



WWF

BRIEFING
PAPER

JUNE
2020

WWF recommendations on the Recovery and Resilience Facility

The Commission's legislative proposal establishing the Recovery and Resilience Facility suffers major failures:

- **It does not require that the Facility contributes to the MFF climate target, nor does it increase this weak target despite the new European Green Deal's context;**
- **It does not include clear and robust 'do no harm' obligations;**
- **It does not ensure that the Member States' Recovery and Resilience Plans will be consistent with the new, higher EU 2030 climate target;**
- **It fails to ensure transparency and public participation in the development of direction-setting Recovery and Resilience Plans.**

This briefing provides concrete recommendations to address these shortcomings.

The present briefing provides WWF analysis and recommendations on the Commission’s legislative proposal establishing the Recovery and Resilience Facility¹.

As mandated by the European Council, the Commission published a package for the MFF 2021-2027 and Next Generation EU. It has repeatedly stated, at the highest level, that the European Green Deal will be the ‘motor of Europe’s recovery’ and that the recovery should drive the green and digital transformation of the economy. We were also encouraged by the many appeals for green recovery that have blossomed across Europe, e.g. by [19 EU governments](#), [Members of the European Parliament](#), [the Club of Rome](#), [scientists](#), [NGOs](#), [200 representatives from business and politics](#), [energy companies](#), and [many](#) more.

WWF, as part of the Green 10, issued a letter to the Commission early May 2020, notably calling on it to integrate the following demands in this package:

- The Commission should propose a higher, 50% climate and environment spending target for the MFF 2021-2027, InvestEU and the EU recovery fund;
- The ‘do no harm’ requirement should apply to the whole package and lead in particular to the exclusion of new projects of fossil fuel production, processing, transport, distribution, storage or combustion and to the exclusion of unsustainable farming practices as well as deforestation;
- The EU taxonomy is very relevant to improve climate and environmental spending, and should be applied for its target setting and tracking for programmes in the EU.

The present briefing highlights five priorities for the Recovery and Resilience Facility:

- **‘Doing good’ : clarifying the climate (and environment) target and tracking**
- **Providing clarity on how plans can contribute to a just, green and digital transition**
- **Ensuring a ‘do no harm’ approach, in particular fully excluding fossil fuels;**
- **Ensuring transparency in the development of Recovery and Resilience Plans;**
- **Respecting the Partnership Principle in the development of Recovery and Resilience Plans.**

1. ‘Doing good’: clarifying the climate (and environment) spending target and tracking

1. Set a clear and ambitious climate and environment target in the Facility

The Recovery and Resilience Facility suffers three flaws in its environment spending target:

- The 25% climate spending target of the EU budget is mentioned in a recital only (Recital 11), which makes it legally very weak²;
- The figure of 25% is itself too low and is neither consistent nor commensurate with the forthcoming new, higher 2030 climate target in the Climate Law. In comparison, the European Investment Bank already agreed a 50% climate and environment target;
- Contrary to the statement in Recital 11, such a ‘climate-only’ target is not consistent with the European Green Deal as this has a broader environmental reach with the inclusion of the

¹ COM(2020) 408 final.

² Recital (11): *Reflecting the European Green Deal as Europe’s sustainable growth strategy and the translation of the Union’s commitments to implement the Paris Agreement and the United Nations’ Sustainable Development Goals, the Facility established by this Regulation will contribute to mainstreaming climate actions and environmental sustainability and to the achievement of an overall target of 25 % of the EU budget expenditures supporting climate objectives.*

Biodiversity Strategy, the Farm to Fork strategy, the new circular economy Action Plan, etc. It should be noted that the EU taxonomy will enable the tracking of spending for various environmental objectives, beyond climate (see point 5 below), making it feasible to identify spending to various environmental objectives.

It would be a major inconsistency if this new Facility was aligned with an obsolete EU 2030 climate target and ignoring non-climate environmental objectives of the European Green Deal, e.g. on biodiversity.

It is therefore necessary to substantially improve and increase the climate target and introduce it in Article 4 on the Facility's objectives. The target in Recital 11 should then be amended accordingly.

2. Ensure that 100% of unspent money will benefit the climate and environment

In Article 11, the regulation makes a difference between the money spent before 31 December 2022 and after: in the latter case the Commission may organize calls in line with the EU Semester. We believe that it makes a lot of sense, as from 2023, to refocus the unspent money on the green transition, in order to accelerate it. We therefore recommend that 100% of the unspent money benefits the climate and environment after 31 December 2022.

3. Ensure that the climate and environment target is an integral part of the Member States' Recovery and Resilience Plans

To ensure, consistency, the climate target needs to be referred to in Article 15 on the content of the Recovery and Resilience Plans, where targets are mentioned in a general way (Art 15.3 (d)).

4. Ensure that the climate and environment target is an integral part of the Commission's assessment of Recovery and Resilience Plans

The climate criteria for the Commission's assessment of Recovery and Resilience Plans are unacceptably weak and lack sufficient detail. There are three particular issues:

- While mentioned in the Recital 11, the climate target is fully omitted in the criteria for the Commission's assessment of the Member States' Recovery and Resilience Plans (see point 2.2 in Annex II on assessment guidance for the Facility);
- Climate and environment are present only *partially* as part of the second criteria (where the green transition is merged with the digital one) and are vaguely defined. This means that **only half a (vague) criterion out of seven for the Commission's assessment of Recovery and Resilience Plans is focused on climate and environment**, despite the European Green Deal being hammered as the 'motor of Europe's recovery': this is totally inconsistent;
- There is no clear exclusion provision for Recovery and Resilience Plans that fail to address the green transition sufficiently: theoretically, Member States could get all the EU money they are asking for even if they plan to dedicate zero support to green investments –provided they plan to do a lot for digital to get an 'A' on the second criteria for the green and digital transition.

Amendments are therefore necessary to tighten Article 16 on the Commission's assessment, and Annex II point 2.2, in order to **condition the Commission's approval of the Recovery and Resilience Plans to the likelihood that they will deliver on the climate and environment target.**

5. Use the taxonomy to identify and track climate and environment spending

The EU taxonomy is not mentioned at all in the Facility, while it is mentioned in InvestEU and it could and should become the most relevant tool to track climate and environment spending in a robust way. **It would be inconsistent to require private companies and financial institution to disclose their EU taxonomy exposure, and no do the same with public spending.**

In its recent ‘Climate Bank Roadmap 2021-2025’, the European Investment Bank commits explicitly: “5.12 The EIB Group intends to start tracking its new climate action and environmental sustainability ambitions starting in January 2021, building on past experience and the existing guidance provided in the context of the EU Taxonomy to date”.

Clearly, if the EIB is able to use the taxonomy to track its climate and environmental targets, it confirms that the EU taxonomy can also be used for the Recovery and Resilience Facility. It should therefore be added through an amendment.

WWF recommendations

- **Upgrade the 25% climate spending target from Recital 11 to a 50% climate and environment target in Article 4 on the Facility’s objectives, tracked with the EU taxonomy;**
- **Ensure that all the unspent money will benefit the climate and environment (Article 11);**
- **Ensure that Recovery and Resilience Plans refer to this target in Article 15;**
- **Condition the Commission’s approval of Recovery and Resilience Plans to the likelihood that this spending target will be achieved (Art 16 and Annex II 2.2).**

2. Providing clarity: setting out how plans can contribute to the green and digital transition

1. Ensure plans always contribute to both the green and digital transitions

The current Regulation allows plans to contribute to the green or digital transitions. If the Commission means to put the EU Green Deal at the heart of the Recovery, **the assessment criteria should require that plans systematically contribute meaningfully to the green transition.** The assessment criteria for the green and digital transitions in Article 16 and Annex II point 2.2 therefore need to be amended.

2. Ensure plans enable a recovery which leaps forward: make the facility consistent with the forthcoming climate targets

According to Article 14 the Facility requires that Recovery and Resilience Plans are consistent with:

- the relevant country-specific challenges and priorities identified in the context of the European Semester, in particular those relevant for or resulting from the green and digital transition;
- the information included by the Member States in the national reform programmes under the European Semester;
- their National Energy and Climate Plans and updates thereof;
- the territorial just transition plans under the Just Transition Fund;
- the partnership agreements and operational programmes under the Union funds.

This requirement for consistency is positive. However, there is a major gap in the approach: the EU is negotiating in parallel the new, higher EU 2030 climate target as per the European Climate Law. This climate target will require more efforts, and it is of utmost importance that the Facility ensure, that plans are aligned with the new, not the obsolete, EU 2030 climate target. Therefore, in order to truly and adequately deliver on the green and just transition, the plans must be assessed – in all instances – against their contribution to the new 2030 EU climate target.

It is therefore critical to require reviews of the Recovery and Resilience Plans to ensure their consistency with the new EU 2030 climate target as soon as the latter is finalized – including the effort sharing for each Member State.

3. Provide more detail on what actually constitutes a green recovery by elaborating the guidance

The Commission is developing more detailed guidance on what it expects the plans of Member States to include in order to be assessed as adequate in their contribution to the green transition.

This should, as a minimum expand on the key sectors and activities which should be targeted and the principles for guiding such investments. This will also contribute to the sufficient transparency which is needed in the Recovery and Resilience Facility.

Finally, such elaborated guidance should go hand in hand with the do no harm approach elaborated on in the next section.

WWF recommendations

- **Require that all plans contribute significantly to both the green and digital transitions.**
- **Require a review of the Recovery and Resilience Plans in Article 18 to ensure their consistency with the new EU 2030 climate target.**
- **Provide more detail on how the Commission will assess the adequacy of the plans against the green transition.**

3. Ensuring a ‘do no harm’ approach

The green oath to ‘do no harm’ from the European Green Deal is completely missing from the Commission’s proposal on the Recovery and Resilience Facility. It must be made explicit and clear, to ensure consistency with the European Green Deal and to provide clear guidance to the Member States.

We do not believe that the requested consistency of Member States’ Recovery and Resilience Plans with the EU Semester’s Country Specific Recommendations and with relevant national plans (e.g. National Energy and Climate Plans), while welcome, is sufficient to ensure a robust ‘do no harm’ approach, as the EU Semester has no ‘do no harm’ principle and the relevant national plans may still not be of adequate quality.

As a result, we consider that an amendment is required to clarify the ‘do no harm’ principle and to operationalise it.

The most logical is to introduce it in Article 3 on scope. The Facility requires consistency with national energy and climate plans and updates thereof, in the territorial just transition plans under the Just Transition Fund, and in the partnership agreements and operational programmes under the Union funds. Similarly, **we recommend to refer to the Articles excluding specific activities from the Just Transition Fund and the European Regional Development Fund, to ensure consistency.**

As a minimum, power or heating activities which lead to CO₂ emissions of more than 100g CO₂/KWh should be clearly excluded from recovery funds.

Given that the above articles are not detailed, it is needed complementarily to set up a delegated act with **‘do no harm’ guidelines** providing more granularity and using the EU taxonomy where appropriate.

WWF recommendations

- **Table an amendment in Article 3 to exclude any investment in new fossil fuel infrastructure, or in any activity that would prolong the use of fossil fuels.**
- **Complementarily, empower the Commission to develop more granular ‘do no harm’ guidelines under the form of a delegated act.**
- **Condition the Commission’s approval of Recovery and Resilience Plans (Article 16) to the do no harm requirements of Article 3.**

4. Ensuring transparency in the development of Recovery and Resilience Plans

The massive investment programme to be delivered via the new EU budget, the sectoral legislation and partly the new Recovery and Resilience facility will determine the shape of economies and whether crucial EU social and environmental objectives to deliver a just transition are achieved.

In light of this, we believe that:

- **Member States should provide clear public access to information on the development, content and implementation of the Recovery and Resilience Plans;**
- **The Commission should also communicate clearly on the plans it receives, how they are approved and on how funds are disbursed.**

The Commission should set up a simple, public Platform through which Member States shall communicate the details of their draft and final plans. The Platform could also function as a means of sharing best practices and ratcheting up ambition by allowing Member States to pledge measurable objectives for their recovery and how they will achieve them, while also enhancing transparency by providing information of envisaged fund beneficiaries. Recommendations submitted by the Commission to Member States before approval of the plans should also be published here.

WWF recommendations

- **Member States should ensure the availability of public information on the development of the national recovery and resilience plan.**
- **The Commission should set up a simple, public platform through which Member States will be required to upload their draft and final Recovery and Resilience Plans - and through which the Commission can publish its recommendations to improve the plans.**

5. Ensuring respect for the Partnership Principle in the development of Recovery and Resilience Plans

The Covid-19 crisis has had disproportionate, massive impact on the vulnerable and most disadvantaged in our societies. Every community is affected by the transition towards climate neutrality, but the challenges facing regions are different and targeted actions and solutions developed with the local levels are needed.

Member States should include all stakeholders, including municipality and civil society representatives, in the open and inclusive design³ and implementation of their Recovery and Resilience Plans. The needs and challenges of the transition- as the impact of the crisis - differ across regions. An effective Just Transition takes place at local level, and so should its design.

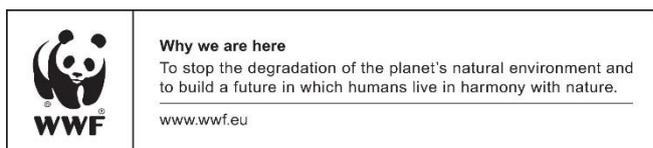
³ See WWF (2020), [Seven Golden Rules for open and inclusive just transition planning at the regional level](#).

The involvement of local stakeholders can determine whether the transition succeeds or whether it is delayed, resisted and derailed. If local stakeholders and communities are involved and engaged in the process of transition, they are more likely to buy into the strategies and will support their implementation. However, the capacity of actors at subregional levels to interact with EU processes is often limited, so tailored support will be needed to engage them fully in processes.

The Commission should not approve plans which have been developed without the meaningful participation of all affected groups and - together with the Member States - should facilitate the sharing of, access to and engagement with information relating to the development of plans.

WWF recommendations

- **The Commission should not approve plans which have been developed without respecting the Partnership Principle.**



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EU Transparency Register Nr: 1414929419-24
Printed on recycled paper.

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