Contribution of the National Recovery & Resilience Plans to the green transition

State of play

26 May 2021
Contribution to the Green Transition

• The RRF Regulation contains a legal requirement for each plan to contribute to the green transition and to meet the 37% climate target.

• Significant number of Country Specific Recommendations relating to decarbonisation and green transition.

• Green measures are equivalent to roughly EUR 190-200bn (approximately 40% of the total financial envelope of the national plans (grants + loans)).
### Overview of green measures (preliminary estimates)

<table>
<thead>
<tr>
<th>Clean Transport</th>
<th>Building Renovations</th>
<th>Clean Power</th>
<th>Circular Economy &amp; Biodiversity</th>
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</thead>
<tbody>
<tr>
<td>EUR bn</td>
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<tr>
<td>85-90</td>
<td>50-55</td>
<td>45-50</td>
<td>approx. 10</td>
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<td># of MS</td>
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<td>25</td>
<td>25</td>
<td>22</td>
<td>20</td>
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*Note: based on 18 submitted RRP s and 8 advanced draft RRP s*
Sustainable transport

Almost **EUR 100 billion**

Significant support to **railway** investments

Measures to foster **urban mobility**

Support to **e-mobility**

- Purchase of zero emission vehicles (electric buses, tramways)
- Charging stations and refuelling stations

**Reforms** to promotion intermodality and tax incentives for clean vehicles
Building renovations

• A significant contribution to the green transition across plans
• Essential to reduce primary energy demand and GHG emissions, while creating local jobs
• Addressed in almost all plans and draft plans (25 Member States)
• Tentative figure of around EUR 50-55 billion overall (around 10-11% of total envelope of the national plans)
  ✓ Reforms aiming at simplifying renovation schemes, facilitating technical assistance and one-stop-shops.
  ✓ Renovation of public and private buildings
  ✓ Renovation of social housing
  ✓ Energy efficiency actions in SMEs
  ✓ Fighting energy poverty
Clean power

- Promotion of renewable electricity (solar, offshore and onshore wind, hydro)
- Reform of energy markets to facilitate the deployment of renewable energy
- Renewable hydrogen in several plans, often as Important Project of European Common Interest (IPCEI)
- Tentative figure of around EUR 45-50 billion overall (around 9-10% of total envelope of the national plans)
Biodiversity and the circular economy

• Ambitious biodiversity measures:
  - Restoration of wetlands and forests
  - Conservation of terrestrial / marine biodiversity, restoration of ecosystems
  - Promotion of organic farming
  - Reforms for water management and nature conservation

• Biodiversity is directly or indirectly addressed in most of the plans (19 Member States have dedicated biodiversity measures)

• Measures to foster the circular economy:
  - Improve recycling facilities
  - Treatment of water
  - Reforms to reduce landfills, and increase waste sorting and recycling

• The circular economy is addressed in almost all plans (20 Member States have dedicated measures)
Tagging Methodology

• Based on the Rio markers system, adapted to take into account elements from the Taxonomy Regulation
• Methodology is set out in Annex VI of the RRF Regulation
• 143 intervention fields including 27 newly added sub-interventions to account for higher or lower climate coefficients
• Member States should specify and justify whether and to what extent each reform and each investment contributes principally (100%), significantly (40%) or has no impact (0%) on the climate objectives by:
• Compliance of the plans with the green objectives of the RRF will be assessed ex ante
‘Do no significant harm’ Technical Guidance

• **No measure** in the plan shall lead to **significant harm to environmental objectives** (Art 18 of the RRF Regulation)

• DNSH principle based on **Art 17 of the Taxonomy Regulation**

• **Commission technical guidance** (12 February 2021) aims to help Member States apply DNSH in the context of the RRF and to **ensure consistency in application**
  ✓ Guiding principles, a DNSH checklist and selected examples on how to apply it

• Member States encouraged to fill out **checklist** for each measure in their plan

• Commission services aim at **consistent application through horizontally coordinated feedback**, based on principles set out in DNSH guidance
Overview of problematic measures

- DNSH assessment has led to the **reconsideration** of potentially problematic measures in plans by Member States, due to a risk of significant harm, and to the **redesign** of measures to mitigate possible risk of harm.

- **Areas where Member States reconsidered their proposed investments** due to risk of significant harm based on the DNSH guidance (e.g. waste incineration, combustion engine and fossil fuel-based vehicles).

- **Areas where Member States re-designed proposed measures to avoid harm** based on the DNSH guidance: road investments (e.g. with flanking measures on charging infrastructure), ETS installations, support for aviation sector, district heating, boiler replacements.