National Recovery and Resilience Plans: Empowering the green and digital transitions?

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Main findings
The COVID-19 crisis is exacerbating inequalities between countries, regions and social groups.

The twin sustainable and digital transitions are necessary to avoid the drastic effects of climate change, transform the economy towards a more prosperous and sustainable model, and simultaneously ensure economic growth. However, these structural transformations can have uneven effects and impact the most vulnerable actors disproportionately. If designed well, Recovery and Resilience Plans (RRPs) could provide a comprehensive, long-term investment and reform strategy for successful twin transitions while ensuring social and territorial cohesion. They are highly salient in national political debates, indicating strong national political ownership of the content. However, the process appears often untransparent, managed by the government behind rather closed doors and with limited stakeholders’ consultations.

The tight common framework imposed by the European Commission has helped create coherence between the national RRPs. However, this is only the case in broad terms, as the details are often lacking or fragmented.

The RRPs’ links to other EU programmes and the presence of cross-border projects are limited. There are some exceptions, but these are generally poorly described.

National governments’ willingness to take up the Recovery and Resilience Facility loans seems highly differentiated and likely dependent on their economic convenience. Of the countries which are included in this paper’s case studies, only Italy and Greece intend to make full use of their share of loans.

RRPs generally represent a good basis for medium- and long-term strategies, with good foresight and structural objectives. The RRPs’ expected impact on social, economic and territorial cohesion is well recognised in most of the objectives of the sample countries’ drafts. Nevertheless, the drafts must be improved by being more detailed. The lack of detail and thorough impact assessments imply that the countries are not necessarily addressing the impact on cohesion comprehensively.

Recommendations
Member states and the European Commission should improve the content of RRPs by enhancing cross-references and links between measures, exploiting complementarities with other EU funding sources, and strengthening the reforms’ components.

The Commission should strengthen the EU dimension by highlighting potential cross-country synergies between RRPs. It should put in place a flexible framework for cooperation between governments, brokering the first steps to reduce complexity and risks linked to cross-border projects. To mainstream support for socio-economic and territorial cohesion, the Commission should impose ex ante territorial and social impact assessments. These assessments should analyse the RRPs’ effects on not only economic growth but also the well-being of citizens.

To implement the RRPs correctly, the Commission should request as many details on the measures as possible, and intermediate and ex post assessments from the member states. In turn, national governments should improve the transparency of the implementation phase of their respective RRPs.
1. Introduction

The COVID-19 pandemic has hit the EU hard. Its disproportionate effects on some member states have resulted in EU leaders and the European Commission putting in place an unprecedented crisis response package, Next Generation EU (NGEU). For the first time ever, the EU will borrow large amounts of funding from the financial markets, which is then allocated to member states as grants and loans. This represents a paradigm shift in the Union as many countries had, until now, always opposed joint borrowing and EU-financed grants.

The NGEU’s main instrument, the Recovery and Resilience Facility (RRF), will provide funding to member states over the next five years, especially to the more vulnerable ones. Such important expenditure support is not only a mechanism that addresses the economic impact of the pandemic but also a much-needed opportunity to finance the twin transitions towards a more sustainable and digitalised economy. Member states are thus required to submit national Recovery and Resilience Plans (RRPs) which outline their respective investment and reform strategies on using the RRF financing.

The RRPs should outline a five-year reform and investment strategy that will allow the member states to rebound from the COVID-19 crisis and set the right pace of transformation needed for successful and fair digital and sustainable transitions (i.e. the twin transitions). By following the priorities and targets set at the EU level, the 27 RRPs should bring the Union towards this common objective coherently and cohesively.

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A decade of structural transformations: The twin transitions and COVID-19

2.1. COVID-19 EXACERBATING INEQUALITIES

One year into the COVID-19 crisis, its long-term effects are still uncertain. Nonetheless, some considerations regarding its potential effects can already be made. While the crisis has hit all countries, economic sectors and citizens, its consequences are asymmetric as some are more vulnerable to the shock than others. Additionally, they will likely face more difficulties in recovering from the crisis.¹

First and foremost, the crisis has exposed pre-existing weaknesses in EU health systems and their need for structural reforms. Aspects to consider include structural weaknesses in the organisation and delivery of health services, the promotion of the sector’s digital transition, and severe staff shortages.²

Second, the service sector is impacted more strongly than manufacturing and is expected to take longer to bounce back. Within the sector, some industries – hospitality, events, transportation, retail commerce, leisure – are impacted disproportionately. This uneven impact is not only economic but also societal, with the potential of increasing disparities. Women, youth and low-skilled workers have been more heavily affected than others as they are employed in these sectors disproportionately.³

Third, as national governments deployed and the EU supported broad employment support measures (i.e. SURE, or Support to mitigate Unemployment Risks in an Emergency), a large spike in unemployment was prevented until today. Nevertheless, the most vulnerable employment categories (e.g. self-employed, temporary and seasonal workers, those in other non-standard employment), which are only partially covered by public protection schemes (if at all), have been affected heavily.⁴ The COVID-19 crisis has exposed the gaps in social protection and welfare systems, created in previous years by deliberate policy choices and the changing world of work.⁵

Fourth, there is a geographical dimension to the crisis: some areas are affected more than others. From a health perspective, this is due to the formation of COVID-19 outbreaks. However, other factors are also at play. More socio-economically deprived areas tend to suffer from higher COVID-19 death numbers. Causes include higher population density, overexposure to at-risk occupations (see previous point), poverty, poor housing conditions, and the weak capacity of health systems.⁶ Certain economic factors also determine the regions which are being hit the hardest. These include the economic structure (e.g. heavy reliance on tourism and personal services), dependence on exports and/or international supply chains, the (over-) representation of vulnerable types of employment and/or of occupations not amenable to remote working (often low-skilled work), and scarce connectivity which impedes remote working.⁷

In addition to the nature of the pandemic, the length and depth of its economic effect depend on the resilience of regions, socio-economic actors and economic sectors. Those that are more rigid and have less political, administrative, economic and social capacity to adapt to the new, post-pandemic normal will take longer to recover from the crisis. Those who are less resilient now are usually those who were already vulnerable before the pandemic hit (e.g. regions with limited growth performance, low-skilled workers). This dynamic places pressure on the upward convergence process, likely resulting in further polarisation and fragmentation between and within countries.

2.2. THE GREEN AND DIGITAL TRANSITIONS NEED TO LEAVE NO ONE BEHIND

Climate change, technological change and digitalisation are global trends that were already well underway before the pandemic. The transition towards a more high-value, knowledge-intensive industrial model is also imperative to supporting the health and success of the EU’s productive sectors. In addition to preventing the far-reaching effects of climate change, which is potentially existential for any society, these transitions can create economic prosperity and stability in the long term.

These trends and transitions imply structural transformations across all economic actors (i.e. public and private), industrial sectors and societal groups. The scale of change is enormous and pervasive, going deep into the socio-economic fabric of all EU member states. The amount of public and private investment needed to accomplish the green and digital transitions, as well as the scale of the needed structural reforms, are daunting.

The need to stimulate post-pandemic economic recovery is a valuable occasion to push these transitions forward. The recovery funding, especially the RRF, should align the wider objectives of achieving a sustainable and digital economy and set the basis for a successful transformation. Additionally, from a political perspective, the RRF’s contribution to structural change was necessary to gain all the member states’ support (see section 2.3.).

However, while there is a common goal for these transformations – reaching a sustainable and inclusive society, economy and model of growth –, the scale of the required change is not the same for everyone involved. To be successful, the sustainable and digital transitions will require adaptations in production processes, public administration and services, education, the labour market, skill base, energy mix and infrastructure, and more. There is large heterogeneity across the EU regarding these policy fields, implying that the transformation towards the common objectives will require different, tailored efforts.

From a geographical perspective, EU regions that are less developed and/or underperform economically are also less equipped to successfully engage in the twin transitions. A recent EPC study puts forward the following conclusions:8

- **The twin transitions may force some occupations to transform significantly or disappear completely.** While they are expected to create new jobs, an issue arises if the jobs created and lost are not located in the same area and to the same workers. This is notably the case for regions whose labour market is heavily reliant on energy-intensive industries (e.g. extraction and processing of fossil fuels). As large workforce mobility cannot be assumed, labour repurposing and retraining will be necessary to avoid higher localised unemployment.

- **All economic sectors will demand more (and new) skilled job profiles** with more knowledge and technology intensity. Areas where the skill base is less advanced and/or there is less capacity to support in-work training will be less successful in engaging with the transitions quickly. This could result in negative effects on prosperity in the long term.

- **In order to reap the benefits of the digital transition and improved connectivity, digital infrastructure remains crucial.** The ‘digital divide’ across EU regions is a cause for concern, as the lack of appropriate (digital) infrastructure can exclude entire areas from high-value activities. It can also challenge existing activities, which might move elsewhere and therefore lead to economic decline. Similarly, it can prevent some areas from benefitting from digital public services.

Social aspects must be a central focus when planning structural changes. **Social cohesion will be the key determinant of the success or failure of the twin transitions.** If these major transformations are perceived as leaving individuals, vulnerable groups or regions behind and/or forcing them to shoulder most of the burden, public support for these structural transitions will diminish. This would risk their overall success and thereby reduce the resilience of the EU economy.

Some potential social effects of the twin transitions that are worth mentioning are listed below.

- **The impact of technological change on the labour market.** For example, new forms of work linked directly to digitalisation, notably platform work, have recently emerged. Social protection systems have not always been able to adapt to these labour developments, resulting in protection gaps.9

- **The employment risk of automation.** One in five low-income jobs is at risk of automation. This is one in six for middle-income jobs and only one in ten for high-income work.10 Job disruption caused by automation represents a real concern of increased inequality and new instability.

- **The symbiotic relationship between social exclusion and digital exclusion.** Vulnerable and socially excluded groups use the internet and technological tools less than the rest of the population, as they tend to have fewer digital skills and access. This digital exclusion also prevents them from reaping the benefits of new technologies, leading to poor educational attainment, for example. This exacerbates their social exclusion further.11

- **Low-income groups’ vulnerability to price increases.** If the ecological transition leads to higher energy or mobility prices, this will be problematic for low-income groups (at least in the short term) and affect the poor disproportionately.12

- **The digital transition’s gender dimension.** As STEM (i.e. science, technology, engineering, mathematics) skills and occupations become more important and requested in the labour market, there is a risk of women being left out of the gains and the gender gap increasing, as they tend to be less present in these areas.

Outlining these risks of inequality is by no means to undermine the need for the twin transitions. Rather, it is to ensure that the transitions are successful and just. The transitions can lead to a digital and sustainable economy and more cohesive society, as long as their benefits reach the more vulnerable. For example, digitalisation and teleworking can bring jobs and economic activities to areas where it is not physically feasible. Speeding through structural transformations without a strategy to prevent distorting effects and counterbalance costs dooms the effort to failure. There is increasing recognition that Europe’s social and territorial cohesion must be protected.

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The **2021 Annual Sustainable Growth Strategy** acknowledges these potential issues:

> “Every effort should be made to prevent unemployment and social exclusion from becoming entrenched and facilitate the adaptation of the labour market, called for by the green and digital transitions. It will also be important to foster convergence and improve the resilience of the regions, in particular to reduce territorial disparities.”  

Similarly, the RRF includes ‘social and territorial cohesion’ among its objectives. Thus, the potential and significant funding to reduce uneven social effects and support vulnerable actors throughout the twin transitions exists.

Nevertheless, these reforms and investments must be well-thought and envisage a comprehensive framework that accounts for unintended secondary and/or indirect effects.

The following areas may prove to be problematic:

- **The digitalisation of public services** might reduce the access of those with limited digital skills and digital infrastructure and/or tools (e.g. internet connection, smartphones). It should be gradual and coupled with education, awareness campaigns and infrastructure development.

- The incentives to **implement innovative (and clean) processes and technologies** might only be enjoyed by already advanced (i.e. large-scale) firms with the capacity and skilled workforce to do so. Meanwhile, smaller, more traditional companies may fall further behind.

- **Reforms and investments in education and the labour market** must be carefully aligned. The incentives to digitalise companies’ productive processes might be void if the available workforce does not have the necessary skills to work with those innovations. The education of youth and retraining of the existing workforce must accompany these incentives. Similarly, the reverse is true. Investing in education without also ensuring that the labour market provides an adequate offer of high-skill occupations will inevitably lead to the loss of that investment because of either brain drains or overqualification.

- **Deep transformations in production processes** must be matched by workforce training and repurposing to avoid the risk of increased unemployment.

These are examples of issues that may arise while the RRPAs are designed and, later, implemented. An accurate analysis of the measures included in the RRPAs – how they interact with each other and other countries’ measures; their direct and indirect effects in the longer term – is a must.

### 2.3, The Recovery and Resilience Facility is a unique opportunity

**NGEU**, the Union’s recovery instrument to respond to the COVID-19 crisis, was approved by the European Council in July 2020. Pending the ratification of the Own Resources Decision by all national parliaments, NGEU is expected to become operational in the summer of 2021. The EU will be able to borrow up to €750 billion from the financial markets and provide funding to the member states in the form of grants and loans, as well as increase the financing of some EU budget programmes.

The NGEU aims to **spur the EU’s COVID-19 economic recovery** by funding national investment and reforms that contribute to **four general objectives**: (i) promoting social, economic and territorial cohesion in the EU; (ii) strengthening economic and social resilience; (iii) mitigating the social and economic impact of the crisis; and (iv) supporting the green and digital transitions.

**The Recovery and Resilience Facility (RRF)**

The RRF accounts for the bulk of NGEU funding and can disburse up to €312.5 billion worth of grants and loans totaling €360 billion to member states. The EU27 can request loans of up to 6.8% of the country’s gross national income. The RRF allocates grant funding to countries according to a criteria, to prioritise the more vulnerable member states. For 70% of the total grant funding, the criteria are reverse GDP per capita, population size and the average unemployment rate between 2015 and 2019, all relative to the EU average. For the remaining 30%, the unemployment indicator is replaced by the real GDP loss in 2020 and the cumulative real GDP loss of 2020 and 2021.

The RRF’s general objective is to promote the EU’s economic, social and territorial cohesion by improving resilience and (sustainable) growth potential, contributing to the implementation of the European Pillar of Social Rights, encouraging the green and digital transition, fostering employment creation, and so on. RRF funding must apply to the following **six pillars**, which represent policy areas of European relevance:  

1. green transition;  
2. digital transformation;  
3. smart, sustainable and inclusive growth, including economic cohesion, jobs, productivity, competitiveness, research, development and innovation, and a well-functioning internal market with strong SMEs;  
4. social and territorial cohesion;  
5. health, and economic, social and institutional resilience, with the aim of, inter alia, increasing crisis preparedness and crisis response capacity; and  
6. policies for the next generation, children and the youth, such as education and skills.

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The Recovery and Resilience Plans (RRPs)

To access RRF funding, member states must present a national RRP which outlines the investment and reforms they plan to finance with it. The RRPs must be submitted to the European Commission before 30 April 2021. The Commission will then have two months to assess and eventually endorse or reject them before the Council can provide the final approval.

The Commission’s assessment will be based on criteria which will be graded A, B or C. To be endorsed by the Commission, RRPs must score A in the first two criteria and A or B for the rest. A majority of As is necessary, and no criterion should be graded C. The criteria are as follows:

1. alignment with Country-Specific Recommendations (CSRs).
2. contribution to the green and digital transitions (at least 37% of the funding should be allocated to green transition, and at least 20% to fostering the digital transition);
3. production of a long-lasting impact;
4. contribution to growth potential, job creation, resilience, and economic, social and territorial cohesion;
5. justification of costs in a reasonable, plausible and commensurate way to the measures’ expected impact;
6. inclusion of reforms and investment projects that represent coherent actions (i.e. how they reinforce and complement one another); and
7. expected implementation of planning, milestones and targets.

Investment is defined as “capital formation in areas such as fixed capital, human capital, and natural capital. This would also cover, for instance, intangible assets such as R&D, data, intellectual property and skills.” Importantly, only non-recurrent costs would be considered as investments. Therefore, operating expenditures do not quality for RRF funding. Also, all RRF investment must respect the ‘do no significant harm’ principle and exclude all activities that harm climate and environmental objectives, per Article 17 of Regulation 2020/852. This principle should, by design, block all measures that may have negative climate effects.

A reform is “an action or process of making changes and improvements with significant impact and long-lasting effects.” It should improve framework conditions, structurally change parameters and remove obstacles.

The commitment of RRF funding must occur before the end of 2023, with disbursement taking place in 2026 at the latest. This relative short timing is intended to spur the COVID-19 economic recovery with measures that will have a long-term impact. Member states can receive an advance RRF payment of up to 13% of their allocated total. The remainder is disbursed periodically if the implementation of the measures has been assessed as meeting the pre-set milestones and targets.

Lastly, the measures in the RRPs would ideally contribute to the common challenges identified in the 2021 Annual Sustainable Growth Strategy, which sets out EU-wide ambitions for each of them. The ambitions are called European Flagships and consist of the following:

- **Power up**: Frontload future-proof, clean technologies and accelerate the development and use of renewables. Also, building the basis for a hydrogen market and infrastructure.
- **Renovate**: Improve the energy and resource efficiency of buildings and foster deep renovation.
- **Recharge and refuel**: Support future-proof, clean technologies for sustainable transport, including charging stations and the extension of public transport networks.
- **Connect**: Improve citizens’ and businesses’ access to rapid broadband services, particularly by expanding the coverage of 5G to less connected, rural areas.
- **Modernise**: Update and improve access to digital public services and administration, including the judicial system and healthcare.
- **Scale up**: Enhance the EU industrial data cloud’s capacity and production of energy-efficient, cutting-edge processors.
- **Reskill and upskill**: Invest in digital skills and training for all ages to support the twin transitions, paying particular attention to disadvantaged groups, women and youth.

It is worth noting that only the last of the Flagships is social, as it focuses on the labour dimension.

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Since the political agreement at the EU level in the early summer of 2020, member states are discussing their strategies for designing and drafting their national RRPs. To effectively implement the measures to be financed by the RRF, especially those that require a structurally reformed national socio-economic system, national governments and their constituents must show ownership over the process. Past efforts of the European Semester have shown that many recommendations are left unrealised in the absence of national buy-in. With the RRF, there is a real chance that some of the issues mentioned (repeatedly) in CSRs will be picked up. Certainly, the presence of significant amounts of funding helps the cause. Nevertheless, the effect that national ownership can have should not be underestimated.

To understand whether the RRPs will be effective enablers of the twin transitions, the national political context in which the plans are discussed and drafted should be explored. This is crucial to understand whether the plans have a real salience in the political realm or whether they are considered a bureaucratic and/or technical exercise of fulfilling the European Commission’s requirements.

Our national experts have monitored their respective country’s national debates to understand points of salience and contention, the opinions of the main actors in the debates, and public reactions. Additionally, the project explores issues related to the transparency of the process and the negotiations, and the availability of information, which in some cases are rather scarce.

### 3.1. The Process, Debate and Transparency

The process and debate around RRPs in this project’s five sample countries differ with respect to timing, their position on the political agenda and the amount of information made public.

**France:**

**A frontrunner with some unclarity**

France was a frontrunner in the RRP process. On 14 July 2020, before the European Council even reached the final agreement on NGEU, President Emmanuel Macron announced a recovery plan of €100 billion to be financed by both EU and national funding. The details were ironed out over the summer, and in early September, the finalised “France Relance” plan was made public. It contains detailed and comprehensive information on objectives, timelines and costs.

France Relance is France’s exhaustive recovery strategy that covers the RRP. In other words, it includes both measures financed by the national budget and those that will make up the French RRP. The RRP measures will represent approximately 40% of France Relance’s budget.

To the day of writing, the distinction between the measures to be included in the RRP and the rest has not been made available to the public. Thus, while a significant amount of information is available, the French RRP’s exact content remains unknown. Additionally, the details of the government’s negotiations with the European Commission are not made public, nor are the RRP drafts. Lastly, the public debate on France Relance was most salient in the summer and early autumn of 2020. Since then, there has been little discussion on its measures and/or the RRP. Both the government and the public perceive the RRP drafting and negotiation as a technocratic process rather than a political one.

**Italy:**

**Heated political debates**

Similarly to France, the RRP process started relatively early in Italy and has dominated the public debate since, driven by the acknowledgement of the scale of the opportunity. The Conte government set up a task force of experts in the late spring of 2020, which produced a plan containing investment and reform proposals. However, the Conte government ignored this plan for the most part when drafting its RRP. The initial drafting was rather untransparent, with the government entirely in charge of the process through a rather obscure inter-ministerial committee. Nevertheless, relatively complete drafts of the RRP were already circulated and publicised during the last months of 2020, the latest version being in January 2021.

Political debate was extremely heated and led to the Conte government’s collapse: junior coalition party Italia Viva pulled out of the government in opposition to the proposed RRP process, content and governance structure. Mario Draghi was sworn in as prime minister in February 2021 and is reworking the RRP content, also based on the Commission’s feedback on the January draft – but, again, behind closed doors. The government is withholding information on this redrafting, and public debate has quietened since. In March, details on the new draft were shared with the Italian Parliament and public: the RRP’s main structure and measures remained largely unchanged, but details on the measures were added. The final RRP draft is due to be presented publicly just a few days before the 30 April deadline.

**Greece:**

**Nearing the finish line**

Greece started preparing its RRP in the autumn of 2020, and the government and political parties have been dom-
ining the public debate. Overall, the RRP has attracted some attention but has never dominated the public sphere, with public debate remaining relatively limited. The government already published the first full RRP draft on its website in late 2020. The complete and final version, which includes all details, was publicised and sent to the Hellenic Parliament on 2 April 2021. The drafting process was kept behind rather closed doors: the government’s discussions (i.e. with its private advisors and the European Commission) are not public.

Belgium: Delayed but catching up

Belgium took longer than the other countries to draft its RRP. The two main reasons explaining this delay are that Belgium had to first form a new federal government before progressing on this issue, which was accomplished at the beginning of October 2020. Secondly, RRP negotiations regarding the funding allocations between the federated entities reached a deadlock. An agreement was only reached in mid-January 2021. Since then, the RRP has been high on the political agenda, although the draft is not yet public. The latest draft was sent to the European Commission on 19 March 2021. Several national stakeholders lament the lack of transparency in the process. This high degree of opacity translates into Belgian civil society’s lack of ownership.

Poland: Gaining momentum slowly

The Polish government has taken charge of drafting its RRP and did not provide any information until February 2021. While some stakeholders were invited already to provide project suggestions in the summer of 2020, there has been little to no public debate on the RRP until the February draft. Since then, the RRP is gaining salience in Polish media and generating debate among the government coalition partners. The government has been criticised by many stakeholders who find that the process was not transparent enough and that there was no opportunity to discuss or influence the drafting.

3.2. STAKEHOLDER CONSULTATIONS

In all five countries of this research paper’s sample, some degree of public stakeholder consultations (with e.g. industry representatives, civil society, labour unions, local authorities) has taken place, although at different times and to different lengths. Regardless, the extent to which these consultations actually influenced the drafting of RRRPs is limited.

In France, the very early publication of France Relance meant that there was no time to consult the public significantly. It is unknown whether its public stakeholder consultations brought any change to the government’s plan.

In Italy, the Conte government did not engage in structured public consultations, although all stakeholders have been engaging in the public debate around the RRP. When Draghi took office, he did consult with several stakeholders (i.e. trade unions, industry, sectoral and environmental associations), but the results are yet to be seen. The Draghi government consults with regional authorities, who will be in charge of parts of the implementation, frequently.

In Greece, a public deliberation process took place in late December 2020, with several stakeholders providing their opinions on the RRP. Additionally, in the summer of 2020, the government tasked a group of experts, led by economist and Nobel laureate Christopher A. Pissarides, with developing a national plan for the recovery and sustainable growth of the Greek economy. This report was published in late 2020, and its recommendations are included in the RRP. The Greek government has outlined a brief communication strategy on sharing information on the funding of RRF activities and their impact on the national economy. Additionally, it will set up a website dedicated to the RRP.

Some working groups were set up in Poland to select the projects to be included in the RRP, although their composition is unknown. Following the draft publication in late February, a consultation process took place March. However, it was probably too late to influence the RRP significantly.

Belgium’s decision-making system is unique compared to the other sample countries in that it does not envisage a hierarchy of norms between the federal level and the federated entities. Its multi-level governance means that the federated entities largely and exclusively carried out the discussion on the allocation of RRF funding. These entities are the three regions – Flanders, Wallonia, Brussels-Capital – and the three language communities. While other institutional actors were consulted, they did not have the power to determine funding allocation. Due to the country’s federal model, consultation processes were initiated at both the federal and federated entity levels, which exacerbated the lack of national vision and regional fragmentation.

3.3. POINTS OF CONTENTION

While the RRP was not the subject of significant criticism in some of the sample countries, the debate was heated in others.

In Greece and France, the draft plans were overall well received. Some expert debates in Greece were concerned with specificities. In France, only a couple of criticisms were raised around the soundness and additionality of some measures and the presence of current expenditures.

In Belgium, the main conflict regarded the allocation of funds between the federal entities, leading to a political deadlock. The lack of coherence among the projects included in the RRP has also been mentioned in the public discourse: the RRP has been labelled a collection of recycled projects that will fail to lead to a successful national recovery.

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18 Conseil Central de l’Economie & Conseil Fédéral du Développement Durable, Avis intermédiaire sur les orientations stratégiques du projet de plan pour la reprise et la résilience, 18.02.2021
19 See for instance: Brupartners, CONTRIBUTION Dans le cadre des priorités partagées de la Stratégie GO4 Brussels 2030 Projet de Plan pour la Reprise et la Résilience - Projets bruxellois – 16.02.2021
Severe disagreements exist within both Italy’s and Poland’s government coalitions. In the latter, they mainly concern the RRP with respect to the funding allocated to different components. However, it also relates to larger disagreements within the government over the rule of law mechanisms tied to the Multiannual Financial Framework and NGEU. In Italy, the main points of contention that led to the Conte government’s collapse included the incoherent and disjointed vision, the proposed governance structure, and the lack of a clear timeline and impact assessment for some projects. The new government is expected to address these issues in the next RRP draft, which is not yet available to the public.

3.4. GOVERNANCE AND RESPONSIBILITIES

The five case studies have put in place different RRP governance structures.

The French prime minister’s office and economy ministry are drafting the RRP. The latter will also coordinate the implementation once approved. A governance structure composed of a national council, general secretariat and regional councils will be responsible for executing, monitoring and evaluating the implementation.20

A special governing committee composed of several ministries is in charge of the Greek RRP drafting process, while the “Special Coordinating Service for the national recovery and resilience plan” will be responsible for the implementation until 2027.

Belgium’s RRP drafting process is coordinated by the State Secretary for Scientific Policy, Recovery Program and Strategic Investments and five working groups, each dedicated to a priority area and composed of the federated entities and federal government. However, the most sensitive issue surrounding the allocation between federated entities was resolved directly by the leading Minister-Presidents. The Federal Planning Bureau will be responsible for assessing the macroeconomic impact of the plan.

In Poland, the Ministry of Development Funds and Regional Policy will be responsible for implementing, coordinating, managing and reporting on the RRP. Other ministries are also responsible for the reforms and investment in their respective areas.

Lastly, Italy’s new government has mandated the economy, infrastructure, ecology and innovation ministries to oversee the drafting process. A central government structure will be set up to coordinate and liaise the funds between the European Commission and the country’s implementation bodies, evaluate the coherence of the RRP’s measures with its targets and objectives, and ensure that the funding is spent per the RRF rules. Most of the RRP measures will be implemented by local and regional authorities, not the central government.

3.5. NATIONAL OWNERSHIP IS PRESENT

Overall, the process of debating and drafting the RRPs is well included in the five sample countries’ public and political debates. Public opinion is, to some extent, engaged on the matter, while governments are taking responsibility and credit for the plans. The RRPs are not seen as a technical exercise to be dealt with at the working level between national ministries and the European Commission. Rather, the highest members of national governments are discussing them in the political sphere. This represents a significant shift from the European Semester process, which was not discussed in national public debates and was only considered a technical exercise.

Importantly, two further conclusions can be drawn:

1. The RRP process has varying degrees of transparency, with some countries more open than others, and from early. However, in all five cases, it appears that the in-house workings of governments have been kept private, and that the extent and influence of public consultations are limited and yet to be proven.

2. RRPs’ position on national political agendas varies between the countries. The Italian RRP is described by some commentators as “the most important document in the country’s recent history”21 and even triggered a government crisis. In Belgium, the deadlock over funding allocations could only be solved at the highest political level. Conversely, although some attention is given to the RRP in Greece, it is much less salient, and the debate on it limited.

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This section reports the main aspects of the RRPs of the five sample countries, with a focus on the budgets allocated to measures related to the twin transitions, as well as the relevant reform components. Preliminary estimations of the RRPs’ effects on social and territorial cohesion are also made. An accurate impact assessment is not possible at this stage and should be carried out over the next months (ex ante) and years (ex post).

4.1. FRANCE

The peculiarity of France Relance (€100 billion) is that approximately €60 billion is funded by the national budget, and €40 billion from the EU’s RRF. It is not yet known which measures are to be funded by what source. The following analysis is based on the total €100 billion budget, bearing in mind that the RRF share will be less than half. To fulfil the targets imposed by the RRF, the French RRP will presumably include most of the measures concerning the green and digital transitions. To the best of our knowledge, at the time of writing, the country intends to take up only the grants disbursed by the RRF and not the loans.

Figure 1 indicates France’s sustainable and digital priorities for its COVID-19 recovery and their respective share of the total funding of France Relance. The Other category includes all measures that are not explicitly related to the twin transitions (e.g. a production tax cut, employment support, relocation of industrial activities to France).

The included measures regard, among others, the energy efficiency of buildings, urban and long-distance sustainable mobility (i.e. the railway sector), low-carbon technologies (e.g. green hydrogen), the digital upgrade of SMEs and public administrations, and sustainable agriculture. While most measures relate exclusively to either the climate or digital targets, some contribute to both. This is the case, for example, with the measures supporting green technologies, training in strategic sectors, and the digitalisation of transport sectors. Importantly, France Relance does not include any reforms. Instead, they are expected to be included in the RRP. As such, it remains impossible at the moment to assess whether investments are to be accompanied by regulatory change, for example.

The overall level of ‘mainstreaming’ green and digital objectives across measures that are not explicitly intended for that (i.e. included in the Other category) is satisfactory. For example, financial support for reindustrialisation projects in declining industrial areas is conditional on reducing the carbon footprint. Similarly, to support territorial cohesion, combating digital exclusion and deploying optic fibre are of particular interest. Importantly, however, some stakeholders have criticised the inclusion of measures that would conflict with the transitions. For example, the production tax cut of €20 billion would be open to all firms and not conditioned to any sustainability efforts.

Most green and digital measures apply country-wide, and there is no specific targeting of the more vulnerable social groups nor of less developed regions, which has the potential to widen existing disparities further, although support for employment and training has a focus on the youth. Some efforts will strengthen territorial cohesion by nature. This is the case with support for sustainable agriculture and reindustrialisation, and optical fibre deployment. However, the distribution through competitive calls of funding for advanced (low carbon) technologies might favour implicitly more developed actors and areas.

22 Fully available here.
23 Green Recovery Tracker (2021), “Green recovery tracker report France”
4.2. BELGIUM

The Belgian RRP draft – which, at the time of writing, stood at 130% of the RRF grants allocated to Belgium – amounts to €7.78 billion. It allocates most of its budget (i.e. approximately 75%) to ecological and digital priorities (see Figure 2). The amounts correspond only to the RRF grants made available to Belgium. Belgium’s uptake of RRF loans cannot be excluded, but none of the federated entities have requested them for now.

Private and public building renovation to reduce greenhouse gas emissions is the largest measure in the draft proposal, amounting to €1.5 billion and almost 20% of RRF funding. Other climate-related efforts include investing in hydrogen, decarbonising industry, protecting biodiversity, climate change adaptation and greening public transport. Digital actions relate to the digitalisation of public administration, healthcare, and the cultural and educational sectors; and digital infrastructure deployment. Some of the remaining measures support both transitions indirectly, for example, through a specific focus on digital skills in training support. The Belgian government has also sent a separate document to the European Commission outlining potential structural reforms to be included in the RRP. Unfortunately, the exact content of this document is unknown.

Due to a lack of information and detail, it is not yet possible to accurately assess the RRP’s impacts on cohesion. The main aspect worth mentioning is that the development of optic fibre, 5G and new technologies aims, among other things, to enable an inclusive and just digital transition. For example, the deployment of this infrastructure is expected to improve territorial connectivity, but its description remains very generic for now.

The federated entities will be responsible for designing and implementing their ‘part’ of the funding, and the federal government will also have its share. The division of funding among entities took place at the political level and resulted in a rather arbitrary allocation, with a strong spatial concentration of some measures. While this reflects the regional differences in economic development (partially), it is hardly representative. For example, Wallonia will receive 92% of the budget for social infrastructure, while Flanders will receive 84% of that for pedestrian and cycling infrastructure. This imbalance confirms the analysis of section 3: the division of funding was done through political bargaining between the representatives of the federated entities rather than through any ex ante impact or needs assessment.
The Polish RRP draft amounts to €23.85 billion and has five components (see Figure 3). It only concerns RRF grants. The government has not yet decided on the uptake of loans and therefore cannot be excluded.

More than €6 billion are earmarked for the energy transition and sustainable mobility, each accounting for more than 25% of the total budget. The measures under these two categories include developing zero-emissions public transport, strengthening railways, and improving the energy efficiency of residential buildings and conditions for developing RES (including hydrogen technologies). Some of these measures also contribute to the digital transition (e.g. smart and sustainable mobility, green technologies). The digital transition component (€3 billion) includes strengthening high-speed internet to be universally accessible, as well as developing public e-services and digitalising the education infrastructure. The other components only contribute to the twin transitions partially, for example, through innovative projects in green technologies, supporting sustainable solutions in enterprises and developing e-health.

An important feature of the Polish RRP is that it clearly sets out reforms that match the investments in each intervention area. For example, removing legal obstacles and regulatory changes to support the development of public e-services and electricity distribution from RES.

While it appears that the five categories are in line with the RRF’s green ambitions, two measures that are likely to be included in the RRP are severely criticised by stakeholders as environmental threats. The construction of a new airport, “Central Communication Port”, is believed to cause environmental degradation and not be aligned with Green Deal objectives, while a waterway is planned to go through the Vistula Spit, a Natura 2000 area.

Although the draft RRP does not outline the estimated impact of its measures in detail (e.g. performance indicators are not mentioned), there seems to be overall horizontal attention to the most vulnerable social groups across the components. For example, there are explicit mentions of reducing energy poverty by increasing efficiency, reducing the numbers of digital illiterates, and improving access to transport for those currently excluded. Concerning the regional dimension, there is specific support for the energy transition in coal regions and heavily touristic regions that have been most affected by the COVID-19 crisis.
4.4. GREECE

The Greek RRP draft is composed of four pillars, each with specific components. The components of the ‘Green’ (€6 billion) and ‘Digital’ Pillars (€2.1 billion) are reported in Figure 4. The Other category includes the two remaining Pillars, namely ‘Employment, skills and social cohesion’ and ‘Private investments and economic and institutional transformation’. While the budget would only consist of RRF grants, the government also intends to make full use of the loans available (up to €12.7 billion). The loans would be used to support reforms to improve Greece’s business environment, simplify bureaucracy and promote private investment by co-financing the twin transitions, economies of scale and R&D&I.

The Green Pillar (€6 billion) includes measures to improve energy efficiency (of i.e. the electricity grid under Power Up and of residential buildings under Renovate) and RES use (Power Up). Incentives for businesses are also included. Additionally, it foresees rolling out an electric vehicle charging network (Recharge and Refuel), protecting the environment and climate change adaptation. Measures under this Pillar also support digital objectives indirectly, for example, through the digital monitoring of energy consumption. The Digital Pillar (€2.1 billion) includes the installation of optic fibre and 5G infrastructure (Connect), the development of digital public services (Modernise) and support for the digitalisation of the private sector (also with the dual aim of optimising their climate footprint). Some measures in the remaining two Pillars also support digital objectives, for instance, the promotion of digital skills and the digital transformation of the education and judicial systems, health services and tax administration.

Additionally, the RRP dedicates a section to the Partnership Agreements of the 2021-27 Cohesion Policy, outlining links between the RRP measures and the five objectives of Cohesion Policy. References to the Just Transition Fund (JTF) are also present with respect to the lignite phase-out.

Overall, the plan shows a good degree of alignment to climate-related objectives, even in indirect form (e.g. measures for strengthening the capital market include incentives for green investment products). However, one vital measure is not aligned with climate objectives: expanding the natural gas network, which is a fossil fuel.

Overall, the measures’ impact on cohesion is rather well referenced, although often in generic terms. For example, there is a sensitivity to the transition needs of areas affected by the lignite phase-out, the connectivity of islands, urban energy poverty and job creation for particular groups (i.e. youths, the unskilled, the highly skilled). Nonetheless, ascertaining whether some measures will negatively affect cohesion is difficult given the lack of detail in the draft RRP. For example, if unaccompanied by other interventions, certain horizontal measures may be more effective in more developed areas, thereby indirectly widening the economic gap between different regions.
4.5. ITALY

The Italian RRP draft envisages using the country’s share of RRF grants and loans fully, totalling around €210 billion. The two largest components (almost €30 billion each) include measures to improve the energy efficiency and safety (especially seismic) of private and public buildings, including schools and social housing, as well as strengthen railways connections (including freight). Other measures linked to climate objectives in the other components include developing sustainable agricultural practices, strengthening recycling and the circular economy, increasing the production and distribution of renewable energy, supporting sustainable local transport and protecting the environment.

Digital efforts prominently regard the digitalisation and modernisation of public administration (including the judicial system) and support for that of businesses. A few of the Other measures are deemed complementary to the twin transitions: promoting STEM skills and digitalising the education system; and creating innovation ecosystems in urban areas (especially in the south) that can respond to the challenges posed by the twin transitions (see Figure 5).

The Italian RRP has a very strong reform component that accompanies almost all types of investment. The reforms most relevant for the twin transitions include, among others, the adoption of the Minimum Environmental Criteria for cultural activities and a national strategy for the circular economy, regulatory changes in waste management, the simplification of authorisations for the renewable energy sector and strengthening the governance of the water supply infrastructure. Broader structural reforms relate to public administration and the tax and judicial systems.

An important peculiarity of the Italian RRP is that almost all its components already interrelate with REACT-EU 27 funding strongly (i.e. approximately €13 billion), as well as additional financing from the national budget and, in some cases, the European Structural and Investment Funds. This showcases a good degree of early planning of the uses of different funding sources, although many measures were already in the pipeline before the RRP began to be drafted. The Italian RRP draft has a strong focus on economic, social and territorial cohesion. Three transversal, horizontal priorities are mainstreamed across all the components: women and gender equality, youth, and the economic development of southern Italy and reduction of territorial imbalances. For example, the public administration reform also focuses on improving women’s access to managerial positions, the strengthening of STEM skills pays particular attention to women, the development of the railway network aims to reduce the infrastructure gap between the north and south and the socio-economic impoverishment of the less connected territories, and the establishment of seven high-technology research centres is split between the north and south.

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26 Available here.
27 REACT-EU is an additional temporary envelope of Cohesion Policy, financed mainly by Next Generation EU, to support countries’ responses to the COVID-19 crisis.
5. An effective, EU-wide strategy for the twin transitions and economic prosperity?

Drawing from the individual analyses presented in the previous section, this section draws conclusions on whether the RRPs are likely to be effective strategies for the green and digital transitions. In particular, each plan’s coherence is assessed, as well as that of the plans with each other from an EU perspective. Lastly, their foresightedness and attention to impacts on cohesion are evaluated.

5.1. COHERENT OR FRAGMENTED MEASURES?

A factor that the European Commission will assess in its evaluation of the RRPs is whether the measures included are harmonious. This is easier said than done: some incoherence is expected, mostly since the RRPs had to be written quickly and different entities often elaborated different parts.

One way to assess coherence is to analyse whether the measures of a RRP cross-reference each other. The five case studies show that this is quite rare. Complementarities appear only because different measures contribute to the same specific objective or broad European Flagship (i.e. common challenges e.g. the twin transitions). However, if and how synergies will emerge remains to be seen. Fragmented measures appear particularly present in the digital components of the French RRP and the Italian and Belgian ones more generally. In the latter, standalone projects are present because each federated entity presented a proposal without coordinating with the others, and budgets were allocated among said entities through political bargaining. Considering that different ministries oversee the elaboration of different parts of the RRP, national governments should invest time and efforts in providing a unitary vision across their measures beforehand.

Nonetheless, attention has generally been paid to the complementarity of measures. For example, the digitalisation of the education system, support for STEM skills, and training for digital and sustainable technologies and/or sectors are often included in the strategies for the twin transitions.

The extent to which RRP measures are in harmony with and make reference to existing EU programmes and other national measures are also explored. EU programmes are rarely mentioned in RRPs. This is rather surprising given that member states will also be managing Cohesion Policy funding, and often in large amounts. Only Italy, Greece and Poland appear to take other EU programmes into account generally. As mentioned, almost all the Italian RRP components include REACT-EU funding and some limited amounts of structural funds, although their different roles are not explained. In Poland, some RRP activities appear to align with those funded by the structural funds (i.e. the Common Agricultural Policy, JTF) but, again, how this will take place in practice is not outlined. In Greece, the Cohesion Policy objectives are mentioned explicitly but in rather broad terms. References to EU programmes are only sporadic in the French draft and absent from the Belgian one.28

Barring Poland, all the case studies envision additional funding from national budgets, although to varying degrees. Many Italian RRP components mentioned additional national financing, although a precise breakdown and the potential complementarities are not present. The Belgian government had originally intended to develop a broader recovery strategy with additional national funding, but regional recovery strategies are progressively replacing this. These regional plans are not synergic to the overall RRP and consist of projects that have been in the regions’ drawers for years. The Greek RRP makes links to national strategies, for example, those related to energy and climate, a just transition, higher education, research and technology for smart specialisation, and transport. The majority of France Relance measures are to be financed by the national budget. The RRF will finance 40% of France Relance, but the selection of measures to be included is still unknown.

In this respect, national governments should link their RRPs to their broader strategies for EU funding. This is especially relevant for the Cohesion Policy, which will be implemented over the next decade and has strong complementary potential with the RRF measures. Overall, while the RRP measures are coherent in the objectives, cross-referencing and references to other EU programmes are scarce.

5.2. RRP PRIORITIES ARE ALIGNED, BUT THE CROSS-BORDER DIMENSION COULD BE STRENGTHENED

The common objectives for measures financed by the RRF (i.e. its six pillars) and quantitative targets for spending related to the twin transitions guarantees – at least on paper – that there is a framework that ensures that all national RRPs have a common trajectory. All five analysed RRPs share similarities. For example, renovating buildings to improve their energy efficiency is always one of the most funded measures, revealing its importance for the countries. Support for and development of sustainable mobility is also a measure that receives significant funding in all five countries.

Digital measures, including the digitalisation of public services and support for the private sector, tend to receive less funding than green ones. This is (partly) because the target

28 This refers to the summary draft plan that we had access to. It cannot be excluded that references to EU programmes are included in the consolidated version of the plan sent to the European Commission.
for digital spending is lower than that for green spending (i.e. 20% instead of 37%) but can also showcase different priorities. An exception is Belgium, where the digitalisation of public administration is the second-largest component and accounts for almost 10% of its total RRP budget.

The RRP’s coherence with EU objectives is also ensured by the need to align with CSRs. It emerges that overall, RRP measures are in line with the CSRs relevant for the twin transitions.

Lastly, the international dimension of RRPs should be studied, assessing whether cross-border projects are envisaged and if and how synergies across countries will emerge. Overall, these appear scarce. French support for green hydrogen will be coordinated with other member states via a new Important Project of Common European Interest (IPCEI). The development of green hydrogen is also mentioned as a cross-country project in the Belgian RRP, together with the deployment of 5G and broadband networks – although only in generic terms. The Greek RRP’s Digital Pillar includes investing in the development of 5G cross-border corridor but does not exemplify how this will occur. The possibility of IPCEIs is also mentioned in the Polish components for the digital transition, as well as plans to implement joint projects under the Digital Europe Programme and Connecting Europe Facility. However, details are again lacking. The Trans-European Transport Network is mentioned in the Polish and Italian RRPs as priority areas for new and/or upgraded infrastructure, including electric vehicle charging infrastructure, the modernisation of intermodal terminals, railways and port infrastructure.

The international dimension of RRPs is overall rather limited. The general lack of multinational projects can be explained with the generic assessment included in the Polish plan: such projects are overly complex and risky as many beneficiaries from different countries are involved. However, these interventions can crucially strengthen the Single Market, improve connectivity among countries (especially peripheral areas), and generate efficiency gains through common projects. Governments should thus explore ways to include multinational projects in their strategies.

5.3. RRPs SET THE BASIS FOR A GOOD STRATEGY GENERALLY BUT CAN STILL BE IMPROVED

The assessment of the five national RRP drafts shows that the countries are broadly on the right track when it comes to preparing a strategy with long-term impacts: economic growth, job creation and structural changes with respect to the twin transitions. The RRPs aim to achieve all three impacts by ensuring that investments and reform affect growth and employment positively. For example, by 2026, Greece’s RRP is expected to increase its GDP by 7 percentage points and create up to 200,000 full-time jobs (i.e. 4% increase in employment). The Italian draft estimates that thanks to its investments, GDP will be 3 percentage points higher than the baseline scenario in 2026. This figure would rise further with reforms.

A long-term impact of measures is one of the European Commission’s requirements, so the RRF framework supports this thinking of structural interventions. However, the risk that the measures represent short-term fixes and/or are not structural and foresighted enough remains.

This risk appears concrete in the Belgian draft, as most of its measures are oriented towards short-term solutions by covering investments already planned and continuing existing policies rather than investing in a successful transition in the long run. While common overarching values underpin the RRPs, the measures are highly fragmented, mostly due to the federated entities proposing different projects. Additionally, the size of the RRF contribution allocated to Belgium is relatively small, thus limiting its ability to deliver the twin transitions.

France Relance is a mix of structural and short-term measures. Approximately half of its measures is considered to support resilience and structural support in the medium and long term. Conversely, short-term economic support is estimated to account for between 20% and 50% of the measures, depending on how they are categorised. Importantly, France Relance has a much larger budget and scope than the RRP, and thus the latter will likely only include the most relevant measures aligned with the RRF’s framework. Additionally, reform components will have to be added to the RRP, which are still absent. Overall, France Relance presents a rather comprehensive and ambitious investment strategy, especially regarding the sustainable transition, while measures linked to digitalisation appear less coherently structured.

The Greek RRP aligns its actions with the well-known structural and long-term needs of the Greek economy. An expert group published a report analysing these needs in late 2020 (see section 3). Based on this report, the Greek RFP focuses on the economy’s structural problems rather than short-term issues. The RFP thus appears foresighted and could shift Greece’s trajectory towards a more resilient and sustainable growth model. However, although this appears to be the case for the economy and the state, it is less relevant for the green transition. For example, the RFP does not mention the climate-related challenges of coastal areas, which constitute large parts of the country, or issues related to increasingly frequent and adverse weather phenomena (i.e. wildfires, floods). Similarly, references to the circular economy are very limited. In this respect, the plan’s foresightedness and comprehensiveness could be improved.

As mentioned, the Italian draft RRP is being revised by the new Draghi government. However, the previous government’s draft already showed a good degree of long-term thinking and a significant number of measures well-suited...
for the medium and long term. This includes, for example, long-overdue structural reforms (of e.g. the judiciary and public administration, infrastructural upgrades and attempts to reduce disparities within the country). Nevertheless, this foresightedness does not appear to be accompanied by a unitary vision that interlinks and creates harmony between the different measures, leading to excessive fragmentation and many small-scale projects. A more comprehensive vision of interrelated measures would make Italy’s strategy stronger.

The Polish RRP appears rather comprehensive but largely in line with the government’s priorities over the previous years, with many measures already in the pipeline, especially digitalisation and new technologies. It sets out a good level of ambition for the green transition, which will be quite far-reaching in a country with poor air quality and a heavy reliance on coal. Importantly, however, the RRP omits some necessary but politically risky reforms, such as changes in the labour market due to the energy transformation and of the retirement age. These should be included to ensure a comprehensive strategy that accounts for all indirect effects.

Importantly, while RRP measures may represent a significant part of government expenditures, countries will also continue to implement measures through their national budget. It is impossible to account for what governments do outside of the RRF’s framework, and if and how these actions are in line with the objectives of the twin transitions. Focusing only on the RRPs, there is a risk that governments are overselling their efforts for the twin transitions. For example, although Poland has recently set 2049 as the target year for a complete phase-out from using coal for electricity production, it is also planning to continue subsidising coal production, regardless of the falling demand and financial losses.33

Lastly, the extent to which the RRPs represent new, innovative thinking – or, rather, are collections of pre-decided measures – is explored. Overall, it appears that there is a mixture of both, with a strong presence of the latter. While there are significant amounts of ‘new’ interventions, governments are using the RRPs to repack-size actions that have been in the pipeline for years. Examples include the French production tax cut, some public transport projects in Belgium and Poland’s Clean Air programme. Nevertheless, these existing projects are usually aligned with the broader objectives. RRF funding will be used to increase their budgets and accelerate the roll-out. Additionally, given the very tight time constraints to design RRPs, it is understandable that relevant, pre-existing measures have been proposed. In some cases, this option may even be preferable if the alternative is new but badly designed projects.

5.4 IMPACTS ON COHESION ARE CONSIDERED AT DIFFERENT DEGREES ACROSS PLANS AND COULD BENEFIT FROM MORE DETAIL

To be successful, structural transformations aligned with the twin transitions must limit their impacts on cohesion. If not, the acceptance and effectiveness of the changes will be jeopardised (see section 2). With ‘social and territorial cohesion’ as one of its six pillars, the setup of the RRF partially reflects this need. Additionally, national RRPs are required to have a long-lasting impact. This implies, at least on paper, an enhancement of cohesion or a limitation of negative effects at a minimum. Questions on this can be measured and assessed in practice remain, nonetheless.

The EPC–KAS assessment of the expected impact on cohesion shows that while most of the sample countries recognise and reflect this in their objectives reasonably well, the lack of detail and thorough impact assessments imply that the issues related to cohesion are not necessarily addressed comprehensively. Even in the Italian RRP, which is the one that mainstreams cohesion impacts horizontally across all measures, the impact assessment is not satisfactory in some cases and could be developed further. The Greek and Polish RRPs contain a certain degree of sensitivity to vulnerable groups and regions, but the expected impact on cohesion is outlined in generic terms and performance indicators are lacking. In the French and Belgian plans, this sensitivity is much less present. It appears that the reduction of social and territorial disparities is considered a positive secondary effect of some measures rather than an objective per se. For example, the roll-out of digital infrastructure will benefit less connected areas indirectly by improving their access.

Across the RRPs, there is a shared concern that some untargeted, country-wide measures might experience more effective uptake in more advanced areas, thereby reinforcing disparities. Additionally, there is a tendency to only outline social impacts in positive terms. For instance, the measures’ effects on the labour market are often references related to job creation and never job displacement. Importantly, there is little to no reference made to complementarities with Cohesion Policy funding, which could be used to smoothen some of the indirect effects.

In conclusion, the five draft RRPs are a good basis for rolling out the twin transitions coherently overall, but the devil is in the details. While the framework appears solid when studying their objectives— measures aligned to common targets, the right pace set for a medium- to long-term strategy—, there is room to improve the outlining of the measures. This is the case for intra- and inter-RRP coherence, links to other EU programmes and their impacts on cohesion. The following section presents recommendations to address these issues.

The following recommendations are drawn to make RRPs more effective in achieving the twin transitions fairly and spur economic recovery from the COVID-19 pandemic. This paper’s five sample countries can be used to make generalisations on the process and content of the RRPs and provide indications for the other 22 member states. The European Commission and the member states should consider these recommendations in their exchanges in the months preceding the former’s approval.

RECOMMENDATION 1: IMPROVE THE CONTENT

The Commission’s relatively tight mandatory framework, set objectives and targets provides some consistency and coherence to the RRP structure. However, this is occasionally only the case for objectives, with (significant) fragmentation present among the measures and lack of a vision that convenes reforms and investments in a detailed, complementary manner.

- The Commission should work with national governments to improve their measures’ cross-references, and change their view of projects from standalone actions to interlinked components of a larger strategy.

Additionally, while some countries do include other EU and national funding sources, this is not the standard rule.

- National governments should identify more potential synergies between the RRF and other EU funding sources which provide large amounts of resources for aligned objectives and could complement support for sustainable economic growth (especially the Cohesion Policy).

Even though the choice of national expenditure is beyond the scope of the RRF and the Commission’s competences, coherence between the RRPs – which are heavily ‘biased’ towards the twin transitions – and other national actions could be explored further.

Lastly, the inclusion of reform components varies greatly among member states. Countries with well-known structural issues (i.e. Greece and Italy) appear to consider these more strongly and are keener to include them in their RRPs. Other countries (i.e. Belgium and especially France) appear less or not at all inclined.

- The Commission should work with member states to strengthen the reform components, especially in RRPs where they are less present. The twin transitions will certainly require large amounts of funding, but this alone will not suffice. Regulatory changes and framework reforms are crucial to set the right incentives and conditions for effective change and buy-in from the private sector.

RECOMMENDATION 2: STRENGTHEN THE EU DIMENSION

The previous section outlines how RRPs’ cross-border dimension remains underdeveloped, with synergies difficult to ascertain. While there are some references to multinational projects and alignments to EU-wide infrastructure networks, they are often not detailed. This absence may be excusable due to the short time the plans have been drafted in and the complexity of planning such projects. Nonetheless, cross-border actions should be considered to create synergies, leading to efficiency gains, growth and a stronger Single Market.

- When assessing the RRPs, the Commission should not analyse each separately but rather maintain an overview. Given that the national governments are unaware of the contents of the other countries’ RRPs, the Commission’s comprehensive view should highlight potential areas for synergies across countries and cross-border projects. It should then put a flexible framework for cooperation among governments into place by brokering the first steps to reduce complexity and risks.

RECOMMENDATION 3: MAINSTREAM SUPPORT FOR COHESION

Efforts to maintain and improve social and territorial cohesion are clearly outlined in some RRPs and missing from others which consider it a by-product. Even in the former’s case, the measures are developed in generic terms and lack a detailed impact assessment.

- The Commission should request governments to present ex ante territorial impact assessments of their measures. They would crucially assess the areas where country-wide measures would impact and potentially overcome the risk of concentration in more advanced areas, which are already more prone to obtaining incentives.

- The Commission should also request governments to present ex ante social impact assessments of their measures. They would address the potential social exclusion of certain population groups from the measures and rectify this, especially those who risk being affected by the COVID-19 crisis and the twin transitions disproportionately.
Investments and reforms should not be only assessed with respect to economic growth but also their contributions to the well-being of citizens. The measurement of well-being should be developed and included in the assessment of RRP implementation over the next few years. The RRF is an opportunity to pursue a model of growth that is both environmentally and socially sustainable.

**RECOMMENDATION 4: GET THE IMPLEMENTATION RIGHT**

The devil is in the details. Our assessment shows that the draft RRPs’ objectives are largely in line with the RRF framework. Nonetheless, the detailed design of the measures will determine the effectiveness of the implementation and whether it will lead to a long-lasting impact. This not only applies to investment but, even more importantly, structural reforms. If implemented quickly without the proper planning, RRPs can lead to a waste of resources and serious structural damage.

> Considering the limited amount of time, the Commission should ensure that national governments provide as many details as possible on the planned measures and respective targets. The more detailed the plan, the lower the risk of errors in the implementation phase and the easier the monitoring of progress. More importantly, maximum effort will be needed in the intermediate and ex post assessments of measures, including with respect to milestones and targets. These will allow governments to monitor the progress and assess the achievements. Some degree of flexibility should be allowed to eventually revise the design and direction of RRP measures in light of changing circumstances if they are found to be suboptimal.

Lastly, the RRP drafting process is characterised by limited transparency and involvement of stakeholders and civil society. Governments tend to lead the process behind rather closed doors. National governments should improve the transparency of the implementation phase by strengthening social dialogue, including stakeholders in the implementation process, and clearly communicating approaching targets and the fulfilment of objectives.

Studying the five draft RRPs, the member states appear on the right track. However, the road ahead is still long. Considering that the drafts analysed may not be the final version submitted to the European Commission, some countries still need to improve the details and coherence of their reforms and investments, as well as conduct a thorough impact assessment. Many of these issues can and will be (partially) solved during the continuous dialogue between governments and the Commission. This paper highlights some major areas where improvements efforts should be made.

This opportunity to mobilise large amounts of investment and support structural reforms towards a more sustainable and prosperous European economy is unprecedented. The correct implementation of the RRPs will be crucial not to waste this opportunity and is the responsibility of national governments. Over the next months and years, the monitoring and assessment of national performances will require a large degree of attention. Approving the national RRP is only the first step in a years-long process that has the potential to make the EU more sustainable, prosperous and cohesive.