and greater coordination between all decisionmaking levels, including for municipalities and regions, and ultimately more support for the actions outlined in the plans.

Europe needs to use the recovery funds to build back better. The national recovery plans are an opportunity to direct funds where they can make the clean transition happen. A greener Europe is a healthier Europe and governments cannot afford to let this opportunity pass.

Resources

ITALY

Italian ministry guidance on IT recovery plan and other relevant information:

<http://www.politicheeuropee.gov.it/media/5378/linee-guida-pnrr-2020.pdf>

Italian national recovery and resilience plan - January 2021

https://www.corriere.it/economia/aziende/21_gennaio_13/ecco-l-ultima-bozza-recovery-plan-3d8174a2-556f-11eb-a877-0f4e7aa8047a.shtml

European Commission assessment of the Italian National Energy and Climate Plan:

https://ec.europa.eu/energy/sites/ener/files/documents/staff_working_document_assessment_necp_italy.pdf

European Commission guidance on recovery plans:

https://ec.europa.eu/info/sites/info/files/3_en_document_travail_service_part1_v3_en.pdf

Legambiente recommendations:

<https://www.legambiente.it/10-proposte-per-un-uso-sostenibile-delle-risorse-del-recovery-fund/>

<https://www.legambiente.it/wp-content/uploads/2020/01/Dossier-Opere-per-Green-New-Deal-2020.pdf>

https://cdn.qualenergia.it/wp-content/uploads/2020/09/29Settembre_-DocRecoveryResiliencePlan.pdf

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<https://www.legambiente.it/wp-content/uploads/2020/05/Non-sprechiamo-la-Fase2.pdf>

https://www.facebook.com/watch/live/?v=264854261332173&ref=watch_permalink

SPAIN

Spanish ministry guidance on ES recovery plan and other relevant information:

https://www.lamoncloa.gob.es/presidente/actividades/Documents/2020/07102020_PlanRecuperacion.pdf

<https://www.hacienda.gob.es/Documentacion/Publico/GabineteMinistro/Notas%20Prensa/2020/S.E.%20PRESUPUESTOS%20Y%20GASTOS/27-10-20%20PRESENTACION%20DEL%20PLAN%20DE%20RECOVERY%202021%20CONSEJO%20DE%20MINISTROS.pdf>

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European Commission assessment of the Spanish National Energy and Climate Plan:

https://ec.europa.eu/energy/sites/ener/files/documents/staff_working_document_assessment_necp_spain.pdf

https://ec.europa.eu/energy/sites/ener/files/documents/summary_of_swd_assessment_necp_spain_en.pdf

EC guidance on recovery plans:

https://ec.europa.eu/info/sites/info/files/3_en_document_travail_service_part1_v3_en.pdf

HUNGARY

Hungarian ministry guidance on the recovery plan and other relevant information (not publicly available online)

European Commission assessment of the Hungarian National Energy and Climate Plan:

https://ec.europa.eu/energy/sites/ener/files/documents/staff_working_document_assessment_necp_hungary.pdf

European Commission guidance on recovery plans:

https://ec.europa.eu/info/sites/info/files/3_en_document_travail_service_part1_v3_en.pdf

ROMANIA

First draft of the Romanian National Recovery Plan:

https://gov.ro/fisiere/programe_fisiere/Planul_Na%C8%9Bional_de_Investi%C8%9Bii_%C8%99i_Relansare_Economic%C4%83.pdf

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Energy Policy Group briefing on recovery plan:

<https://www.enpg.ro/wp-content/uploads/2020/11/EPG-Green-Recovery-Policy-Brief-24-Nov.pdf>

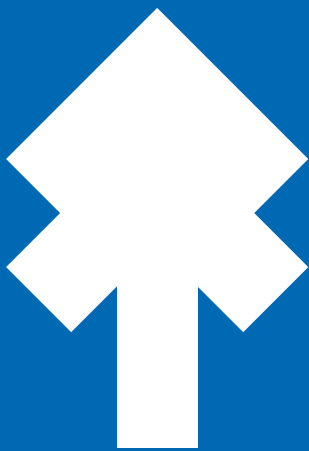
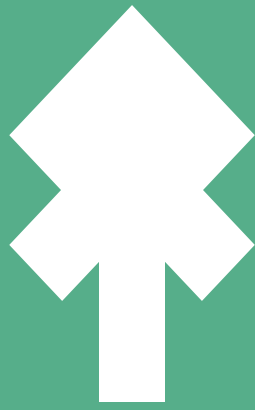
POLAND

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