

# **A review of the final Greek Plan for the use of the Recovery and Resilience Facility funds**

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# A review of the final Greek Plan for the use of the RRF funds<sup>1</sup>

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## Summary

The final version of the Greek Plan for the utilization of its share of the funds (€18,191Million in grants and €12,728Million in loans) from the Recovery and Resilience Facility (RRF) was tabled in the Greek Parliament on 2 April 2021. The Plan comprises four Pillars (Green Transition, Digital Transformation, Employment-Skill-Social Cohesion, and Private Investments and Transformation of the Economy) with 116 investment groups each of which may contain one or more specific projects.

The Plan as made public, although it follows in spirit the guidelines laid out in the relevant RRF Regulation 2021/241<sup>3</sup>, does not provide crucial quantitative details that are asked for in the Regulation to gauge its effectiveness, the criteria used for the choices for the specific investments made and whether they actually meet the primary requirement of at least 37% contribution to the Green Transition. A major shortcoming of the Plan is how its specific investments are incorporated into an overarching plan that also includes the funds of the 2021-2027 Multiannual Financial Facility and especially the Cohesion, EFRD, and Just Transition Funds and whether they meet “Do no significant Harm”, State Aid, Additionality and Taxonomy rules. It also does not clarify how the choices for the use of the loan facility will be made and in view of the additional €26.548Million of private contribution that it calls for, how this private involvement will be secured. These shortcomings are also identified by all opposition political parties as well as by NGOs.

Focusing on the proposed investments to advance the Green Transition, although in general they seem to be in the right direction, their selection and amounts allocated are open to criticism especially by NGOs regarding the very small size earmarked for protecting biodiversity, for supporting nature conservation and for enhancing cyclical economy. NGOs have also expressed fears that the effort to streamline permitting might dilute environmental protection statutes.

Finally, a consensus has emerged that the process followed for the Plan’s compilation and public presentation lacks transparency and minimal involvement of all shareholders in shaping it, which makes it difficult to be adopted as a truly National Plan for recovery and resilience of the economy and society that will affect the next decade.

## 1. An overview of the final Draft of the Greek Recovery and Resilience Plan

On 25 November 2020, the Greek Government put out its draft National Recovery and Resilience Plan<sup>4</sup> (henceforth dNRRP) for the utilization of the “Next Generation EU” facility funds of which

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<sup>3</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R0241&from=EN>

<sup>4</sup> <http://www.opengov.gr/minfin/wp-content/uploads/downloads/2020/11/Greece-RRP-EN-1.pdf>

Greece's share as inscribed in the dNRRP<sup>5</sup> is €16,400 Million grants plus €12,600 loans<sup>6</sup>. After a public consultation process which lasted until 20 December 2020, the Greek Government entered in consultations with the European Commission (EC) and on 31 March 2021 announced its final version of the NRRP (fNRRP)<sup>7</sup>, on 2 April 2021 submitted it to the Greek Parliament and on 6 April 2021 presented it to the relevant Committees before communicating it to the EC by the 30 April 2021 deadline of the RRF Regulation<sup>8</sup>. It is not clear whether the fNRRP will be debated in the Greek Parliament before it is submitted to the EC as informal sources claim that it was already submitted on 9 April 2021.

It is the intent of this note to review the fNRRP as made public this far, to bring out possible shortcomings and to present briefly concerns that have been brought up by political parties and NGOs with a view to contribute to the public dialogue so as to improve the effectiveness of this unprecedented package in supporting and strengthening the Greek economy and society.

Unlike the dNRRP, the structure and contents of the fNRRP should follow the final version of the relevant Regulation<sup>9</sup> (Regulation 2021/241, henceforth RRF Regulation) and guided by additional information provided in Staff Working Documents SWD 2021/12 final parts 1/2<sup>10</sup> and 2/2<sup>11</sup>.

The responsibility of compiling the Greek fNRRP has been placed in a committee chaired by the Alternate Minister of Finance (T. Skylakakis) and including the Deputy Minister of Coordination (A. Skertsos), the Secretary-General for Public Investments (D. Skalkos), the head of the Economic Council (M. Argyrou) and the Head Advisor for Economic Matters of the Prime-Minister (A. Patelis), supported by five working groups and some outside consultants. The responsibility for its future execution and monitoring has been entrusted to a Special Unit in the Ministry of Finance (with a staff of over 40 and headed by N. Mantzoufas, ex-Secretary General for Private Investments of the Ministry of Finance).

As was the case also with the dNRRP, the fNRRP is compiled considering (see its Section 6.1) the final version of the Pissarides Committee Report<sup>12</sup> which was released in late November 2020 almost simultaneously with the dNRRP and received negative reviews by all opposition Parties and a large number of civil society entities especially as regards its recommendations for social security reforms, labor rights, gender inequality, distribution of economic gains and SMEs.

The fNRRP comprises 13 chapters plus an Annex and covers 206 pages. Actually, it is only 159 pages long as the information in the Annex (pages 162 to 206) is a repetition of the information in Part 2 of the Plan (pages 69 to 133)!! The same is the case for the information in Table 2 of the fNRRP which is fully included in Table 1 immediately preceding it.

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<sup>5</sup> For a review of the dNRRP see <https://www.greenrecoverytracker.org/country-reports/greece>

<sup>6</sup> The amounts inscribed in the fNRRP (31 March 2021) were €18,191 Million for grants and €12,728 Million for loans. The RRF Regulation of 12 February 2021 indicates in Annex IV an amount of €17,774 Million in current prices for grants

<sup>7</sup> <https://primeminister.gr/wp-content/uploads/2021/03/%CE%95%CE%BB%CE%BB%CE%B1%CC%81%CE%B4%CE%B1-2.0-%CE%91%CE%BD%CE%B1%CE%BB%CF%85%CF%84%CE%B9%CE%BA%CE%B7%CC%81-%CE%A0%CE%B5%CF%81%CE%B9%CE%B3%CF%81%CE%B1%CF%86%CE%B7%CC%81-%CE%94%CF%81%CE%B1%CC%81%CF%83%CE%B5%CF%89%CE%BD.pdf>

<sup>8</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R0241&from=EN>

<sup>9</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R0241&from=EN>

<sup>10</sup> [https://ec.europa.eu/info/sites/info/files/document\\_travail\\_service\\_part1\\_v2\\_en.pdf](https://ec.europa.eu/info/sites/info/files/document_travail_service_part1_v2_en.pdf)

<sup>11</sup> [https://ec.europa.eu/info/sites/info/files/document\\_travail\\_service\\_part2\\_v3\\_en.pdf](https://ec.europa.eu/info/sites/info/files/document_travail_service_part2_v3_en.pdf)

<sup>12</sup> <https://government.gov.gr/schedio-anaptixis-gia-tin-elliniki-ikonomia/>

A summary of the allocation of the RRF funds is provided in Table 1. The proposed investments are grouped in 4 main pillars (Green Transition, Digital Transformation, Employment-Skill-Social Cohesion and Private Investments and Transformation of the Economy) subdivided into 18 Actions which include investment groups - 116 in total - each of which may contain one or more specific projects.

<b>Table 1: Overview of the allocation of the RRF funds (in million €)</b>			
<b>RRF contribution and total budget with leveraging</b>		<b>RRF</b>	<b>Total</b>
<b>Green Transition</b>		<b>6026</b>	<b>10395</b>
1.1	Transition to a new environmentally friendly energy model	1200	2574
1.2	Energy upgrade of the building stock of the country & spatial reform	2544	4279
1.3	Transition to a green and sustainable transport system	520	1197
1.4	Sustainable resource use, resilience to climate change & biodiversity conservation	1762	2345
<b>Digital Transformation</b>		<b>2136</b>	<b>2136</b>
2.1	Connectivity for citizens, businesses and the State	453	453
2.2	Digital transformation of the State	1308	1308
2.3	Digital transformation of enterprises	375	375
<b>Employment, Skills, Social Cohesion</b>		<b>5208</b>	<b>5309</b>
3.1	Increasing Employment Increase and promoting of labor market participation	760	760
3.2	Enhancing digital potential of education & modernizing vocational training	2311	2412
3.3	Enhancing the accessibility, efficiency and quality of the health system	1536	1536
3.4	Increasing access to effective and inclusive social policies	601	601
<b>Private investments and transformation of the economy</b>		<b>4821</b>	<b>7807</b>
4.1	Development friendly taxation and improvements of tax administration	183	183
4.2	Modernization of Public administration	184	184
4.3	Improving the efficiency of the Justice system	231	331
4.4	Supporting the financial sector and the markets	25	25
4.5	Promoting research and innovation	444	554
4.6	Modernizing and improving the resiliency of the main economy sectors	3520	6121
4.7	Enhancing competition and promoting private investment and exports	234	409
<b>Grants</b>		<b>18191</b>	<b>25648</b>
<b>Loans</b>		<b>12728</b>	<b>31819</b>
<b>Total</b>		<b>30919</b>	<b>57467</b>

From Table 1, it is clear that the Greek Government intends to also make full use of the loan facility amount. It should also be pointed out that the amount for grants of €18,191Million differs from the one of €17,774Million in current terms given in Annex IV of the RRF Regulation.

A comparison of the gross breakdown of the use of the funds with the one in the November 2020 draft brings out the following differences:

- The total grant amount has increased from €16.4Billion stated in the dNRRP (without specification there on whether it was in current or in 2018 Euro) to €18.19Billion (again without specification of the € value used).
- Despite the increase of ca €1.8Billion, the Green Transition portion decreases by about €200Million
- The additional amount is distributed almost equally (€1.1Billion and €0.8Billion) between the Employment, Skills and Social Cohesion, and Private investments pillars.
- The Digital Transformation amount remains unchanged.

Although the individual investments mentioned in the fNRRP are almost the same with those in the dNRRP, unfortunately, as the dNRRP did not provide more detailed breakdown of proposed

investments, how the extra amount has been distributed and the political choices made cannot be identified. The specific list of projects included in each investment group is obviously known to the Government as evidenced by the amounts inscribed that are given in € million granularity and could have been included. The same holds to a much larger degree for the planned distribution of the loan facility funds for which no breakdown whatsoever is provided in either Plans.

## 2. Some general comments

The fNRRP strives to cover all information to be submitted as outlined in Art 18(4e) of the RRF Regulation. A checklist of the requested information and the corresponding chapters of the Plan in which they are covered is provided in Table 2. In Table 2, missing information is also noted (highlighted in red).

Table 2: Coverage of input wrt Art 18(4) of the RRF Regulation 2021/241		
(a)	Comprehensive and adequately balanced response to the economic and social situation of MSs, (for all pillars)	Chapter 2
(b)	Addresses all or a significant subset of challenges identified in the European Semester;	Chapter 4
(c)	How it strengthens the growth potential, job creation and economic, social and institutional resilience (policies for children and the youth, and mitigates the economic and social impact of the COVID-19 crisis),	Chapter 10, Sections 5.2 & 1.6
(d)	Ensures that no measure for the implementation of reforms and investments 'do no significant harm"	Missing
(e)	Qualitative explanation of how measures contribute to the green transition, including biodiversity & whether they account for at least 37 % of RRP total allocation, based on the methodology for climate tracking set out in Annex VI	Chapter 8
(f)	Explanation of how the measures contribute to the digital transition (at least 20 % of RRP total allocation) based on the methodology for climate tracking set out in Annex VI	Chapter 8
(g)	For investments in digital capacities & connectivity, a security self-assessment & detailing how issues will be addressed	Missing
(h)	Indication of whether the measures comprise cross-border or multi- country projects;	OK
(i)	Envisaged milestones, targets and an indicative timetable for the implementation of the reforms, and investments to be completed by 31 August 2026;	Missing
(j)	Envisaged investment projects and the related investment period;	Chapter 8
(k)	Estimated total costs reforms & investments in RRP plus justification & explanations of how it is in line with cost efficiency principle and commensurate to the expected national economic and social impact;	Chapter 10
(l) & (m)	Where relevant, information on existing or planned Union financing and Accompanying measures that may be needed	Section 6.3
(n)	Justification of the coherence & explanation of consistency with the principles, plans and programmes in Art 17;	Chapter 4
(o)	Explanation of how the measures contribute to gender equality and equal opportunities for all	Chapter 5
(p)	Arrangements for the effective monitoring & implementation of the RRP by MSs, including the proposed milestones and targets, and the related indicators;	Chapter 7?
(q)	Summary of consultation of local & regional authorities, social partners, civil society organisations, youth organisations and other relevant stakeholders, and how the input of the stakeholders is reflected in the RRP;	Chapter 11
(r)	Explanation of the MSs system to prevent, detect and correct corruption, fraud and conflicts of interests, and the arrangements to avoid double funding	Chapters 7 & 12
(s)	Where appropriate, the request for loan support and the additional milestones in Art 14(2) & (3)	Chapter 9
(t)	Any other relevant information.	Chapter 13

Despite the fairly complete coverage of the requirements as laid out in the RRF Regulation, the Plan is open to the same criticism that the draft Plan announced in November 2020 was open to, namely that it follows an approach based on qualitative coverage and on a minimal provision of quantitative information on crucial aspects that could be the basis to judge the chances of successful

implementation of the reforms and investments laid out. In short, it is not enough to state why: the when and how as well as the detailed what to keep out the devil should also be given.

Looking at the specific Actions and the balance between them, questions may be raised regarding a number of issues, namely:

- The amounts allocated to Green Transition and Digital Transformation are almost identical with the least amount set as a precondition (37% and 20% respectively); no consideration seems to have been given to exceed this percentage if that would have led to stronger development of the economy, to faster green transition and to an increase of the welfare of the society.
- Action 4.6 (Modernizing and improving the resilience of the main economy) has been assigned the largest amount (€3,520Million) of any of the 18 Actions. Half of that amount (€1,695Million) goes to transportation infrastructure projects with the lion's share (€1,329Million) given to road grid improvement and enhancement and only €239Million to rail. In view of the minuscule amount of rail share in transport (in either passenger-km or tonne-km) this seems an odd choice. Equally odd is the very small size of the amount for improving harbor facilities (€20Million).

The second half of Action 4.6 funds is split between investments in Cultural activities and facilities (€330Million), Tourism (€306Million), Agriculture (€602Million) and Tertiary sector (€175Million). This seems more the result of compromise between different constituents which results in limited capacity to actually start a strong and viable reform of any of these sectors. The assistance to Agriculture certainly needs additional explanation on how it is complementary to CAP expenditures.

On the other hand, no attention is paid to greening the industrial sector and especially the part that does not fall in the purview of the ETS.

- Greece has one of the lowest percentages of GNP going to Research and Innovation (R&i). The total amount going to R&i barely reached 1.2% in 2018 (vs. 2.1% of EU average). Given the importance of R&i in improving and maintaining competitiveness of the economy and especially in view of the brain drain of the last years, the amount of €444Million inscribed seems wholly inadequate. Here, it should be mentioned that the Pissarides Committee report proposed an amount, additional to the current one of €750Million for the same 6-year period just for basic research.

Even though the support of national research centers is both essential and welcome, in view of national circumstances a more productive use of additional funds should be earmarked for targeted research in green areas and should prioritize energy conservation and small - scale RES incorporation in the residential and tertiary sectors, and agriculture as well as support of research for the ways and skills to bridge the gap between academia and production.

- Action 4.7 (Enhancing competitiveness and promotion of private investing and exports) supposedly addresses a major weakness of the Greek economy. Yet its size is one of the smallest (€234Million). Of that very small amount €175Million is labelled "reform" and would go to "emblematic investments" that will "enhance competitiveness of the Greek economy at the international level". One wonders how this amount will accomplish its stated purpose.

Overall, the fNRRP seems to be a concatenation of titles that individually seem to fall into the scope of the RRF but not as parts of an overarching plan to transform the economy as claimed in numerous places of the document, basically because even if such a plan exists, it has not been made public. References to the Pissarides Report as a blueprint are neither enough nor convincing in view of the serious criticism it received from all Opposition political parties and civil society entities. Without such a plan, this fNRRP does not live up to the title of “Greece 2.0” with which it has been named, but rather as “Greece 1.2” at best.

Finally, no indication of indices for cost effectiveness nor of their use in the choice of investments is provided. Such presentation of the methodological approach followed, which would need to include relative weighing of the multiple areas involved (economic, environmental, developmental, social etc.) would have gone a long way in addressing the valid concern that the relative allocations between both the four pillars and the actions within them were the result of political expedience.

### 3. Some specific shortcomings of the fNRRP

1. As in the previous dNRRP, the detailed and, in particular, quantitative information provided in the released version of the fNRRP is minimal apparently following a misconceived need-to-know principle. In the Guidance from the EC to MSs regarding their RRP (SWD (2021) 12 final PART 2/2) explicit items regarding the reforms and investments are listed (Part 2) namely:

*“Member States should provide a clear and evidence-based analysis of the challenges addressed and the objectives of the investment.*

- *The nature, type and size of the investment should be described.*
- *Detailed information should be provided about who (e.g. businesses in general, SMEs, the general population, families, students, sectoral workers) and/or what (e.g. installed capacity of renewable hydrogen electrolyzers) is targeted by the investment.*
- *Description of how the investment is implemented (means of implementation) should be included. This should refer to the administrative capacity of the Member State at both central and local levels, explain how the funds will be absorbed in a timely manner and how the funds are channelled to sub-national levels (if applicable).*
- *The timeline of the investment should be described and be in line with the timeline of the Facility.*
- *An assessment of whether the measures entail State aid or not, and if so, whether they would be covered by a block-exemption regulation or an existing approved scheme should be provided. In case the measures would need to be notified to the Commission, an indication of the timeline for notification and compatibility basis used should be indicated “*

A similar list of required information is also provided for reforms proposed.

Of the items in the 5 bullets above, the fNRRP as announced only covers the first one. There is a complete lack of milestones and timelines (defined in the same SWD (2021) 12 final Part 1/2) and only a few targets, as well as no or minimal details by which one could assess the efficacy of the investment with economic, environmental, or social criteria and the chances that it is realized. An evaluation of the viability of the investment becomes even more fraught with uncertainty for those investments that call for co-financing by the private sector to a substantial extend (from 40% to 100%). In view of the need for early disbursement and timely utilization of the funds, the lack of the timetable per investment and of the maturity of the proposed

projects could well lead to delays, increased danger for mismanagement and possible loss of funds. **This is a serious shortcoming of the Plan as made public.**

As more than 50% of the grant allocations of the fNRRP plan are earmarked for projects to be carried out by private enterprises, questions might be raised whether these transfers are in line with State Aid rules and whether they need to be notified and approved separately. This might delay or cancel a number of projects and possibly result in loss of funds. As no information is provided on this issue, **this is another serious shortcoming of the Plan as made public.** A partial remedy might be the compilation of a reserve list of projects which though should be in line with the overall design, whichever it is.

2. The fNRRP does not provide enough information on whether the “Do no significant Harm” requirement is satisfied. The SWD (2021) 12 final Part 1/2 states that:

*“The “Do No Significant Harm” principle needs to be **assessed for each reform and investment.** To this end, Member States should provide sufficient information to justify how no reform and no investment makes significant harm to any of the six environmental objectives as defined in Article 17 of the EU Taxonomy Regulation. The compliance of a measure with the Taxonomy Regulation will be an indication that it is also compliant with the do no significant harm principle”*

Again, the information for reforms and investments provided in Chapter 8 and the Annex of the fNRRP does not include an assessment per investment of their environmental impact. **This is a serious shortcoming of the Plan as made public.**

3. A crucial aspect of the reforms and investments to be included is their contribution to the green transition of the EU. Specifically (SWD (2021/12 final) for each component

*“Member States should explain to what extent the component will contribute to the green transition, including biodiversity, or address challenges resulting from the green transition. They should also demonstrate how the measures in the component contribute to the 37% climate mainstreaming target. They are also invited to explain and provide evidence how the component will contribute to reaching the EU’s 2030 climate target and climate neutrality by 2050 and how the component relates to targets, objectives, contributions, policies and measures of National Energy and Climate Plans. Finally, they should explain how the proposed measures in the component will help to meet environmental objectives outlined in the guidance document”.*

This entails the examination of each investment to determine, through the use of coefficients for the calculation of support to climate change and/or environmental objectives provided in Annex VI of the RRF Regulation for an extended list of investments, the percentage contribution to meet the specific targets of 37% and 20%.

The fNRRP in its (unnumbered) Table (page 31-33) for the addressing of all 6 pillars of the RRF indicates that Actions 1.1 to 1.4 are the ones that provide the major part of support to green objectives with some small additional contribution provided by Actions 2.2 and 2.3 to meet the 37% target. To gauge the contribution towards meeting the 37% target of support to climate objectives, these costs should be multiplied by the corresponding coefficients given in the Annex of the RRF Regulation.

One should note that in view of the overall amounts given in Table 1 above, the 37% target is met only if one takes the coefficient for all Actions in 1.1 to 1.4 to be 100% and for those in 2.2 and 2.3 at 40% (see intervention category 11bis in Annex of RRF Regulation) provided that all

investments meet the enhanced emissions reduction and energy efficiency criteria (specified in footnote #3 of the Annex Table). Then, the eligible investment costs amount to €6,700Mil and 37% of the €18,191Mil of the total grant amount allocated to Greece which would be that case if the 37% refers to grants only.

It is not clear how that percentage may change if loans are included as neither the RRF Regulation nor the accompanying SWD (2021) 12 final clearly specify the numerator (“the recovery and resilience plan’s total allocation” in Art 18(4e) of the RRF Regulation).

Furthermore, there is considerable doubt if all investments in Actions 1.1 to 1.4 should be counted at 100%. A different choice of the coefficients for some of the investments the details of which are given in Annex VI of the RRF Regulation, would result in the contribution reaching only 27%. For example, an investment of €475Million for the physical regeneration of parks and squares in Athens, Thessaloniki, Patras and other cities and towns is clearly classified as “Physical regeneration and security of public spaces” and as such has a coefficient of 0% (item 131 in Annex VI). Similarly, two investments of €290Mil and €200Mil in Action 1.4 that are earmarked for drinking water networks improvements should count at only 40% (item 39 and 39bis in Annex VI) and those for wastewater treatment also in Action 1.4 amounting to €230Mil which should be counted with a coefficient of 40% (item 41 and 41bis in Annex VI). **This is a serious shortcoming of the Plan as made public.**

4. In SWD (2021) 12 final part 2/2, MSs are called upon to:

*“provide a summary of the consultation process of local and regional authorities, social partners, civil society organisations, youth organisations, and other relevant stakeholders, as implemented in accordance with the national legal framework, for the preparation and, where available, the implementation of the plan. The summary should cover the scope, type, and timing of consultation activities, as well as how the views of the stakeholders are reflected in the plan.”*

In Chapter 11 of the fNRRP the process and results of the public consultation are presented. The public consultation and the comments submitted though refer to the draft text of November which as stated clearly in Chapter 11 included “only strategic approach and indicative PaMs”. No consultation on the current final NRRP has been carried out nor were there any indications given that one will take place before it is submitted to the EC. This truncated consultation on limited information cannot be deemed appropriate and consequently **this constitutes a serious shortcoming of the Plan as made public.**

5. As the main purpose of the RRF is to provide much needed support to the economies of MSs in an effort to heal the impacts of COVID-19 countermeasures and to assist in restarting but with reforms that are in line with the longer-term green transition and the boosting competitiveness through the digital transformation, MSs are called upon to provide estimates of macroeconomic, social and institutional impacts of the Plan. To this effect, MSs should include in their Plans information on the methodology used to estimate both outlooks and impacts compared to a baseline as well as “evidence that their previous level of public investment, excluding the recovery and resilience plan’s non-repayable contribution, will at least be maintained over the programme horizon”. To facilitate this, the EC has provided tables (in excel sheets).

The fNRRP, in Chapter 10, indeed includes description of the modelling used to estimate the very positive impacts of the RRF on the Greek economy and society. The modelling has been carried out by two groups (Bank of Greece and Council of the Economic Advisors) using two different models.

Yet, in the description of the results, the choice was made to present (positive) changes from the reference scenario for which though no information whatsoever is provided. This raises questions as to the absolute level of increases in the macroeconomic parameters shown as the reference scenario is based on assumptions that are not known. **This is a serious shortcoming of the Plan as made public.**

In addition, a major assumption which is an exogenous input into the modelling, namely the distribution of disbursement of the funds as provided in Table 4 of the fNRRP, stipulates equal amounts of €5.31Billion per year for all 5 years between 2022 and 2026. This seems quite unrealistic for a number of reasons that include among others technical limitations in the capacity of enterprises to complete projects, difficulties of the embattled Greek banking system and inefficiencies of the state authorities. This also constitutes **an additional shortcoming of the Plan as made public.**

6. In SWD (2021) 12 final part 2/2 MSs are called upon to:

*“provide information on the estimated total cost of the component, backed up by appropriate justification. This should include for each reform and investment an explanation of:*

- *The methodology used, the underlying assumptions made (e.g. on unit costs, costs of inputs) and justification for these assumptions*
- *The comparative cost data on the actual cost of similar reforms or investments that have been carried out in the past, in particular if available from past projects financed by EU funds.*
- *Within what timeframe these costs are expected to be incurred”*

None of this information is included in the fNRRP, which makes it very difficult to gauge the viability of the investments and their impact in real terms especially in the ones that include quantitative targets (for example the reforestation effort and the upgrading of building stock). **This is a shortcoming of the Plan as made public.**

7. The fNRRP includes estimates of leveraging of the grants broken down per category as shown in Table 1. The leveraging is present in the Green Transition and the Private Investment pillars (73% and 62% respectively) and at an even higher level of 150% in the loan facility utilization as can reasonably be expected. Yet, no information, not even qualitative, is included on how these figures have been obtained and no data are provided to gauge their accuracy. **This is a serious shortcoming of the Plan as made public.**
8. A similar problem arises as regards the loan facility with its €12,7728Million (€31,819Million with its high leveraging). No information is provided on specific areas to be covered, the priorities to be applied, criteria for selection and all the other relevant information regarding timetables, expected results, performance indices, etc. **This is a major shortcoming of the Plan as made public.**
9. Almost concurrently with the RRF, Greece will benefit from the funds to be allocated from the MFF for the period 2021-2027 which are estimated to be of the order of €40Billion a sum that represents 1.8% in grants and 1.1% in loans of the Greek GNI annually on average, according to the end December 2020 decisions of the Council and the European Parliament. This includes contributions from the main Community funds (Cohesion, Regional Development, Social) but also the REACT-EU (€2.3Billion for Greece), the Just Transition Fund (€0.5Billion), the Innovation Fund, the European Agricultural Fund for Rural Development (€0.3Billion) and the CAP.

In Section 6.2 of the fNRRP the coherence with this so-called Partnership Agreement package is discussed. This discussion examines each of the 5+1 policy targets (Smarter Europe through digital transformation, Green transition, Enhanced mobility and regional interconnections, Safeguarding civil rights, Integrated and sustainable development and local initiatives plus Just Transition) of the Partnership Agreement structure as laid out in the latest encyclical<sup>13</sup> (11 November 2020) and argues that all the actions in Table 1 (1.1 to 4.7) are in line with the Partnership Agreement policy targets.

Be that as it may, again the complementary in concrete terms at specific investment level is not provided to really ascertain the existence of an integrated plan into which these investments are embedded. The general description of the 10 national strategies in Section 6.3 of the fNRRP does not constitute an integrated plan with specific actions which in whole or in part will be financed by the RRF funds. **This is a serious shortcoming of the Plan as made public.**

#### 4. Focusing on The Green Transition Pillar

The Green dimension of the fNRRP (Pillar 1, comprising Actions 1.1 to 1.4 but also elements of Pillar 2 (2.2 and 2.3) according to the fNRRP and arguably some investment groups in 4.6) includes measures that have been proposed in numerous announcements of the Ministry of Environment and Energy and thus do not come as a surprise. The four Pillar 1 Actions mirror the structure of four of the EU's RRF flagship areas, namely:

- Power up (1.1)
- Renovate (1.2)
- Recharge and refuel (1.3)
- Sustainable use of resources, climate resilience (1.4)

Looking at the individual investments as a whole, one finds very few that might be questioned. The overall balance is dictated by the RRF constraints of 37% for green transition and 20% for digital transformation. Increases in the overall budget went to the other two pillars (Employment, Skills, Social Cohesion, and Private investment and transformation of the economy).

The Green Transition investments are seen to have the largest leveraging potential (73%) with the co-funding boosted by the relatively low risk assigned to energy sector projects. The internal allocation of funds per Action is not explained and one can surmise it might be the result of factors such as the maturity of specific projects to be included and compromise between competing agents.

It should be mentioned here that in the public consultation of the dNRRP several proposals with different distribution in quantitative terms of the Green Transition amount, notably the one by WWF<sup>14</sup>, have been tabled. It does not seem that these alternate proposals have been given due consideration.

In Tables 3a to 3e following, a compilation of the investments that are counted in the Green Transition dimension as indicated in Table 2 of fNRRP is presented. In addition to the information per investment provided in the Annex of the fNRRP, an effort has been made (i) to select appropriate coefficients from Annex VI of the RRF Regulation for the calculation of support to climate change objectives and resulting investment amount to be counted, (ii) to characterize the investment in actions for mitigation, adaptation, other or a combination thereof, (iii) to identify the potential for

<sup>13</sup> <https://www.espa.gr/el/Pages/elibraryFS.aspx?item=2496>

<sup>14</sup> Vardakoulis, O (2020). Blueprint for a green recovery in Greece. WWF Greece report. [https://wwfeu.awsassets.panda.org/downloads/wwf\\_greece\\_green\\_recovery\\_report\\_eng.pdf](https://wwfeu.awsassets.panda.org/downloads/wwf_greece_green_recovery_report_eng.pdf)

estimation of the GHG/energy in quantitative terms, and finally (iv) to indicate possible inclusion of the investment in the National Budget for FY2021.

In examining the individual investment groups of Table 3a to 3e, in view of the lack of meaningful and actionable detail, one should also take into consideration other existing information such as the list of mature specific projects that has been compiled by EY<sup>15</sup> a few months ago, which could have very easily been matched to these proposed actions.

Table 3a: Transition to a new environmentally friendly energy model											
	Description	€ Million	Green Taxonomy check*	Climate target part (€Mil)	M, A, Env, Other	Lever age	In line with NECP	GHG/energy reduction potential	Comput able impact**	in the 2021 Budget	Comments
1	Enhancement of energy storage of up to 1380 MW (pump storage-batteries) so that the distribution of electricity does not face risks and at the same time the production of renewable sources can be used more efficiently without losing their production surplus caused by different flows of supply and demand	450	100% (#33)	450	Mitig	Y	PP2.1 to PP2.7, PP9 M11	100%	Y	N	Quant targets (1380MW of pumped storage)
2	Restoration of lands of old lignite mines in Western Macedonia (approximately 60,000 acres), to be given for agricultural exploitation and other uses. Soil remediation is a major challenge of Just Transition, both in environmental (remediation, regeneration, and implementation of landscape and environment interventions) and in its developmental dimension, by adjusting land uses and creating organized receptors for activities.	242	40% (#46 bis)	96,8	Env	N	PP5.8 M20	10%	Y	N	Quant targets (6000 hectares) - Yet this is a PPC obligation. Not directly part of the transition to a new energy model
3	Interconnection of Cyclades – Phase D, and air line Corinth – KYT Koumoundourou 400 KV and accompanying projects. Projects that assure the energy security of the country while at the same time utilize the great possibilities of production of renewable energy sources in our maritime territory and in the Peloponnese. They also facilitate the reduction of energy costs leading to new investments and jobs in the energy-intensive sectors of the economy.	195	100%	195	Mitig	Y*	PP2.2, M7	100%	Y	NA	ADME involvement (privatized). The Greek Government has at its disposal 25Million EUAs (Art 10a(9) of Directive 2018/840) to be used specifically for interconnection of the islands. At present Greece has not even submitted the request for these funds. At today's prices this is ca €750Million, why not use them?
4	Burying and rearrangement of the electricity network in settlements with special cultural or tourist value and in city centers with priority in areas where the network is vulnerable to weather phenomena (eg heavy snowfall). The aim is to improve network resilience, quality of life and tourism development.	60	100% (#35, 36, 37)	60	Adapt	Y	N	0%	N	NA	DEDDHE involvement (up for privatization). Not directly part of the transition to a new energy model
5	Replacement of bare MV overhead network cables, burying or relocation of the network in forest areas, installation of insulating covers in network elements. Aim to improve the reliability of the network (energy quality indicators SAIDI, SAIFI) and to better protect our forests.	40	100% If not man-induced (#35,36,37)	40	Adap/ Env	Y	N	30%	N	NA	DEDDHE involvement (up for privatization). Not directly part of the transition to a new energy model
6	Increase of installed capacity in existing substations (addition of new power transformers or replacement of existing ones with larger ones), in order to remove technical restrictions for connection of new units of electricity generation from Renewable Sources (800MVA).	12	100% (#33?)	12	Mitig	Y	PP2.6	100%	Y	NA	ADME involvement (privatized)
7	The proposed reform will carry out: (a) Structural interventions in the existing RES Remuneration Fund to ensure its financial viability after the impact suffered by the pandemic. (B) Creation of a new Fund exclusively for the new RES (licensed after 1.1.2021 ) with its inherently guaranteed viability. The reform aims to increase investor confidence and facilitate the financing of new projects in Renewable Energy Sources.	202	0	0	Mitig	N	PP2.1, to PP2.6, M3, M5	0%	N	NA	Question of eligibility. This amount should be transferred to other uses.
8	Reform of the licensing procedure which includes simplification and digitization of procedures, short and binding management response times and accountability procedures for unnecessary delays, reduction of the necessary documents and procedures, etc., as well as provision of licensing procedures for offshore wind. The aim is to accelerate the doubling of the installed capacity of RES in view of the de-lignification of the country.	0	NA	0	Mitig	NA	PP2.2, M7	100%	N	NA	Should have included Support for necessary tools for accelerating the process such as land use data bases and interservices cooperation, including by external expertise
<b>Total</b>		<b>1201</b>		<b>853,8</b>		<b>2574</b>					

\*According to Annex VI of the RRF Regulation

\*\* Can reduction of energy consumption and GHG emissions be estimated?

<sup>15</sup> [https://assets.ey.com/content/dam/ey-sites/ey-com/it\\_it/news/2020/ey-summary-report-green-recovery-v2.pdf](https://assets.ey.com/content/dam/ey-sites/ey-com/it_it/news/2020/ey-summary-report-green-recovery-v2.pdf)

Table 3b: Energy upgrade of the building stock of the country & spatial reform											
	Description	€ Million	Green Taxonomy check*	Climate target part (€Mil)	M, A, Env, Other	Lever age	In line with NECP	GHG/energy reduction potential	Comput able impact**	in the 2021 Budget	Comments
1	Reform to tackle the problem of energy poverty of vulnerable households. Creating a framework that will define the energy poor households (according to the relevant EU directives 944/2019 and 2002/2018) and will introduce mechanisms for monitoring and reducing energy poverty. The goal is to reduce by 50% by 2025 and by 75% by 2030 the footprint of energy-poor households.	0	NA	0	Other	NA	PP5.9 M15-18	???	NA	NA	Quant target (50% reduction by 2025 and 75% by 2030). No funds earmarked.
2	Reinforcement of energy saving actions of households, aiming at energy savings of at least 30%. It includes replacement of windows, upgrade of cooling and heating systems, solar water heaters, heat pumps, "smart" energy saving and management systems of home appliances, photovoltaic roofs, etc. The project will reduce the cost of heating and cooling, as well as electricity consumption in homes and will have significant benefits in terms of economic activity and jobs for providers and related industries.	1081	100% (#25 with criteria)	1081	Mitig	Y	PP3.2, PP3.5 M8, M9	100%	Y	Y	The NECP calls for 60000 buildings per year recently upped to 80000. Meeting the 30% improvement with this amount is questionable.
3	Strategic urban regenerations that trigger urban development and significantly improve the quality of life and the urban environment (eg in Eleonas, West Athens, the southern coastal front of Attica, Thessaloniki, Patras and other cities, small and large). These renovations will improve the lives of residents and will be poles of attraction for visitors, investments and new jobs.	475	0% (#131)	0%	Adap /Env	N	N	0%	N	N	As no indication is given on the nature, this is not eligible to be counted for the 37% target
4	Reinforcement of actions to improve the energy efficiency of the operation of small and medium enterprises with the aim of saving at least 30%. Includes energy upgrades of buildings, energy upgrades of production processes, heat recovery systems in the framework of production processes, installation of "smart" energy systems, electric distribution vehicles, etc. The project will help businesses' competitiveness and stimulate activity and jobs for job providers and related industries.	450	100% (#24 with criteria)	450	Mitig	Y	PP3.2	100%	Y	Y	Will they meet the 30% reduction in direct and indirect emissions?
5	Renovation and energy upgrade of infrastructure and buildings of the State and local government and energy upgrade of street lighting, with the partnership of the private sector. "Saving in the public sector" in addition to investment, leverage economic activity and the subsequent creation of new jobs, will lead to significant energy savings that currently burden the state budget.	200	100% (#26 with criteria)	200	Mitig	Y	PP2.4, PP2.7, PP2.9 M18, PP3.2 M3	100%	Y	Y	Requirement of ESD
6	Renovation of the historic buildings (42 buildings) and the infrastructure of the estate and development of walking and cycling routes in the forest of Tatoi. The goal is to return the renovated property to the inhabitants of the basin for contact with nature and entertainment and to create a new attraction for inbound tourism in Attica.	45	100% (#26 with criteria)	45	Other	N	PP3.2	0%	N	N	Can they meet the medium category criteria?
7	Renovation and upgrading of the largest sports facility in the country to become a pole of attraction for activities and entertainment of the inhabitants of the Athens basin	43	100% (#26 with criteria)	43	Other	N	PP3.3	10%	Y	N	Can they meet the medium category?
8	The preparation and ratification of urban plans, local and specialized as well as the demarcation of areas and reception zones for the transfer of building factor, the demarcation of settlements and the plans for the characterization of public roads will cover the whole country leading within the next five years to the completion of the urban cataster (currently only 20% is covered). The reform will facilitate legal construction by solving one of the major problems that over time delays and hinders the attraction of investment and environmentally friendly urban development.	250	50% ???	125	Env	N	N	0%	N	N	The shortcomings of the State should be addressed elsewhere not baptized as Green Transition measures
9	Implementation of maritime and coastal policies and related maritime spatial plans. The reform aims at the implementation of a new marine spatial planning with the aim of attracting, among other things, investments in offshore Renewable Energy Sources (offshore wind turbines, etc.), which will utilize the huge wind potential of the Greek maritime territory.	0	50%	0	M/Env	N	PP2.1 to PP2.6 M9	20%	N	NA	Of substantial benefit, but can addressing shortcomings be called reforms?
10	Implementation of new spatial planning for RES, industry, tourism and aquaculture. Its implementation will clarify and regulate the institutional framework for the distribution and construction of all relevant types of projects and infrastructure and will facilitate the attraction of investments and the creation of new jobs in the green economy.	0	50%	0	Mitig	N/A	PP2.1 to PP2.6 M7	30%	N	NA	Of substantial benefit, but can addressing shortcomings be called reforms?
	<b>Total</b>	<b>2544</b>		<b>1944</b>		<b>4279</b>					

\*According to Annex VI of the RRF Regulation

\*\* Can reduction of energy consumption and GHG emissions be estimated?

Table 3c: Transition to a green and sustainable transport system											
	Description	€ Million	Green Taxonomy check*	Climate target part (€Mil)	M, A, Env, Other	Leverage	In line with NECP	GHG/energy reduction potential	Computable impact**	in the 2021 Budget	Comments
1	Creation of new or upgrading of industrial units of the latest green technology, with obligatory operation of a research and development department for the promotion of innovative products and services. Support for investments to reduce the CO2 footprint in passenger shipping. Enhancement of the new technology for the collection and storage of carbon dioxide.	300	100% SME (#24ter) criteria or 40% large (#24bis)	150	Mitig	Y	PP3.2, PP3.6 M19	100%	Y	N	The latter 2 items require considerably larger funding. What is envisioned here?
2	Changes in the legislation for the transition of the transport sector to electric vehicles, the adoption of a competitive model for the development of electric cars and the provision of charging services and the creation of a national archive for accessible chargers for electric vehicles.	0	100% (#64-68, 73)	0	Mitig	Y	PP2.6, 7, 11 M25, M32, M42, PP3.7 M43	100%	NA	NA	What is meant by "the adoption of a competitive model for development"? Does this mean production of electric cars?
3	The transition to e-mobility is a strategic choice for Europe and our country for reasons of environment, competitiveness, reduction of dependence on imported fuels and the high cost of maintenance of city buses. This program subsidizes the creation of charging stations for electric vehicles throughout Greece (airports, highways, vehicle service stations, gas stations, etc.). The replacement of part of the urban transport fleet in Athens and Thessaloniki with electric buses is promoted and the replacement of the old polluting taxis with electric ones is subsidized.	220	100% (#64-68, 73)	220	Mitig	Y	PP2.11 M32	100%	Y	N	A call for tenders for 1000 buses in Athens is ongoing which means a lock-in of conventional vehicles (stranded investment?). One also needs to keep in mind that an electric municipal bus costs ca €600k with the current diesel buses in Athens numbering 1100.
<b>Total</b>		<b>520</b>		<b>370</b>		<b>1197</b>					

\*According to Annex VI of the RRF Regulation

\*\* Can reduction of energy consumption and GHG emissions be estimated?

Table 3d: Sustainable resource use, resilience to climate change and biodiversity conservations											
	Description	€ Million	Green Taxonomy check*	Climate target part (€Mil)	M, A, Env, Other	Leverage	In line with NECP	GHG/energy reduction potential	Computable impact**	in the 2021 Budget	Comments
1	Strengthening the water supply networks of areas of Western Greece (Preveza, Arta) and islands (Lesvos, Lefkada, Corfu). This strengthens the resilience of the regions to climate change, but also the sustainable tourism development.	290	40% (#39, 39bis)	116	Adapt	Y	PP3.10 M47	10%	Y	N	How does it strengthen the resilience to Climate Change?
2	Reforestation of 16,500 hectares (165,000 acres) throughout Greece with emphasis on suburban areas. The project aims at the restoration of burned areas but also the qualitative differentiation of the new reforested areas with new varieties more resistant to summer fires. The integrated project in the area of Parnitha and the corresponding one in Thessaloniki are included in the same project as more specific projects. The aim is to upgrade and protect the natural environment and biodiversity and to improve the quality of life of citizens.	224	100%	224	Mitig/ Env	N	NA	70%	Y	N	Quant target (16500 hectares reforestation). Offset for private entities to co-finance as part of ESG?
3	Creation of urban wastewater treatment infrastructure in settlements with less than 2000 inhabitants in tourist and environmentally sensitive areas (coastal fronts of Corinth, west coastal front of Volos, Mornos area, settlements in Ioannina, Pella, Keratea, settlements on islands such as Crete, Kyros, Keros). Modernization of urban wastewater treatment plants and reuse of treated water, in important cities of the country (eg Aliveri, Serres, Sithonia, Lamia, Trikala, Larissa, Nafoussa of Paros) and in the Monastic Community of Mount Athos. Sludge management infrastructure in large cities (eg Serres, Ioannina, Kavala, Alexandroupoli). The goal is the protection of the environment, the improvement of the quality of life of the inhabitants and the sustainable urban and tourist development.	230	40% (#41, 41bis)	92	Env	N	PP3.10 M47	10%	Y	N	
4	Large investments in irrigation networks and systems (construction and modernization of dams, irrigation networks, reservoirs, etc.) in cooperation with the private sector (PPP), in order to increase irrigated areas and consequently agricultural production with parallel intelligent management of water resources and saving available water resources. The goal of the projects, which will reach a total budget of 750 million euros, is to increase the competitiveness of the agri-food sector, increase agricultural income and create new jobs during the construction and subsequent maintenance of the projects.	200	40% (#40)	80	Mitig/ Env	Y	PP3.10 M48 /PPN5 M13	60%	Y	N	Expected total investment of €750Million calls for substantial leveraging
5	Construction and modernization of water supply and drinking water management infrastructure in order to improve its quality and make the best savings of available stocks. This includes desalination plants in cooperation with the public-private sector (PPP). Installation of intelligent Telemetry systems - Remote control and installation of smart hydrometers for the purpose of rational management of drinking water and leak detection, in order to avoid non-payment - unpaid water - at the network level and at the end consumer level. "Water saving" program for better drinking water management.	200	40% (#39, 39bis)	80	Mitig/ Env	Y	PP3.10 M47	10%	Y	N	
6	Creation of a national network with hiking trails and routes throughout Greece. Restoration of terraces (dry stones), which play an important role in the Mediterranean environment such as protection against erosion and floods. Creation and upgrade of museum spaces for the Natural History of Greece and digitization of collections of Greek Natural History. Establishment of a National Monitoring System for species, habitats and protected areas, and other actions for the protection of biodiversity.	100	100%	100	Adapt/ Env	N	N	0%	N	N	As this is the only amount directly addressing biodiversity it seems way too small
7	Immediate and timely intervention is crucial for the management of crises caused by natural disasters and especially those that become more and more dangerous due to climate change (fires, floods, etc.). In this way we multiply and improve the aerial means available for the needs of Civil Protection. This includes the modernization of 7 Canadair aircraft, 2 Super Pumas helicopters and 3 BK 117s, and the supply of 15 new small amphibious aircraft for island firefighting interventions, helicopters and drones, to be used for transport, medical use, emergency, surveillance.	155	100% (#36), 0% (#38) ca 50%??	77,5	Adap	N	NA	10%	N	N	Can the upgrading (12) or purchase (15) of aircraft be covered with €115Million in view of the fact that no private contribution can be expected?
8	Multipurpose investments aimed at reducing the risks of flooding and supplying water for irrigation purposes in areas with high drought during the summer season and enhancing effective water management in selected areas in Greece (Crete, Western Greece, Peloponnese, Central Macedonia).	110	40% (#40)	110	Adap	N	NA	0%	NA	N	What are multipurpose investments?
9	Supply of firefighting and other vehicles and equipment for local authorities (Regions & Municipalities) and Civil Protection. Development of prevention projects. Supply of transportable Bailey bridges for flood control	115	100% (#36), 0% (#38) ca 50%??	57,5	Adap	N	NA	0%	N	Y	What percentage is to address risks from human intervention?
10	Completion of the construction, digital equipment and telecommunication management centers of the buildings of the General Secretariat for Civil Protection (LIGHTHOUSE, ATLANTAS, building facilities for education and training). Telecommunication equipment for the 13 Regional Operations Centers. The aim is to improve the speed of reaction and the more effective management of risks that fall within the responsibilities of the Civil Protection (fires, floods, earthquakes, health crises, etc.).	74	ca 40% [100% and 0%] (#35,36,37)	29,6	Adap	N	NA	0%	N	Y	What percentage is to address risks from human intervention?
11	Modern technological equipment of Civil Protection. These include: GPS sensors in fire trucks and other civil protection vehicles, meteorological stations, seismographs, cameras, fire detection systems, water warning sensors and flood hazard maps, flood hazard maps as well as in natura areas, areas of great natural beauty, etc.	45	ca 40% [100% and 0%] (#35,36,37)	18	Adap	N	NA	0%	N	Y	What percentage is to address risks from human intervention?
12	13 Regional Operations Centers of the latest technology for Civil Protection are being constructed using the PPP method. This makes risk and crisis management more timely and effective at regional level as well.	19	ca 40% [100% and 0%] (#35,36,37)	7,6	Adap	N	NA	0%	N	Y	Why the split with Investment Group #10 above?
13	Measures and incentives to reduce municipal solid waste. Addressing the problem of landfill which is the predominant waste management option, reaching 80% of total municipal solid waste. Achieve targets of reducing to 10% of municipal solid waste landfills by 2030 and increasing recycling rate by at least 55% by 2025	0	40% to 0% (#42, 42bis) ca 25%	0	Env	N	PP1.6 M4, PPN2 M1	30%	Y	N	Quant targets included. Will they be met and with what resources?
<b>Total</b>		<b>1762</b>		<b>934,7</b>		<b>2345</b>					

\*According to Annex VI of the RRF Regulation

\*\* Can reduction of energy consumption and GHG emissions be estimated?

Table 3e: Digital Transformation										
Description	€ Million	Green Taxonomy check*	Climate target part (€Mill)	M, A, Env, Other	Leverage	In line with NECP	GHG/energy reduction potential	Computable impact**	in the 2021 Budget	Comments
18 different investment groups	1308	40% (#11, 11bis)	523,2	Other	N	NA	Y	N	Y	Check to ensure no double counting
The digital transformation of small and medium-sized enterprises is enhanced with subsidies in order to improve their operation and competitiveness by integrating new technologies of electronic payments, remote work, digital office (document management, project management, etc.), digital marketplace, cybersecurity, etc. with criteria for dispersal of aid and emphasis on coverage of smaller companies.	375	40% (#11, 11bis)	150	Other	N	NA	Y	N	Y	Check to ensure no double counting
<b>Total</b>	<b>1683</b>		<b>673,2</b>		<b>1683</b>					

\*According to Annex VI of the RRF Regulation

\*\* Can reduction of energy consumption and GHG emissions be estimated?

From the perusal of Tables 3a to 3e, the first point that becomes clear is the need to revisit the 37% requirement for the share of “overall allocation” of the funds for climate friendly investments already identified as a major shortcoming above. The fNRRP claims that it meets the requirement if by “overall allocation” only the amount of grants is meant (i.e. €6,026Million of the 1<sup>st</sup> Pillar out of €18,191Million total grants in Table 1) and only by assuming a 100% coefficient for all investment groups of Pillar 1 and 40% for those in Actions 2.2 and 2.3. The use of the 100% coefficient in Pillar 1 though is not justified, not even stated and serious doubts arise as to their applicability. A different interpretation and selection of the coefficients according to Annex VI of the RRF Regulation may be made and is given in Tables 3a to 3e. If these coefficients are adopted, the fNRRP does not meet by far the 37% requirement as the coverage only reaches 26% (i.e., €4,776Million out of €18,191Million).

If an extended definition is adopted that includes loans, then judging whether the 37% criterion is met would also require that a breakdown of the €12,728Million amount of loans is also provided, which is not the case.

In Pillar 1, six Reforms are included. The reforms are indeed needed and will contribute to the Green Transition, yet the budget allocated is zero. At least an amount for technical assistance should have been included to facilitate their adoption. This is even more necessary as regards the 7<sup>th</sup> Reform to address energy poverty, a crucial issue both from the social dimension and the energy conservation point of view especially if the rebound effect is taken into consideration.

The large majority of investments in the 1<sup>st</sup> Pillar are judged to be in line with the NECP in general and can even be assigned to specific policies and measures included in it. Also, the vast majority investments, in terms of funding, are judged to potentially result in energy conservation and emission reductions although quantitative estimates would be difficult to be made with the information provided.

Finally, a serious concern as regards the green transition actions and the fulfillment of the 37% requirement arises from shortcomings #9 and #10 above that refer to the need for integration into an overall design that includes the use of the MFF funds. Both the Cohesion Fund (€3,578Million in 2018 prices) and the ERDF (€10,222Million in 2018 prices) call for 50% and 30% respectively contribution of the measures to meet Objective 2 for a “Greener, carbon free Europe”. Yet, no consideration seems to have been given to the possibility that not enough specific projects that meet green requirements will be mature enough to be funded in the period to 2027 which may lead to underutilization of the MFF-RRF package.

## 5. Reactions of the Political Parties and NGOs

After the announcement of the fNRRP, all political parties came out with statements expressing their views both as regards the procedure followed and the substance of the Plan. In particular:

**Syriza**, the main opposition party considers<sup>16</sup> the fNRRP as “a generalized text with the imaginative title “Greece 2.0”, accompanied by disparate actions, without strategy and planning to enhance the productive capacity of our country”. It also objects to the procedure chosen by the Government in which the Parties are called upon to discuss after the fact a Plan already agreed with the EC and for which no wide consultation has taken place claiming that “Despite solemn statements about changes in the production model and the way financial resources are approached, the government chooses to pursue sham consultations and the absence of any substantial democratic dialogue”. They point out a number of specific omissions or shortcomings such as (i) the complete lack of information for the regional distribution of actions, (ii) the difficulties that the SMEs will have to participate which they charge to the intension of the Government to follow the recommendations of the Pissarides Report for consolidation of SMEs with larger enterprises, (iii) the large reduction of the amount for Digital Transformation from that previously announced (€2.1Billion down from €5.5Billion), (iv) complete lack of investments in broadband Fiber-to-The-Home infrastructure

**KINAL**, the second opposition party, pointed out<sup>17</sup> that the fNRRP as announced is obtuse and it will reserve its in-depth criticism for the Parliamentary debate that it hopes will take place after the Government submits a full text. It also stated that the ongoing secret deliberations with the EC on the basis of a more detailed Plan are taking place without proper public consultation at a time of crisis when a truly national approach and consensus is imperative. While reiterating the crucial role that the Plan should play for busting the economy and providing quality jobs, KINAL also expressed fears that especially as regards the economy, the Plan seems to be “designed by a few for a few”.

**KKE**, the Greek Communist Party stated<sup>18</sup> that the NRRP is a continuation, the 5<sup>th</sup>, of the MoUs that Greece has signed with the Institutions of the EU (EC, ECB, ESM) since the beginning of the Greek Crisis in 2010 all of which would lead to the people footing the bill and rejected calls for national convergence on actions supported by the NRRP.

**Elliniki Lysi** (Greek Solution) in a very terse announcement<sup>19</sup> considers that the investments presented would do very little in supporting and rejuvenating the Greek economy and production capacity but rather will end up supporting other MSs through financing of imports.

**MeRA25**<sup>20</sup> insisted that the Government in its announcing of the Plan in Parliament misrepresented 4 crucial parts of the Plan, namely (i) that there are no Government guarantees amounting to €12.7Billion that the People may be called upon to pay, (ii) that the €31.8Billion private investment included in the Plan is not just an unsubstantiated prediction, (iii) that there is a plan for a Green

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<sup>16</sup> <https://www.syriza.gr/article/id/107672/M.-Katshs:-Tameio-anakampshs-kai-pshfiakh-metabash.html>

<sup>17</sup> <https://kinimaallagis.gr/%ce%b5%ce%bb%ce%bb%ce%ac%ce%b4%ce%b1-2-0-%ce%b7-%ce%b5%ce%bb%ce%bb%ce%ac%ce%b4%ce%b1-%cf%84%cf%89%ce%bd-%ce%b4%cf%8d%ce%bf-%cf%84%ce%b1%cf%87%cf%85%cf%84%ce%ae%cf%84%cf%89%ce%bd-%ce%ba%ce%b1/>

<sup>18</sup> <https://www.kke.gr/article/Gia-to-Ethniko-Sxedio-Anakampsis/>

<sup>19</sup> <https://elliniki-lisi.gr/anakoinosi-typou-gia-tis-anakoinoseis-tou-prothypourgou-epi-tou-ethnikou-schediou-anakampsis>

<sup>20</sup> <https://mera25.gr/ellada-2-0-psemata-4-0/>

Industrial revolution and (iv) that the Digital Administration envisioned will provide security of citizens' data from their being sold or stolen.

In summary, all political parties judged the fNRRP as presented, does not set out a clear vision and does not constitute a robust plan widely embraced for the recovery and resilience of the Greek economy and society.

Of interest are also reactions and proposals by NGOs especially those active in environmental issues and climate change. On 23 March 2021, 70 NGOs signed a letter<sup>21</sup> asking the Government to (i) invite proposals from of a wide spectrum of stakeholders from the civil society for the allocation of funds and ensure clarity and transparency for their involvement as well as (ii) to provide an analytical plan with targets, expected results and environmental and social indices.

On the content of the plan, a number of NGOs<sup>22 23</sup> put forward a number of criticisms, with some of the most important ones listed below.

First it remains unclear whether the **energy transition related investments** encompassed in the plan are truly “additional” in light of the revised EU emissions reduction targets to 2030. In particular investments in sustainable transport seem limited compared to financing needs, the increase of the share of community renewables in the energy mix is absent from the plan, while both the amounts dedicated to, and the policy design of, investments in energy efficiency seem inadequate – if the objective is to attain more ambitious climate targets by 2030.

Whilst NGOs noted that it is positive that investments in fossil gas infrastructure seem to have been excluded from the final plan, they also noted that the plan places a limited emphasis given to storage a new energy carrier such as H<sub>2</sub>.

A potentially negative item that is singled out for criticism is the support for CCS which might detract from efforts to change, in a fundamental way, industrial processes and encourage fossil fuel use.

Regarding the just transition of coal regions, criticism is also directed at the lack of coordination with the use of the other funds for Just Transition and the Greek JT Plan announced in the Fall of 2020, including the rehabilitation of the more than 17,000 hectares of lignite mines

Second, vis-à-vis the **circular economy**, NGOs welcomed the exclusion of waste incineration investments from the final plan (given that they classify as an “inferior” solution in the waste hierarchy), but equally noted the complete absence of investments for enhancing waste prevention, reuse and recycling infrastructure. A notable exception are investments dedicated to enhancing the sustainability of water use and improving wastewater treatment infrastructure.

Third, despite the positive nature of dedicating funds to **nature conservation** (which is not a legal obligation under the RRF Regulation), NGOs noted that the choice of biodiversity related investments in the recovery plan reflect a lack of prioritization on behalf of the government. To give but two examples, major components seem to be missing (e.g., no funds dedicated to marine conservation, or the restoration of ecosystems), and investments in items such as flood risk reduction seem to prioritize “grey infrastructure” over nature-based solutions. In total NGOs

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<sup>21</sup> <https://www.greenpeace.org/greece/issues/perivallon/44263/i-koinonia-ton-politon-apaitei-to-elliniko-sxedio-anakampsis-na-proteraiopoiisei-ti-dimiourgia-mias-pio-prasinis-kai-dikais-koinonias/>

<sup>22</sup> [https://thegreentank.gr/wpcontent/uploads/2021/04/20210405\\_GreenTank\\_ESAA\\_Sxolia.pdf](https://thegreentank.gr/wpcontent/uploads/2021/04/20210405_GreenTank_ESAA_Sxolia.pdf)

<sup>23</sup> [https://wwfeu.awsassets.panda.org/downloads/wwf\\_pros\\_vouleftes\\_gia\\_to\\_nrrp\\_april2021.pdf?fbclid=IwAR3YJ1geCjxwO7CXs6MqilHPRcYTvoUnuejvs5LGavOTIt3fIMOJOQzJnPE](https://wwfeu.awsassets.panda.org/downloads/wwf_pros_vouleftes_gia_to_nrrp_april2021.pdf?fbclid=IwAR3YJ1geCjxwO7CXs6MqilHPRcYTvoUnuejvs5LGavOTIt3fIMOJOQzJnPE)

criticized both the relatively modest amounts dedicated to biodiversity-related measures, and the choice and prioritization of measures itself compared to existing investment needs.

Fourth, there were concerns raised regarding Pillar 4 for the Transformation of the Economy and especially Action 4.6 (Modernizing and improving the resiliency of the main economy sectors) with the largest budget of all Actions (€3520Million and €6121Million with leveraging) whose measures (a) seem to contribute little or nothing at all to green transition and circular economy and (b) seem in some cases to be in contradiction with the “do not significant harm” principle.

Last, but not least, there were concerns raised regarding some reforms that aim to “facilitate investments” that could possibly lead to a deregulation of environmental licensing and standards, eventually undermining key nature-related targets.

## 6. Some concluding remarks

The fNRRP, at least in the detail announced this far, is open to two basic criticisms. The first is the lack of meaningful detail and wide participation of the civil society in its compilation and the second is the lack of its place in coherent widely accepted overarching plan to transform and green the economy increasing its competitiveness and resilience.

The lack of transparency and meaningful public consultation that has been noted and objected to by almost all stakeholders, becomes even more worrisome if, unlike conditionalities for approval of specific projects are applied and reviewed ex-ante and ex-post for MFF funds, the approval of the NRRPs extends to the specific projects included. These specific projects, as has been underlined above, at least for the Greek RRP have not been disclosed and the extent to which they are in line with requirements of the Taxonomy Directive and the RRF Regulation cannot be reviewed and possibly questioned by independent civil society entities. This leaves room for political considerations to be the main criteria for selection which usually does not bode well for the effectiveness of the utilization of this unique opportunity to reform the economy to meet the ever-increasing international competition in a manner that both reduces inequality and mitigates the climate change impact.

Furthermore, as details of the use of the MFF funds have not been made public yet, assuming that their breakdown and specific actions have been decided, a sense of hodge-podge accumulation of smaller-scale investments with no discernable synergies arises which might lead to squandering and is not conducive to bringing about a truly de Profundis transformation of the economy.

Similar concerns have been voiced<sup>24</sup> for the RRF Plans of other MSs and recommendations have been offered to the EC to step up its role in ensuring that proper and transparent use of the RRF unique opportunity is not lost or diverted from its main priorities.

It is hoped that the Greek Government will release the full version of the fNRRP which is rumored to comprise 2000 pages and include some or all of the missing information before it is submitted to the EC and even at this last instant a chance is given to civil society to submit proposals so that a final Plan results that is widely acknowledged as a **truly National** Plan toward recovery and resilience. This also requires at a minimum even at this twelfth hour, a full and open debate in the Parliament in a constructive spirit rather than in the usual form of exchanges of stylized arguments to win the contest, to be repeated annually after the submission of a progress report and a scorecard so as to identify and correct problems in its implementation.

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<sup>24</sup> <https://bankwatch.org/wp-content/uploads/2020/11/EN-SEE-NO-EVIL-How-a-lack-of-transparency-could-dash-EU-hopes-for-a-green-pandemic-recovery.pdf>

