



2 June 2021

Problematic measures to be addressed during the ongoing assessment of Recovery and Resilience Plans: an overview by Civil Society Organisations

The Recovery and Resilience Facility (RRF) provides member states a large-scale financial support for public investments and reforms to support the relaunching of ailing economies in the short term, but also the creation of more sustainable and resilient societies for the future. To do so, RRF funding must also be allocated to address the other, worsening long-term crisis: climate change and nature destruction.

To access RRF funding, member states need to draft Recovery and Resilience Plans (RRPs) which need to meet a series of **environmental conditionalities**. First, at least 37% of investments contained in each RRP should support climate objectives. Second, each reform and each investment should comply with the **'do no significant harm' principle** (DNSH), i.e., no measure in the plans should cause "significant harm" to the environment. Finally, measures in the RRP should be **compliant with existing EU environmental legislation and deliver on the European Green Deal objectives**.

As of June 2, 2021, at least [23](#) member states have submitted their RRP to the European Commission). CEE Bankwatch, Climate Action Network (CAN) Europe, EuroNatur and the European Environmental Bureau (EEB) have put together assessments of Recovery and Resilience Plans from 14 countries - Bulgaria, Croatia, Czech Republic, Greece, Estonia, France, Hungary, Italy, Latvia, Poland, Portugal, Romania, Slovakia and Slovenia.

This paper summarizes the main findings of the assessments of RRP conducted at national level. The country-specific analyses move from the abovementioned environmental conditionalities, highlighting:

- Whether the 37% climate action target is met or not, including expenditures labelled as climate action which should not be considered as such
- Whether there are measures that risk breaching the 'do no significant harm' principle
- Whether there are measures not complying with existing EU environmental legislation, policy and strategies.

This paper does not aim at providing a final and exhaustive evaluation of the plans – which in several circumstances would not even be possible due to the severe lack of transparency around them. Rather, it points out critical elements of the RRP, on which decision makers should urgently intervene to maximise their climate ambition and impact, and to prevent damage to the climate and nature.

Country analyses

Bulgaria

Meeting the 37% climate action target

Investments for the “Green” (Climate and Environment) Pillar are only reaching 35,6%.

Risk of breaching the ‘Do No Significant Harm’ principle

The Bulgarian RRP didn’t pass the environmental safeguard procedures such as an SEA or assessments under the habitats directive. The information on how the ‘Do No Significant Harm’ (DNSH) principle has been assessed and applied is too limited (in few project descriptions only). Projects that would hardly pass the DNSH assessment (e.g., in agriculture, etc.) are included in the RRP without comments.

Two projects should not have a place in the RRP:

- **Thermal power plants.** *“Design, build and commission infrastructure adequate for transmission of hydrogen and low-carbon gaseous fuels for supply of power stations and other consumers in coal regions in the Republic of Bulgaria”.* The project is likely to provide a hidden state aid for gasification (fossil gas) of 4+ coal-fired power plants. The design of the project – to connect the Thermal Power Plants (TPP) with the not-ready-yet natural gas interconnection Bulgaria – Greece, is a signal for that. The project would support the life-time extension of big, centralized energy producers, thus preventing the energy sector from massive investments in green energy. There is a possible link to the negotiations on the termination of the long-term contracts of the so-called “American” TPPs at “Maritza East”: it seems that Bulgaria would pay for the plant’s gas infrastructure as compensation.
- **Irrigation.** *“Reconstruction, restoration and modernization of the state hydro-ameliorative fund in the Republic of Bulgaria for sustainable water management and adaptation to climate change”.* The project aims to restore the old, once existing irrigation system. It was not designed for the current climate change trends and would not serve the proclaimed project goals. In addition, the project, as designed, would affect wetlands and protected areas. Also, this is one of the projects with the highest corruption risk.

Certain projects could be improved in a way to increase their climate and environmental impact, for example:

- **Urban transport.** *“Pilot scheme Green Mobility for renewal of rolling stock for urban and interurban transport”.* In its current design, the project is open for investing in non-green options and is of high corruption risk. It could be significantly improved by implementing reforms in the transport sector that are not envisaged in the NRRP, and by including additional conditions on the project itself: territorial focus of the project, purchase of Zero-emissions buses only, developing a reasonable number of charging points, which use renewable energy only.
- **Railways.** The projects *“Digitization in railway transport through modernization of safety and energy efficiency systems by rail routes through the main and wide-ranging TEN-T network”* and *“Reconstruction and rehabilitation of key station complexes and construction of an intermodal terminal - Gorna Oryahovitsa”* could be significantly improved with more ambitious goals for

investing in renewables for own purposes and improving energy efficiency. Thus, they could become a basis for a long-term programme for a transition of the railways to green energy.

Contact persons: *Green Policy Institute - Economic Policy Institute*
Additional sources: *Za Zemiata comments on the Third Draft of NRRP, project by project*
<https://www.zazemiata.org/resources/komentari-po-nacionalniya-plana-za-vzstanovyavane-i-ustojchivost-na-blgariya/>

Croatia

This assessment is partly based on the 29 April 2021 version of Croatia's recovery plan.

Meeting the 37% climate action target

Some of the measures in the RRP labeled as contributing to climate action should not be considered as such. This is the case especially for investments in buildings' renovation.

- **Fossil-based heating systems.** Under measure C1.2 R1-I2 *"Encouraging energy efficiency, district heating and renewable energy sources for the decarbonisation of the energy sector"*, the Plan allows, though in exceptional cases, for so-called 'highly efficient' **fossil-based heating systems** as part of the efforts to renovate buildings. Investments in fossil-based systems cannot be tagged as climate action and therefore should not be counted as part of the 37%.
- **No focus on Renewable Energy Sources (RES).** Energy renovation programmes for private and public buildings funded under the Croatian RRP do not include specific funding for RES. Under the measure C6.1.-R1 *"Decarbonisation of the buildings"*, there is no mention of the transition toward RES for heating and cooling systems, while all other aspects of buildings renovation, including structural reinforcements of buildings, are described in detail.

Risk of breaching the 'Do No Significant Harm' principle

- **Energy crops & bio-refinery.** Under the Recovery plan, around 12,500 hectares of previously unused/abandoned land will be converted into **energy crops**. This biomass will be used in the planned **bio-refinery** in the city of Sisak (Investment C1.2. R1-I4 *'Biorefinery for the production of advanced biofuels Sisak'*), with a capacity of 55,000 tonnes of bioethanol per year and a required feedstock estimated at 245,000 tonnes of biomass annually. Feedstock for the production of the bioethanol includes agricultural residues and Miscanthus which is to be grown on unused or marginal agricultural land.

This measure severely risks breaching the Do No Significant Harm principle, as the project has potential negative impacts on **soil** quality (due to removal of agricultural residues) and use of agricultural land (marginal agricultural land use for Miscanthus production is not guaranteed). Moreover, the government's assessment does not mention potential negative **impacts on**

biodiversity and NATURA 2000 sites due to introduction of *Miscanthus* and increase of agricultural production in the area in the vicinity of the foreseen plant.

Part of the funds under this measure will also be directly allocated to a **fossil fuel refinery** that still has active oil fields in the region. The Plan does not state whether the oil refinery will stop extracting oil and gas during the construction of the biorefinery, nor whether oil and gas extraction will end once the biorefinery is built.

- There is a risk that funds will be spent on renovation, **without subsidising complementary RES sources for heating cooling systems**. This would still allow for a decline in emissions, but fossil-based technical systems will either stay in place or will be replaced with systems which could easily be proven harmful for the environment in the long term. Instead, the RRP should clearly exclude fossil fuels and unsustainable biomass solutions in the building sectors, and instead promote comprehensive approaches which include sustainable renewables solutions for heating and cooling.
- **Flood risk prevention**. Flood risk prevention is a synonym for channeling rivers and building barriers and other hydro-technical structures. These projects are supposed to have already undergone all necessary procedures and have obtained all necessary permits. However, given the questionable quality of EIA/AA procedures in Croatia, this is no guarantee that these measures will not damage freshwater ecosystems and biodiversity in general, thereby breaching the Do No Significant Harm principle.

Sources:

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- <https://planoporavka.gov.hr/UserDocImages/dokumenti/55%20-%201%20NPOO.pdf?vel=12358896>

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Czech Republic

This assessment was based on the 9 April 2021 version of Czech Republic's recovery plan.

Meeting the 37% climate action target

The total allocation for the green agenda in the Czech recovery plan is exactly 27%, with measures for green included under the category “*Physical infrastructure and green transition*”. The division into several categories also creates the illusion that the 37% climate action target is met- As a matter of fact, **less than a third of the total budget is allocated towards environmentally friendly investments.**

Risk of breaching the ‘Do No Significant Harm’ principle

References to the ‘Do No Significant Harm’ principle in the Czech plan are rather vague and it is doubtful that this has been used properly for all measures. Indeed, the plan promotes several investments that may not comply with the DNSH, for example in the energy sector:

- **Fossil gas in district heating.** Fossil gas is seen as a suitable replacement for coal in district heating. The Czech government plans to allocate €64 million to this measure and counts this as contributing 100% to the climate spending target. Between 2021 and 2030, the fuel sources used in 45 heat plants should be switched from coal to biomass, waste or gas. The main part of the district heating renovation will be financed from the Modernisation Fund, while the Recovery and Resilience Facility will mainly finance distribution infrastructure.
- **Gas boilers.** Support for gas boilers is promoted as a substitute for small heating powered by fossil fuels. According to the Czech plan, the expected distribution of the newly installed heat sources will be 30% for natural gas, 60% for biomass and 10% for heat pumps. The expected lifespan of these boilers is 15 to 20 years and thus increases the risk that they could become stranded assets. The total allocation for this measure in the plan is €330 million.

Alignment of the plan with improved 2030 climate and energy targets and EU policies

Reference to the unambitious National Energy and Climate Plan (NECP). The RRP’s alignment with the National Energy and Climate Plan is not enough for accelerating the decarbonisation in Czechia, as the Czech NECP was already not sufficient to meet the EU’s previous climate target of 40% emission reduction and far from being aligned with the EU’s enhanced climate target. For instance, when mentioning fossil fuels in district heating, the plan states that “the component is fully in line with the energy policies of the European Union, whose goal is a reduction of emissions by 40% by 2030”. This inevitably contradicts the achievement of the agreed more ambitious objectives.

Not in line with the EU’s Biodiversity strategy. The climate goals under the European Green Deal will not be fulfilled unless Czechia raises the level of its green ambition. This also applies to environmental protection, as with these standards the country would not contribute to the objectives of the EU’s Biodiversity Strategy 2030. Increased investments in biodiversity are becoming urgent in the country since the conservation of status of species and habitats in Czech Republic has been deteriorating in recent years, with some areas being in a critical state. And yet, the allocation for biodiversity protection is nearly absent in the recovery plan and

does not create any opportunity for reaching the goals set in either the Biodiversity Strategy or the Farm to Fork Strategy.

Sources:

- CEE Bankwatch Network, [Assessment of the Czech Republic's recovery and resilience plan](#), May 2021.
- CEE Bankwatch Network and EuroNatur, [Building back biodiversity: How EU Member States fail to spend the recovery fund for nature](#), May 2021.

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Estonia

Meeting the 37% climate action target

According to our latest analyses, the **spending share on climate action in Estonia's RRP is currently 33%**, remaining below the EU's 37% benchmark.

The assessment is based on the fact that several measures, including some of those originally categorised as green, **could adversely affect climate action by extending the longevity of polluting and environmentally harmful activities and sectors**, e.g., those related to fossil fuels or bioresources. Such measures include the uptake of resource-efficient green technologies and valorization of bioresources (€38 million), investing into raising competitiveness of businesses in foreign markets (€33 million), digitization and automation of companies (EUR 73M), support for business model change of industries (€9 million), Rail Baltic Ülemiste joint transport terminal construction (€31 million). These measures should only be tagged as climate action if tied to precise conditions ensuring they are indeed contributing to delivering climate ambitions and robust DNSH assessment.

Risk of breaching the 'Do No Significant Harm' principle

Bioresources. The RRP does not explain how the measure focused on **valorisation of bioresources (€38 million)** ensures "sustainable use of bioresources", as investing funds in the sector might increase existing pressure on bioresources. While valorisation may in theory not increase the amount of material needed, the investment may increase the productivity of the sector, increasing the amount of bioresources extracted and therefore degrading ecosystems and biodiversity in the country. Safeguards must be put in place to avoid this - the aim should be to use less (or at least not more) bioresources, and this should imperatively be mentioned in the plan as a specific target.

Growth of companies. Many measures could allow supporting the growth and profitability of fossil fuel-related and other companies and sectors that severely undermine the climate goals. For instance:

- The DNSH assessment done on the measure '**investments into raising competitiveness of businesses in foreign markets**' (**€33 million**) is based on false assumptions that Estonia exports almost only IT solutions and thus that the measure is meant foremost for IT companies. The assessment thus disregards the fact that major export items of Estonia also include shale oil and woody biomass, and specifically wood pellets. If this measure remains so, EU funds could be used to support shale oil that would fuel the production, exports and use of fossil fuels in the EU and beyond, and wood pellets, the sourcing of which is reported to be among the main drivers of deforestation and decreasing carbon sink in Estonia.
- The DNSH assessment done on the measure **Digitization and automation of companies (€ 73 million)** does not detail whether the measure can be used to support enhancing the digital capacities and thus efficiency of fossil fuel-related or other environmentally harmful companies and sectors, which would support their longevity. As such, it is plausible that companies involved in the value chain of producing fossil fuels, e.g., those related to mining, production and refining, are eligible to receive support from the EU funds.

Hydrogen trains. Investments into electrified or hydrogen-based rail transport are a positive step in principle. However, the **Rail Baltic Ülemiste joint transport terminal construction (€ 31 million)** will encourage the development of Rail Baltic, which likely leads to a negative impact on the protection and restoration of biodiversity and ecosystems. The Rail Baltic track relies too heavily on building new railroads instead of utilizing the existing rail corridor. It thereby unnecessarily crosses and destroys new landscape and requires an expansion of mining gravel and sand as it is already known that there is insufficient supply of these resources in Estonia.

Alignment of the plan with improved 2030 climate and energy targets and EU policies

No funds are dedicated to biodiversity in the RRP, which means that the plan is not aligned with the **EU Biodiversity Strategy** and does not support the ambitious goals set for Member States.

Sources:

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2. Uku Lilleväli, [Assessment of Estonia's proposed Recovery and Resilience Facility measures](#), CEE Bankwatch Network, April 2021.

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Greece

Meeting the 37% climate action target

At the time of writing, it remains **unclear whether the target is being met**. Greece is claiming €30.9 billion from the RRF, split between grants (€18.1 billion) and loans (€12.7 billion). The green transition pillar (pillar 1 of the RRP) represents €6,026 billion, which is less than 37% of grants and **only 19% of the total funds**. The public version of the plan does not specify the mechanisms through which the loans that Greece will receive via the RRF will contribute to the green transition for hitting the 37% total target.

The public version of Greece's RRP does not provide an analysis of the coefficients used to calculate the contribution of individual measures and reforms to the green transition component. Even worse, the RRP seems to assume a **100% apportioning for all individual measures of Pillar 1**, which blatantly contradicts the coefficients laid out in Annex VI of the RRF regulation.

Finally, **several reforms and investments included in Pillar 1 of the plan ("green transition") do not seem eligible as contributors to the 37% target**. For instance, financing for natural history museums - which should not be classified as climate action, regardless of their indisputable overall significance - seems classified as a contribution to the 37% target.

Risk of breaching the 'Do No Significant Harm' principle

Several elements of the Greek RRP risk breaching the 'DNSH' principle. These include:

- **All investments related to irrigation and flood protection** (Pillar 1). Irrigation projects consist in the creation of many dams and some river diversions across Greece. This is contrary to the Water Framework Directive (WFD) objectives and should fail to pass a DNSH screening. The same holds for investments on flood protection, which also entail the construction of dams and other "grey" solutions, potentially breaching relevant EU regulations (WFD, RRF regulation, EU taxonomy regulation).
- **Investments in sectors related to the blue economy** (Pillar 4). It is unclear whether key investments related to blue economy sectors, such as aquaculture and tourism, are compatible with the DNSH screening criteria. The investments promoted in the RRP seem to target conventional practices that could have adverse impacts on the marine environment.
- **Investments potentially increasing fossil gas penetration**. Although it is positive that gas related infrastructure has been excluded from the grant component of the plan, two significant issues remain: (1) the financing of a Carbon Capture and Storage (CCS) plant that could enable the further penetration of fossil gas in the energy mix indirectly; (2) the fact that the loan component does not exclude gas related investments (notably those that are allowed by the RRF regulation). These elements should be further scrutinized.
- **Measures financed by loans**. Approximately 1/3 of Greece's RRP consists of loans (loan component) that will be channelled towards the private sector for capital investments. Yet, from the public version of the plan it remains unclear how the DNSH screening criteria will be applied when determining loan eligibility of private sector companies. This poses a significant risk of greenwashing

and abuse, particularly if *ex ante* assessment and *ex post* verification criteria are not set transparently.

Alignment of the plan with improved 2030 climate and energy targets and EU policies

Overall, the RRP seems to simply fulfil the old NECP's targets (e.g., vis-à-vis energy efficiency, transport decarbonization and storage) instead of harnessing the RRF for accelerating investments that are necessary to reach revised EU targets. It also reproduces many of the flaws of a NECP, which is aligned neither with a 1.5°C pathway nor with the revised EU 2030 targets. In this context, it is worth highlighting:

- the extremely unambitious investments in **energy storage infrastructure**: only €450 million are dedicated to investments in new electricity storage facilities, an amount which is completely inadequate for Greece to minimize the need for further expansion of fossil gas production and distribution infrastructure. The RRP is consequently failing to catalyse a fundamental transformation of Greece's energy system away from fossil fuels. The above equally holds for **transport decarbonization** investments.
- Only 0.3% of the RRP is dedicated to **biodiversity**-related investments and reforms, and even those seem poorly targeted compared to the **EU 2030 biodiversity strategy**. Similarly, extremely limited funding (less than 1%) dedicated to the **circular transition** is not in line with EU waste management targets, despite the fact that Greece is one of the worst performers in the EU (e.g., on municipal waste recycling). Moreover, no funds are dedicated to sustainable blue economy investments and marine conservation, despite their crucial importance to Greece's economy and environment.
- Despite channelling funds to the agricultural sector and some loose references to "climate friendly agriculture", in substance the plan seems unambitious compared to, and not aligned with, the **farm-to-fork objectives**: there is no mention of organic agriculture, and no mention of industrial livestock farming.

Sources:

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- WWF Greece "Blueprint for a green recovery in Greece":
https://wwfeu.awsassets.panda.org/downloads/wwf_greece_green_recovery_report_eng.pdf
- On the question of apportioning of green transition related expenditures see the detailed analysis in this "Review of the Greek Plan for the use of the RRF funds".
<https://facets.gr/wpcontent/uploads/2021/04/Greek-RRF-Plan-Final-Draft-Review-12April2021.pdf>

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France

Meeting the 37% climate action target

The French RRP includes €2 billion to be allocated on **hydrogen**, an investment which has been labeled as “green spending”. However, the plan does not specify how it would be produced. Hydrogen production in France is based on nuclear energy, which should not be considered as a green investment. To be considered as climate action, investments should only support renewable-based hydrogen.

Risk of breaching the ‘Do No Significant Harm’ principle

The €2 billion investment dedicated to the development of nuclear hydrogen risk causing significant harm to the environment.

Moreover, several measures of the French RRP that risk damaging the environment will not receive EU funding but will rather be supported by national finances. This does not prevent them from causing significant harm to the environment. This notably includes almost €20 billion dedicated to a **tax cut for the biggest, thus the most polluting, companies in France** - with no green strings attached.

Alignment of the plan with improved 2030 climate and energy targets and EU policies

The [May 2020 country specific recommendations for France](#) recommended to “Focus investment on the green and digital transition, in particular on sustainable transport, clean and efficient production and use of energy, energy and digital infrastructures as well as research and innovation.” The [country report for France](#) also indicated that “A change of scale is necessary to achieve the renewable energy and energy efficiency targets” and that “Without additional measures, France risks missing its 2030 emission targets, mainly due to transport, building and agriculture sectors.” Therefore, the following elements are considered being at odds with the Country Specific Recommendation:

- The lack of investments in renewables, while even the unambitious 2020 target has not been met, means that the measures proposed are not in line with the 2030 targets
- Insufficient investments in railways (only €4,75 billion) while €3 billion additional annual investment is needed to support the modal shift goals and the decarbonation of the transport sector of the (now outdated) French 2030 NECP.
- Lack of investment in the renovation of housing. Recovery funding is targeting public building renovation mainly, but not people living in energy poverty situations, despite the RRF’s flagship initiative in this regard.

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Hungary

Meeting the 37% climate action target

The energy component of the recovery plan is focused on 'greening' Hungary's energy supply. **The available material does not yet explain how and why all measures are listed as making a 100% contribution to the 37% climate policy target. In fact,** the documents published so far by the government do not contain strategic environmental assessment or any other environmental study, which makes it difficult to evaluate 'climate tagging' numbers.

This seems to violate Paragraph (2) Article 5 as well as Point d) and e) Paragraph (4) Article 18 of the RRF Regulation.

Risk of breaching the 'Do No Significant Harm' principle

Generally, the plan's components mention applying the 'Do no Significant Harm' principle, but this is a **vague reference without any publicly available substantive justification**. The analysis of developments with potential environmental risks is incomplete and one-sided: only the positive potential environmental impacts of the proposed developments are highlighted, and not the potential risks. There is also no effort to consider other existing and better alternatives.

This is not in line with the Paragraph (2) Article 5 as well as Point d) and e) Paragraph (4) Article 18 of the RRF Regulation.

While there have been some positive improvements in the transport component of the Plan (development of public transport with a focus on electrification, rail and bike infrastructure), below are listed some examples of measures potentially causing significant harm to the environment:

- The Plan envisages the creation of new **parking lots** which would be very counterproductive: it would result in increased car traffic, elimination of green areas, more urban heat islands.
- The Plan envisages the **electrification of household heating** which seems a very inefficient method of heating homes, especially in view of the facts that (1) there is no credible plan to decarbonise electricity production, and (2) there are practically no plans to substantially improve the energy efficiency of buildings. The latter means that even if there would be environmentally friendly heating, most of the energy used for this purpose would be wasted.

Alignment of the plan with improved 2030 climate and energy targets and EU policies

There are serious general deficiencies in the Hungarian RRP. The most important are the following:

- No meaningful measures are included to **reduce corruption and misuse of EU money**. This is even more worrying because during the last 11 years, the whole Hungarian institutional and legal system has been transformed in a way that makes wide scale corruption and fraud on a high level much easier. If this situation will not be changed, then, as practice has proven, EU money will continue to be used inefficiently, riddled with widespread corruption and fraud.

- **No significant reforms are included in other areas of the plan.** This gives rise to serious concern because without such reforms the EU's climate targets will not be reached even if all the RRF money would be used for the climate. Just one example: According to Hungary's Integrated Transport Operational Programme Plus, the external costs of transport in Hungary equal to 6% of the GDP, i.e., about 3000 billion HUF annually. Comparing this sum with the sum allocated for greening transport in the HRRP, i.e., about 100 billion HUF a year for the next 6 or 7 years, we can easily conclude that in spite of the investments in green transport, the situation will rapidly deteriorate further. This certainly contradicts Point d) e) and m) Paragraph (4) Article 18 of the RRF Regulation.
- The RRP refers to the **NECP** submitted to the European Commission in January 2020. This NECP was rather weak, and confirmed by an assessment of the Commission, and in any case it's obsolete if compared to the new EU climate objectives. The RRP fails to close the gaps in the current NECP and accelerate decarbonisation for Hungary.
- The plan only includes a meagre amount for biodiversity, and thus it will prove difficult for the country to implement the ambitious **EU Biodiversity Strategy for 2030**. This is despite the country's poor state of nature with only 10% of the habitats of European importance in Hungary having a good conservation status.

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Italy

Meeting the 37% climate action target

Even if the 37% climate action target were formally reached, many of the resources qualified as 'green' in the Plan are of marginal importance in energy transition and not linked to a climate strategy. In addition, the investments below should not be considered as climate action:

- **The 'Ecobonus' incentive.** The Ecobonus incentive for the building's renovation does not make a distinction between fossil and renewable heating systems. Fossil gas and fossil fuel boilers are eligible for funding. In addition, the conditions associated with this scheme do not guarantee the achievement of adequate levels of energy efficiency. In some cases, the building refurbishment may not meet the 30% energy and related emission saving condition established by the Regulation establishing the Recovery and Resilience Facility. This funding (€13.81 billion) should not count as a 100% contribution to the climate target.
- **'Agri-solar' infrastructure.** Under the sustainable agriculture and circular economy heading, the Plan proposes to invest €1.5 billion in "Agri-solar" infrastructure. The measure is considered as contributing 100% to climate action. This should not be the case: the investment cannot only be related to the development of photovoltaic systems as it shows a cost of 3500€/kW, six times higher than the cost of photovoltaic power. Resources should be directed to photovoltaic development only, or the climate tag amended (not 100%).
- **Fossil buses.** Investments in the renewal of the bus fleet (€3.64 billion) is included in the 37% target, while it includes fossil-fuel-hydrogen-run buses - there should be no subsidies to fossil fuels under the RRP (see below Do No Significant Harm Section).
- **District heating.** Investments to develop district heating systems aim at extending the distribution network, with no guarantee to only support zero emission production technologies. This should be addressed if the €0.2 billion investment is to be tagged as 100% climate action.
- **Research.** Funding for research (€3.21 bn) should be linked to climate change or excluded from the climate target.

Risk of breaching the 'Do No Significant Harm' principle

Below are listed measures that might breach the DNSH principle, and therefore should be changed or excluded from the Plan:

- **The 'Ecobonus' mechanism** (110% of the investment in energy-efficient buildings being reimbursed by the government) includes incentives for gas boilers. The Italian Plan allocates approximately €13.81 bn to this mechanism, with the risk of lock-in fossil fuel. Gas and other fossil fuel boilers should be excluded from this mechanism.

- **Fossil buses.** €2.415 bn are allocated for the purchase of approximately “3000 electric- or hydrogen-powered buses by the end of 2026”. In view of the challenges of obtaining green hydrogen by 2026, hydrogen-powered vehicles will require fossil-fuel hydrogen.
- **Fossil hydrogen.** The Plan allocates €3,19 bn for hydrogen production, distribution and use as part of the investments in renewable energy. However, it does not specify that this will only be for green hydrogen. The Plan should clarify that fossil-fuel hydrogen will not benefit from these investments.
- **Innovation and mechanisation in agriculture** is potentially damaging as it includes the replacement of diesel tractors, encouraging the use of fossil fuels. We therefore recommend the elimination of the possibility of a fossil fuel incentive (or exclude these investments from the 37% climate target).

Alignment of the plan with improved 2030 climate and energy targets and EU policies

The plan outlines a goal of 51% reduction compared with 1990, to reflect the new EU ambitions on reduction of GHG emissions by 2030. However, **the Plan does not indicate to which extent the investments and reforms proposed are actually going to contribute to this quantitative goal**, with the exception of a few sections in the Plan. The decarbonisation impact of all investments and reforms included in the Plan should be quantified, and the investments able to effectively reduce GHG emissions should be prioritised.

Below are listed key situations where the Plan is not aligned with EU targets:

- Local transport in Italy is the biggest generator of CO2 emissions and air pollution, but the Plan proposes to allocate only €8.58 bn to that sector. The Plan thereby ignores earlier country specific recommendations under the European Semester on air quality, although Italy currently faces three infringement procedures. The plan allocates €24.77 billion to medium- and long-distance railway travel, with an additional €10 bn to further develop high-speed rail over the next ten years. *To ensure compliance with EU air quality standards, the Plan should re-allocate part of these resources to fund additional electric buses and 5000 km of urban cycling infrastructure (as opposed to the 600km mentioned in the Plan).*
- The resources for energy efficiency in public buildings (195 out of 32,000 schools in Italy) appear to be few and without conditions. Other resources allocated for renovation of public buildings (under the Education and Research heading) do not include energy efficiency requirements, which means that the RRF risks wasting scarce public resources by not aligning these investments with the EU Directive 2018/844 on the energy performance of buildings. *The provision of resources for renovating public buildings should be conditional on ambitious energy efficiency targets: NZEB (Nearly Zero Energy Building) goals should be required in spending on public buildings in accordance with the European Directive 2018/844 on the energy performance of buildings.*
- The Plan foresees the promotion of innovative plants (including offshore) for the modest amount of €0.68 bn. **This low level of ambition and the absence of a specific offshore wind energy goal is at odds with the European offshore wind power strategy**, which proposes to make offshore renewable energy a core component of Europe’s energy system by 2050.

- The Plan allocates €1,69 bn for **land protection and biodiversity**, equivalent to 0.8% of the Plan's total amount. But, strictly for biodiversity the Plan allocates only €1,19 bn, equivalent to 0.5% of the total amount. This seems a poor target considering the ambitions of the EU 2030 biodiversity strategy.
- The Plan does not include a reference to organic farming or **agroecology**, which seems unambitious compared to, and not aligned with, the objectives of the EU Farm-to-fork Strategy.
- There should be more space in the Plan to decarbonise the industry, beyond the steel industry.

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Latvia

Meeting the 37% climate action target

Although Latvia's recovery plan overall aligns with the European Green Deal objectives, the plan is more a list of measures subsidised by the EU rather than a strategic plan to make the economy more resilient and climate neutral.

Investments into renewable energy, sustainable transport and energy efficiency are generally good. However, there is a **lack of ambition for transformative elements** that would deliver significant benefits with minimal efforts.

Risk of breaching the 'Do No Significant Harm' principle

For most of the measures within the climate section of the plan, the assessment of the 'do no significant harm' principle has been done satisfactorily, since these measures will clearly have a positive impact on the climate and environment, with extremely limited negative impacts (for example, during the building and production phase).

- **Flood risk reduction.** The exception is the measure proposed by the Ministry of Agriculture under adaptation to climate 'Investments in flood risk reduction infrastructure, including renovation of polder pumping stations, restoration of protective dams, restoration of regulated sections of rivers. The assessment for this measure is noticeably short and does not provide any justification, only stating that 'the measure will not have a significant impact on the particular environmental aspect' and provides incomplete or questionable information. For instance, it mentions that environmental impact assessments (EIAs) have been conducted for these projects, but elsewhere it states that EIAs will be executed in the future.
- **Risks for biodiversity.** The plan includes measures that pose a high risk to biodiversity, such as the irrigation of wetlands, support for commercial forestry and reducing space for protected habitats. There is concern related to several controversial proposed measures included in the plans under *climate adaptation*. For example, Measure 1.3.1.2.i. 'Investments in flood risk reduction infrastructure' does not provide any details on the proposed 29 irrigation projects provided in the plan. Irrigation activity usually leaves a negative impact on biodiversity, and there is a risk that implementation of irrigation projects (the details of which are not known) will only exacerbate the already poor conservation status of the habitats in Latvia.

Therefore, it is impossible to assess their potential impact on the environment and biodiversity. There is also no guarantee that an EIA will be conducted for all 29 projects, because the EIA procedure is obligatory only for those projects that are large enough and meet specific criteria set out in the EIA law. Furthermore, the 'do no significant harm' assessment includes the statement that: 'the measure will reduce the negative impact on biodiversity'. This is not true, because all irrigation activities usually have a negative impact on biodiversity.

Alignment of the plan with improved 2030 climate and energy targets and EU policies

Some of the measures proposed are clearly aligned with the EU's climate objectives, namely decarbonising of the transport sector, increasing the share of renewable energy and improvement in energy efficiency. However, the specific proposals made under these measures could be more ambitious and will not do enough to ensure that Latvia achieves EU climate goals.

After public consultations and comments from the Commission, more resources have been allocated for energy efficiency measures for multi-apartment buildings (an additional €20 million) and for increasing energy efficiency in business (an additional €40 million). Funding has been reduced for public sector buildings, including historic buildings, where the proposed reforms would not result in significant energy savings. These developments are very positive and will contribute to achieving the updated goal of renovated multi-apartment buildings included in the Latvian National Energy and Climate Plan (NECP).

However, the plan does not include a single measure for biodiversity, and thus it will prove difficult for the country to implement the ambitious EU Biodiversity Strategy for 2030. This is despite the country's poor state of nature with only 10% of the habitats of European importance in Latvia have a good conservation status.

Sources:

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- https://bankwatch.org/wp-content/uploads/2021/05/2021-05-19_Building_Back_Biodiversity_final.pdf

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Poland

This assessment was based on the 30 April 2021 version of Poland's recovery plan.

Meeting the 37% climate action target

In the Polish RRP, **the 37% climate action target has been met through significant greenwashing**. The climate impact assessment is too general and is based on inappropriate indicators and strategies. **Amendments are needed to meet the 37% goal throughout the Plan's implementation**. According to NRRP, around 48,3% of spending (18,2% in grants and 68,3% in loans) is marked as "climate spending", with 39,8% of NRRP assigned to component B (green energy and reduced energy consumption) and 20,9% to component E (green, smart mobility). Nevertheless, climate marks are assigned incorrectly and climate change impact assessments for some specific elements are missing.

Risk of breaching the 'Do No Significant Harm' principle

- **Natural gas.** Natural gas is considered an 'unavoidable bridge fuel' needed for transitioning from coal to RES and it is thus promoted in the Polish plan. The country indeed intends to replace most of its energy generation from coal with gas, however, the risk of consolidating the role of natural gas in the Polish energy grid is likely to mean that it will be more than just a 'bridge fuel'. This would ultimately lead to a powerful lock-in of a gas and would thus not respect the 'do no significant harm' principle.
- **Biodiversity.** Biodiversity represents a big failure within the Polish plan as no measure is foreseen to improve biodiversity conservation or the Natura 2000 sites' management. Instead, the Polish NRRP promotes investments which could cause extreme harm to nature, as in the case of water investments. An allocation of over €667 million is directed towards investments in 'increasing the potential of sustainable water management in rural areas' with provisions such as 'the revitalisation of the existing retention reservoirs' and 'the retention of small rivers in agricultural areas'. Not only these measures would not help in protecting small rivers or restoring the good ecological status of waters in the country, but they would threaten small rivers fencing on a massive scale, thus causing a significant threat to biodiversity.

Alignment of the plan with improved 2030 climate and energy targets and EU policies

The Polish recovery plan promotes several projects which are not in line with the achievement of a climate-neutral EU by 2050 or of the 2030 climate target. Indeed, the plan is based on the Polish energy and climate strategic framework, meaning a non-existent long-term strategy for 2050, a recently adopted Energy Strategy 2040 (PEP2040) which is not compatible with the EU's objective and an **out-of-date NECP**. Altogether, this inevitably led to a very low level of ambition.

Furthermore, the Polish RRP does not include any investment towards biodiversity: the total allocation for this is 0%, thus not respecting the fact that biodiversity is one of the main priorities of the European Green Deal with the **EU Biodiversity Strategy 2030**. This is even worse if considering how the Polish government has already been called upon several times to properly respect European laws and directives such as the Habitats Directive, the Birds Directive and the Water Directives.

Sources:

- CEE Bankwatch Network, [Assessment of the Polish recovery and resilience plan](#), April 2021.
- CEE Bankwatch Network, [The role of gas in the recovery and resilience plans](#), May 2021.
- CEE Bankwatch Network and EuroNatur, [Building back biodiversity: How EU Member States fail to spend the recovery fund for nature](#), May 2021.

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Portugal

Risk of breaching the 'Do No Significant Harm' principle

- **The Pisão Dam.** The insistence to build the Pisão Dam, also known as the Crato Multipurpose Hydroelectric Plant, does not have a solid justification since there are other options in the region for water supply to populations and for irrigation. This infrastructure will only allow for agricultural intensification and cause **significant environmental impacts**. It will severely affect biodiversity, by destroying riparian habitats and cork oak forests, and it might also affect a threatened species of steppe birds.

Contrary to what is advocated in the Recovery plan, it will likely not contribute to sustainable local employment, but rather increase precarious working conditions in the agriculture sector and it will require the destruction of a village and the reallocation of its inhabitants. The Portuguese NGO ZERO's President of the Board, Francisco Ferreira, points out "the need for a Strategic Environmental Assessment of the RRP, as recommended by several European NGOs, which is already being made in some countries."

Alignment of the Plans with improved 2030 climate and energy targets and with EU policies

Road infrastructure vs. railways. *The European Commission strongly criticized the amount of resources allocated to road infrastructure in the draft RRP; only a slight amount has been taken off the final version.* Expanding road infrastructure does not deliver on the necessary decarbonisation of the transport sector. Instead, Recovery money should be allocated to promote more sustainable transport modes, such as soft mobility or railways, which seem forgotten in the Recovery plan. In Portugal, railroads have consistently been neglected over the years and urgently need substantial investments to become a competitive alternative to other, more polluting modes of transport.

Railways were considered as an essential measure in the **Strategic Vision** that preceded the publication of the Recovery plan, but then were not included in later drafts (though they will likely be reallocated into other plans). This raises concerns that Portugal is missing the unprecedented financing opportunity of the RRF to improve its railway infrastructure, which is essential for territorial cohesion as well as reducing air and individual road transport. Instead of investing in the much necessary railway infrastructure, this final version insists on road infrastructure expansion.

This also contradicts the [Country Strategic Recommendation of the European Commission](#), according to which Portugal should "focus investment on the green and digital transition, in particular on clean and efficient production and use of energy, **rail infrastructure** and innovation." (emphasis added, May 2020).

Sources

- <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020DC0522&from=EN>

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Romania

This assessment was based on the 7 April 2021 version of Romania's recovery plan

Meeting the 37% climate action target

A significant share of the plan is allocated for green transition, but it is **unclear whether those investments will be enough to reach the climate target**. The draft RRP indeed lacks concrete targets, milestones, and an implementation calendar as to specifically assess whether it will be able to fund truly climate friendly projects.

- **Coal-to-gas.** Among the proposed measures for decarbonisation, the plan proposes a restructuring of the main coal-based energy production companies by diversifying its energy sources and including renewables. However, only a small reduction of coal-based energy units is foreseen, to be replaced mostly with fossil gas units, and the development of renewable energies will be an insignificant amount of this restructuring. This should not be considered as climate action.
- **Hydropower.** The Energy transition in Romania is supposed to be tackled through hydropower plant modernization, amongst others. Thereby the Government is intending to increase the storage capacity of existing plants that have proven their harmful impact on nature through the alteration of Water habitats and the surrounding habitats. The energy transition cannot be a success if it is at the cost of Biodiversity. Despite this destructive effect, these investments will account in the 37% tranche supposed to finance climate objectives including biodiversity (cf. Regulation introducing the RRF).
- **Roads in the forest.** Regarding **forestry** measures and the protection of Europe's oldest forests and CO2 storages, the Romanian government plans to build forest roads to better access the future parcels, facilitating access for **illegal logging**. This greenwashing measure accounts into the 37% without being based on any objective justification proving the positive impact of such measure. Infringement procedures on the forest destruction in Romania are still open.

Risk of breaching the 'Do No Significant Harm' principle

Generally speaking, the DNSH assessments are being kept in secrecy by Ministries and no third-party expert has been mandated to work on these assessments. Nonetheless, it is possible to highlight several concerning elements:

- **Disruption of protected areas.** To modernize transportation infrastructure in Romania, the government plans to run a new railway line through protected Natura 2000 sites, disconnecting habitats and disrupting protected areas on the ground. The proven effect on very various types of animals of such projects is proven, not only for large carnivores.
- Increase of **hydropower plant capacity** in Romania has high potential to harm.
- Expanding the existing **fossil gas infrastructure**. Although the plan foresees its adaptation for hydrogen and other green gas, these investments will hamper the necessary transformation of the fossil dependent energy system.

- Investments for **road and motorway infrastructure development**, which are likely to stabilize the fossil-based car economy. While the deployment of alternative fuel infrastructure is mentioned, no target or clear measures are set in the plan.

Alignment of the plan with improved 2030 climate and energy targets and EU policies

- The plan does not clearly indicate how the **renewable energy and energy efficiency targets for 2030** will be met. In particular, no clear target is set for coal phase-out.
- For Romania, despite the infringement procedures and the lack of enforcement for protected areas, less than 1% of the funds will support biodiversity conservation or restoration. This is not in line with the EU Biodiversity Strategy 2030.

Sources:

- https://www.euronatur.org/fileadmin/docs/umweltpolitik/RRF/Building_Back_Biodiversity_Recovery_Funds_Analyse_20210519.pdf
- CEE Bankwatch Network, [Assessment of Romania's recovery and resilience plan](#), April 2021

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Slovakia

The biodiversity-related assessment of the plan was based on the 26 April 2021 version of Slovakia's recovery plan. The climate-related assessment is based on the draft of Slovakia's recovery plan published in March 2021.

Meeting the 37% climate action target

In line with the 37% earmarking for climate action, Slovakia's national recovery and resilience plan allocates over € 2,7 billion for green, climate-friendly investments. However, the plan is based on Slovakia's outdated climate and energy strategies, which only plan to reduce greenhouse gas emissions by 47 per cent by 2030. Additionally, with only € 159 million of allocated budget for the regional climate change adaptation, the plan still falls massively short of its potential to finance measures that will have had substantial potential to support biodiversity.

Risk of breaching the 'Do No Significant Harm' principle

- **Fossil gas.** Slovakia is likely to include measures that utilise fossil fuel sources like fossil gas, such as the gas boilers for heating. Support for fossil gas boilers should be ruled out and replaced with systematic support to renewable energy source (RES) systems, combined with deep renovation of houses and other energy poverty measures. Supporting fossil fuels will prevent countries from achieving carbon neutrality by 2050 at the latest and ignore the costs of missing the opportunity to use precious public resources for more sustainable solutions that are available today.
- **Alternative fuels.** Slovakia's recovery plan includes €705 million for a number of positive measures, including the development of low-carbon transport infrastructure, environmental freight transport and the promotion of ecological passenger transport. Unfortunately, it also plans to support the problematic construction of **infrastructure for alternative fuels (e-mobility and hydrogen) on highways**.

Alignment of the plan with improved 2030 climate and energy targets and EU policies

One of the critical problems with the Slovak recovery plan is that it is **based on outdated documents**, such as the National Energy and Climate Plan (NECP). The Slovak NECP only plans to reduce greenhouse gas emissions by 47% by 2030 and was outdated even in 2020 when it was published. The main reason for this was the absence of updated decarbonisation models. At the time of drafting, there was not enough political will to update the models, and Slovak ministries did not have sufficient capacity to do so.

The Ministry of Environment has been preparing a model for carbon neutrality since 2019, but only general information about the proposed measures is available. Thus, Slovakia does not have an appropriate model that would allow it to align recovery measures with 2030 and 2050 EU climate targets.

Slovakia should propose a recovery plan that is less focused on trying to catch up with the EU's average GDP and more concerned with **financing decarbonisation and resilience measures** that will help Slovakia reach the EU's goal of reducing greenhouse gas emissions by 55 per cent by 2030 and achieving carbon neutrality by 2050.

The only component of the plan that directly addresses biodiversity and its protection is the Climate change adaptation that falls within the competence of the Ministry of Environment.

This component includes two reforms:

- Reform of Landscape planning: a new Act on Landscape Planning that should be adopted by the end of 2022 and will present an important tool for land use decisions and building proceedings.
- Reform of nature conservation and water retention management.

Both reforms will be proposed in line with the strategic objectives of the Strategy of Environmental Policy of Slovak Republic until 2030 and in line with the EU Biodiversity Strategy for 2030. However, the EU Biodiversity Strategy for 2030 states that €20 billion per year will be invested on biodiversity and nature-based solutions. From this point of view, €159 million - which constitutes less than 2,5% of the total NRRP budget for Slovakia - does not seem a significant amount to deliver anything substantive.

Sources:

- Assessment of Slovakia's draft recovery and resilience plan: https://bankwatch.org/wp-content/uploads/2021/04/2021-04-23_Slovakia-RRF-assessment_final.pdf
- Building back biodiversity: How EU Member States fail to spend the recovery fund for nature: <https://bankwatch.org/publication/building-back-biodiversity-how-eu-member-states-fail-to-spend-the-recovery-fund-for-nature>

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Slovenia

Meeting the 37% climate action target

Under the “Clean and safe environment” Pillar, the Slovenian government plans investments in **flood risk protection**, which would mostly mean the removal of riparian vegetation, channelisation, the construction of transversal barriers, constructing dikes on the riverbanks, and laying concrete on riverbeds. These measures increase the flow and speed of rivers, and consequently erosion, leading to a higher flood risk as well as increased maintenance requirements, continuous biodiversity degradation, etc. Hence, this measure cannot count as climate action contributing to the 37% target.

Risk of breaching the ‘Do No Significant Harm’ principle

The Slovenian plan does not disclose details on the DNSH assessment and makes it impossible to properly evaluate them. Nevertheless, many projects and investments raise doubts on a positive DNSH assessment. The lack of detail and clarity is confusing: when stating investments in hydropower without naming or describing a specific project, a ‘do no significant harm’ assessment on such a vague measure raises questions about the methodology.

Examples include:

- **Highway projects** to broaden Slovenia’s transportation network. Alternative routes or transportation vehicles such as railways have not been taken into consideration.
- Under the Pillar “Renewable energy sources and efficient use of energy in the economy”, the Plan provides many clues to energy experts that the government intends to construct the **Mokrice Hydropower plant** with RRF funded money. This project has been stopped several times due to a history of procedural misconducts and has been assessed as having a significant impact on the environment in past impact assessments. An interesting detail is that the hydropower plant is not being named a single time in the plan. According to the Slovene native fish society it is the first hydropower plant in the EU planned in a Natura 2000 area.
- Another concern is that the reform part of the green pillar lists amendments to relevant environmental regulation (Environmental protection act, Construction act, Spatial planning act) that will lead to deregulation and aim for relaxing relevant rules and procedures (for instance legal standings of NGOs in permitting procedures and expert opinions) to ease the implementation of projects under the upcoming investment cycle (MFF and recovery package). This approach is in direct contradiction with the objectives of the European Green Deal.

Alignment of the Plans with improved 2030 climate and energy targets and with EU policies

The starkest issue is the absence of references to a biodiversity strategy. Today, Slovenia has no national **biodiversity** strategy or action plan. Biodiversity conservation is based on national policy and the Prioritised Action Framework (PAF) (for the period from 2021 to 2027). Regarding the alignment and targets set in Slovenia, still only 38% of habitat types (43% in 2013) and 25 percent of species (29% in 2013) are in a

favourable state. The need for investments and legislation for biodiversity is obvious; the current state of play seems very far away from the **Biodiversity Strategy 2030**.

Sources:

- https://www.euronatur.org/fileadmin/docs/umweltpolitik/RRF/Building_Back_Biodiversity_Recovery_Funds_Analyse_20210519.pdf

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Disclaimer: This briefing is prepared under the Unify project which received funding from the LIFE Programme of the European Union. This report has also received financial support from the Minor Foundation for Major Challenges. The information and views set out in this report are those of the authors and do not necessarily reflect the official opinion of the European Commission and the Minor Foundation for Major Challenges.