

# **Balancing objectives? Just transition in national recovery and resilience plans**

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**etui.**





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## **Abstract**

This paper assesses how well national recovery and resilience plans (NRRPs) aim at jointly tackling the social and climate/environmental challenges of recovery from the crisis and the transition to a net zero carbon socioeconomic model. Drawing on the conceptual frameworks proposed by Mandelli (forthcoming) and by Sabato et al. (2021) on how economic, social and green objectives can be integrated in general, and more particularly in the EU Recovery Policy framework, this paper goes a step further and examines NRRP documents as well as secondary evidence from, among others, the assessments of the European Commission. We develop some indicators which operationalise, at ‘bird’s eye view’ level, the balance between policy interventions aiming at social and green objectives and which explore how well they promote the concept of ‘just transition’. Moreover, the paper looks in more detail at the plans of France, Greece and Germany to provide more qualitative evidence on how these countries have articulated their proposed policy interventions to have a joint impact(s) on both green and social objectives.

Our analysis suggests that planned spending from the Recovery and Resilience Facility (RRF) is tilted in favour of green transition objectives relative to social objectives. This might be a reason for concern about a new imbalance at the expense of the EU’s social dimension, beyond that already in existence with regard to the economic dimension; namely that there is an imbalance between the environmental/green dimension and the social one. Such a new imbalance, however, will also depend on a Member State’s capacity to cushion the impacts of the green transition beyond the use of RRF funds.

# 1. Introduction

The Multiannual Financial Framework & Next Generation EU (NGEU) package for 2021-2027, agreed among EU heads of state in July 2020, aims at financing the repair of the economic and social damage that the Covid-19 pandemic will have caused and at responding to current and future challenges while fulfilling the EU's political priorities (European Council 2020), most notably the transition to a net zero carbon socioeconomic model by 2050. In the EU context, 'green transition' is understood as 'the transition of the EU economy and society towards the achievement of the climate and environmental objectives primarily through policies and investments, in line with the European Climate Law laying down the obligation to achieve climate neutrality by 2050, the European Green Deal and the Paris Agreement' (European Commission 2021b: 24). While the significance of the agreement has been the subject of academic debate (cf. Armingeon et al. 2022; Howard and Quaglia 2021; Ladi and Tsarouhas 2020; Schelkle 2021), the NGEU and in particular the Recovery and Resilience Facility (RRF), especially if they succeed in their objectives (on which, see further below), have the potential to address some of the EU's most pressing policy challenges. This would sow the seeds of important changes in the EU's socioeconomic governance, from the permanent establishment of an EU fiscal capacity to the strengthening of the European Semester. It is, therefore, important to monitor and assess their implementation.

This paper assesses how well national recovery and resilience plans (NRRPs), whose submission by Member States, regular positive assessment by the European Commission and approval by the Council are necessary for Member States to apply for and obtain funds from the RRF, aim at jointly tackling the social and ecological challenges of recovery from the pandemic crisis and the transition to a more resilient and net zero carbon socioeconomic model. The NRRPs provide some programmatic evidence on how Member States plan to balance out the different objectives towards recovery from the pandemic while also improving resilience in the face of the dual green and digital transitions. While the existing literature has been examining Communication and Regulation documents to explore how the socioecological dimension of the EU's recovery strategy from the Covid-19 pandemic has been taking shape (cf. Sabato et al. 2021), we go one step further by analysing the content of the NRRPs and the assessments they received from the European Commission between June and October 2021.

We approach the NRRPs from the perspective of 'just transition' which has been explicitly mentioned as one of the objectives of the EU, as stated in strategic documents such as the European Green Deal (EGD) (European Commission,

2019; European Commission, 2020), but which was also included in the preamble of the 2015 Paris climate agreement (COP21) to which the EU has committed. Just transition has been one of the long-standing demands of the international labour movement, also promoted by the ILO with a set of Guidelines (ILO 2015). Last but not least, the UN 2030 Agenda on Sustainable Development and its Sustainable Development Goals are based on the principle of shared responsibility as implied by the concept of just transition (Galgoczi 2018).

The paper is structured as follows. Section 2 reviews the dimensions of sustainable development in order to frame the concept of just transition and the possible ways of integrating policies aiming at social and green objectives. Based on these conceptualisations and framing, Section 3 first proposes some operationalisation of the policies balancing green and social goals and presents some macro-analytical evidence from the NRRPs, as assessed by the European Commission, on how such a balance presents itself in Member States. This evidence, while allowing some rough comparisons across a large number of Member States, does not provide a finer picture of how this balance is struck in practice which is why in Section 4 we look at some national case studies in order to illustrate this balance in more detail. Section 5 concludes the paper.

## **2. Balancing objectives in the Recovery and Resilience Facility: some conceptual issues**

### **2.1 The Recovery and Resilience Facility and its objectives**

Both the EU Budget for 2021-2027 and the NGEU have been aligned with the EGD – the new EU growth strategy for the 2020s as spelled out in November 2019 in the incoming European Commission’s Communication (European Commission 2019). The aims of this new growth strategy are to:

... transform the EU into a fair and prosperous society, with a modern, resource-efficient and competitive economy where there are no net emissions of greenhouse gases in 2050 and where economic growth is decoupled from resource use [...] protect, conserve and enhance the EU’s natural capital, and protect the health and well-being of citizens from environment-related risks and impacts [...] and to make this transition] just and inclusive. (European Commission 2019: 2)

This definition of the aims of the EGD suggests that, in seeking to tackle the environmental and climate related challenges facing it, the EU’s strategy is to attempt to strike a balance between economic growth and the environmental, but also social, objectives. The proposed establishment of the Just Transition Mechanism within the Sustainable Europe Investment Plan underlined the acknowledgement that the burden of transition and its socioeconomic impact would not be the same across sectors and regions, especially those in which workers and communities are reliant on the fossil fuel value chain, and that efforts would be necessary to leave no-one behind.

The principal component of the NGEU is the Recovery and Resilience Facility which would provide up to 312.5 billion euros in grants and up to 360 billion euros in loans (both in 2018 prices) to Member States for financing their recoveries. The general objective of the RRF, as stated in the Council and European Parliament Regulation establishing it, is:

to promote the Union’s economic, social and territorial cohesion by improving the resilience, crisis preparedness, adjustment capacity and growth potential of the Member States, by mitigating the social and economic impact of that crisis, in particular on women, by contributing to the implementation of the European Pillar of Social Rights, by supporting the green transition, by contributing to the achievement of the Union’s 2030 climate targets, [...] and by complying with the objective of EU climate neutrality by 2050 and of the

digital transition, thereby contributing to the upward economic and social convergence, restoring and promoting sustainable growth and the integration of the economies of the Union, fostering high quality employment creation, and contributing to the strategic autonomy of the Union alongside an open economy and generating European added value (European Parliament and the Council 2021).

The RRF also has six more specific objectives (or pillars) that the funds should be used for, namely:

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, among other things, increasing crisis preparedness and crisis response capacity;
6. policies for the next generation, children and young people, such as education and skills (European Parliament and the Council, 2021).

To draw on RRF funds, Member States have to submit for approval their national resilience and recovery plans, describing in detail the investments and reforms that the requested funds would finance with a view to meeting the above objectives. The European Commission published in September 2020 detailed guidelines on the structure and necessary information to include in those plans, in line with the regulation establishing the RRF.

Compared to the financial support that was provided in the 2010s to Member States facing difficulties in financing their public debt, the shaping of these plans has been taking place in a bottom-up rather than top-down manner, within certain broadly defined conditions set out by the Regulation establishing the RRF. One of these conditions is that at least 37 per cent of the requested funds should contribute to pursuing the ‘green transition’, while the planned investments and reforms should do no significant harm to the environmental objectives as defined in the EU Taxonomy Regulation<sup>1</sup>. Other conditions include the requirement that

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1. The EU Taxonomy is the EU’s emerging common classification system for sustainable economic activities. It has been part of the EU’s action plan for financing sustainable growth and aims at helping redirect investment flows towards sustainable projects to make European economies, societies and businesses more resilient against climate and environmental shocks. The climate and environmental objectives of the EU, as outlined in the Regulation establishing the EU Taxonomy of sustainable economic activities, are climate change mitigation, climate change adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, the contribution to pollution prevention and control, and the protection and restoration of biodiversity and ecosystems (European Parliament and Council of the EU 2020). At the moment, the definition of environmental sustainability within the EU Taxonomy has advanced, while there are ongoing deliberations on whether and, if so, what form a definition of social sustainability should take.

NRRPs are consistent with the country-specific challenges and recommendations identified in the European Semester, the most recent Economic Council policy recommendation for the Euro area, the national reform programme of a Member State, national energy and climate plans, the territorial just transition plans related to the Regulation establishing the Just Transition Fund, the Youth Guarantee implementation plans and any partnership agreements and operational agreements related to EU funds. The NRRPs will also have to explain, among others, how they contribute to underpinning the digital transformation to which at least 20 per cent of the requested funds would have to be dedicated as well as to the implementation of the European Pillar of Social Rights.

The above reading suggests that, while the RRF has multiple economic, social and green objectives, it has been set up so that Member States do not face pressure to fulfil all of them equally, not just due to the way that conditions have been spelled out in the RRF Regulation (e.g. spending on the pursuit of climate and/or digital targets has a specific threshold that needs to be met, whereas no such threshold exists for social objectives or the implementation of the European Pillar of Social Rights) but also due to the different challenges and starting points facing Member States in economic, social and environmental terms. A pertinent question is, therefore, whether a good balance can and will be achieved among these objectives and how such a balance could be defined.

## **2.2 Balancing economic, social and greening objectives: the notion of just transition**

Approaches to tackling the trilemma between the economic, social and environmental spheres, with their distinct norms and policy goals but also with their interconnections, have been the subject of substantial theoretical and applied research on sustainability in the past (see Mandelli forthcoming and Sabato et al. 2021 for reviews of the literature; O'Connor 2007; Pradhan et al. 2017; Schweikert et al. 2018; UN 2015; Raworth 2017). These approaches can be classified according to the extent to which they integrate the three different dimensions and the way they rank the relative importance of each one over the others (Sabato et al. 2021:16).

One of the approaches to balancing the three dimensions is just transition. Taking a broader perspective than the paradigm of 'green growth', the concept of just transition to an environmentally sustainable economy and society reflects concerns about how climate change and attempts to protect the environment could have negative impacts on jobs and people and how such impacts could be mitigated. Two functional dimensions are important, namely: the outcome of 'decent work for all in a decarbonised economy and an inclusive society with the eradication of poverty'; and the process of 'a managed transition [towards a decarbonised economy and an inclusive society] with meaningful social dialogue at all levels to ensure that burden sharing is just, and nobody is left behind' (Galgoczi 2018: 2). In this respect, just transition forms an integral part of the sustainable development policy framework in which economic development is conducted without depleting

natural resources and by respecting planetary boundaries together with alleviating poverty and inequalities and promoting decent work for all.<sup>2</sup>

If we wanted to situate the RRF and the EU approach more broadly (through for example its current growth strategy, the EGD) within the spectrum of approaches to balancing economic, social and green objectives, it would be fair to say that the focus is on balancing economic growth with green and social objectives whereby growth is promoted via the expansion of environmentally sustainable activities and green sectors. At the same time, (financial) provisions are being made to limit the impact of such a transition on people and communities with, among others, the Just Transition Mechanism and Fund and, more recently, the Social Climate Fund. While the notion of just transition broadly delineates outcomes and processes as well as a broad balance between economic, social and environmental objectives, it does not directly define how policies are integrated in practice to provide for a 'balanced' approach or exactly which policies should be considered, especially in a context of policy objectives as broad as those of the RRF. Such a conceptualisation would be helpful in assessing whether NRRPs prescribe such a direction.

In terms of the analytical classification proposed by Mandelli (forthcoming), the emphasis seems to be on 'growth-oriented eco-social policies [which] perform a socio-ecological investment function, for which welfare states are supposed to enhance individuals' capabilities as a way of enabling the functioning of the green economy'. More specifically, the European Commission Communication on the EGD states that

the transition to 'a fair and prosperous society' should be 'just and inclusive'; and should 'put people first, and pay attention to the regions, industries and workers who will face the greatest challenges' (European Commission 2019:2).

We thus draw on work by Sabato et al. (2021) and Mandelli (forthcoming) to answer two questions in this respect. First, how welfare states can shape the green transition and therefore which interventions should be considered in this respect. And, second, how far policies aiming at social and green objectives are integrated.

Regarding the first question, Sabato et al. (2021) identify four different functions of the welfare state (i.e. policies aiming at social objectives) which can shape green transition. The first of these is the benchmarking function, whereby the welfare state provides the principles and social rights defining social justice which can then also help by designing policy interventions in other domains, including the environmental, which are in line with social justice. The requirement to promote the implementation of the European Pillar of Social Rights is a case in point in the case of the RRF. The second identified function is the enabling one, whereby social policies, most notably social investment in education, skills and active labour market policies, can facilitate green transition. The third is that national welfare states can have a buffer function in green transition to ensure that the

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2. For more details, see the list of Sustainable Development Goals <https://sdgs.un.org/goals>

citizens affected by green transition are protected by a social safety net. The fourth and final function of the national welfare state is its consensus-building function, whereby tools, institutions and practices such as social dialogue can help build consensus over the course of the green transition or mitigate the conflicts arising therefrom.

Regarding the second of the above questions, Mandelli (forthcoming) suggests three logics of interaction between social and green policies, namely: silos, whereby the two dimensions are completely separate; parallel development, whereby social policies are developed independently of greening policies but where an effort is made to take them into account; and full integration between greening and social policies, whereby the two types of policies are designed with the aim of achieving interconnected goals. Given the centrality of the notion of just transition in assessing NRRPs' balancing of green and social objectives, we opt to define as balanced, planned policy interventions those that are either integrated or developed in parallel.

In the following section, we use these conceptualisations to identify policy interventions in the NRRPs to gauge whether and, if so, to what extent and how they balance social and environmental objectives so as to contribute to just transition.

### **3. How well do national recovery and resilience plans promote just transition?**

Comparatively assessing the content of the NRRPs can be a formidable task. Member States' plans were submitted in national languages and, given the amount of information requested to justify a sound assessment, their administrations were free to compile reform and investment programmes depending on their own needs. This resulted in recovery plans being invariably lengthy. Moreover, the structure of the policy intervention programmes differed across Member States, as did their investment and reform needs in general, but also in the extent to which these are being financed by the RRF. This makes the extraction of information and meaningful comparison even more difficult across all Member States. Last but not least, cross-country comparison of the NRRPs is complicated due to the diversity of recovery plan milestones and targets and the use of both output and results indicators of performance (Darvas 2022).

To contribute to monitoring the implementation of the NRRPs, the Regulation establishing the RRF provided for the setting up of a scoreboard. This scoreboard was presented by the European Commission on 15 December 2021 following a delegated act setting out its objectives and indicators in late September 2021.

Among the various indicators, only one aims at reporting on the joint progress made towards green and social objectives, most notably, the 'population benefiting from protection measures against floods, wildfires, and other climate related natural disasters', measured in terms of the number of people, (European Commission 2021).<sup>3</sup> This is an indicator referring to measures of climate adaptation. While adapting to the consequences of climate change will be an important dimension of just transition, it does not cover measures aiming at climate change mitigation. This is a rather disconcerting development insofar as it seems to suggest that the integration of climate change mitigation and social policies does not have a prominent position in evaluating the implementation of the RRF and the NRRPs as far as the scoreboard is concerned (for now).

In view of these difficulties, there is a trade-off between the comparability and comprehensiveness of information in assessing the NRRPs. Therefore, we have taken a two-pronged approach. First, we provide some basic data on spending and the qualitative assessment of the joint impact of different policy bundles on green and social objectives, as well as on the extent of public consultation, to obtain

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3. For more detail on the delegated act on the scoreboard, see [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L\\_.2021.429.01.0083.01.ENG&toc=OJ%3AL%3A2021%3A429%3ATOC](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L_.2021.429.01.0083.01.ENG&toc=OJ%3AL%3A2021%3A429%3ATOC)

a crude but across-the-board picture of the planned intentions of the Member States submitting NRRPs. We use, among others, the European Commission's Staff Working Documents, published between June and October 2021 in English, which provide assessments of the NRRPs in line with the criteria spelled out in the RRF regulation, as well as a dataset compiled by Bruegel (2021) which includes classifications of planned spending under the different objectives of the RRF. Second, we complement these basic quantitative/qualitative data with more details from specific country case studies which illustrate better whether, and if so in what ways, environmental and social policy goals are planned to be implemented in a parallel or integrated manner. We have selected three country cases – France, Greece and Germany – whose original NRRPs we could access. The selection was based on our language skills.

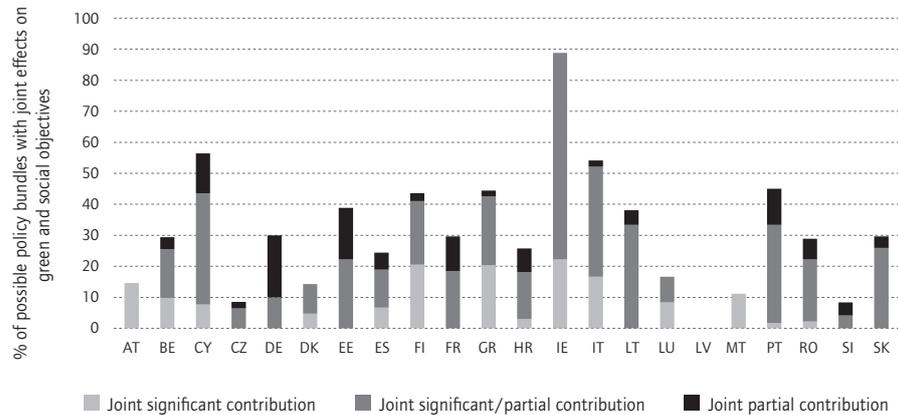
### **3.1 A bird's eye view of national recovery and resilience plans from a just transition perspective**

One of the assessment aspects of the European Commission Staff Working Documents is the expected impact that each group of planned interventions is expected to have on each of the policy objectives of the RRF. A first criterion on whether there is any balance between social and green objectives in the NRRPs could be provided by the existence and extent of the expected impact of a group of measures in respect of pillar 1 (green transition) and pillars 4 (social and territorial cohesion), 5 (health and economic, social and institutional resilience) and 6 (policies for the next generation, children and young people). We have chosen to omit the pillar on smart, sustainable and inclusive growth from this calculation as it is more ambiguous in its 'social' character.

Furthermore, according to the European Commission assessments, the impact of a measure on any of these pillars can be 'significant' or 'partial'. Bundles of measures which, together, have a jointly significant impact in the green transition and one of the social pillars suggest a greater balance than bundles of measures which have a significant expected impact on one of these pillars but only a partial impact on the others, or only a partial impact on any of them.

Figure 1 below shows the extent of which of the bundles of policy interventions proposed by the Member States have been assessed by the European Commission as having a jointly significant or partial impact on the green transition objective and on at least one of the social objectives.

Figure 1 Share of bundles of policy interventions having a joint (significant, significant/partial or partial) contribution to the green transition and one of the social pillars of the Recovery and Resilience Fund



Source: Authors' elaboration based on the formal assessments by the European Commission of the 22 national recovery and resilience plans submitted by October 2021.

The figures are a rough measure because a bundle of policy interventions may also include investment activities or reforms that do not jointly contribute to the green transition and one of the social pillars. Moreover, they do not provide any indication of which function the proposed interventions targeting social policy concerns perform with regards to green objectives. Additionally, the bars do not show us the importance of the resources dedicated to policy interventions while, last but not least, a joint 'contribution' to green and social policy objectives refers to the expected outcomes of policy interventions which do not necessarily closely track the policy inputs and, therefore, the planned policy effort across the Member States (see also Mandelli forthcoming for a critique of the existing classifications of eco-social policies).

These caveats notwithstanding, we see that, while most Member States have planned measures which are expected to have a joint significant impact on the green transition and one or more of the social pillars, these measures are relatively scarce, suggesting a less tight integration between socio-environmental measures in the NRRPs. However, the data do give us an idea of whether whatever inputs Member States have planned can be expected to hit green and social objectives together (and to what extent). They also provide some indication of how the European Commission has assessed these interventions, especially when it comes to measures that integrate environmental and social objectives in innovative ways.

A second indicator of balance (or lack thereof) between green and social objectives is the share of planned spending on interventions aiming at green transition objectives compared to that aiming at social objectives; and the share of planned spending aimed jointly at green and social objectives as a share of total planned spending. Proposed measures under the latter category might encompass investments in education and training to match skill gaps or needs in green sectors and technologies, the improvement of energy efficiency by promoting the

renovation of buildings or other measures against energy poverty, investments in waste prevention or management (boosting circular economy models) and in water re-use infrastructures and the provision of environmental services for marginalised communities.

Using data from Bruegel, Figure 2 below shows, for each Member State with a submitted and assessed NRRP, the share of NRRP costs aiming wholly or partly at the green pillar, excluding spending on any of the social pillars;<sup>4</sup> the share of planned spending aiming wholly or partly at one of the social pillars, excluding any spending on the green pillar; and the share of spending aiming jointly at the green and one or more social pillar.

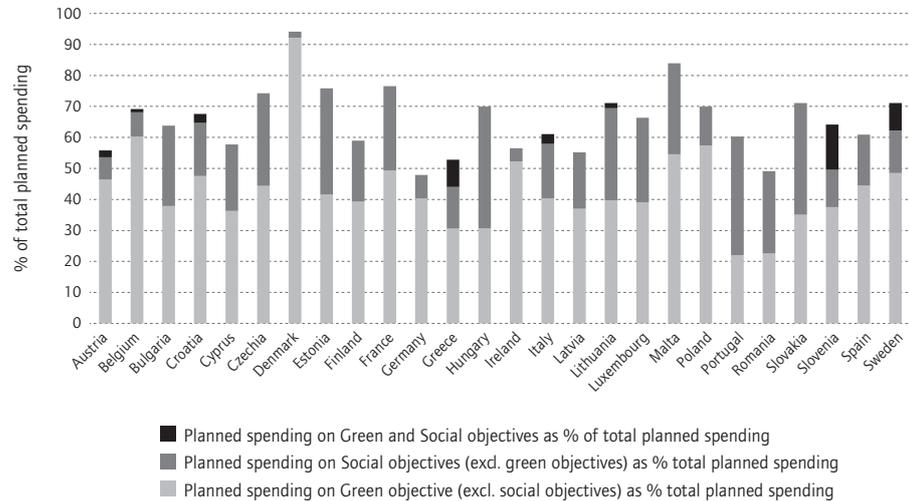
As mentioned by the authors of the dataset, assigning planned spending to single pillars alone is particularly difficult. However, we see that, in most cases, planned expenditures aiming at the green pillar, excluding any spending on the social pillar, are greater than those aiming at one or more of the social objectives, excluding any spending on the green pillar, although there are also several exceptions with more balanced figures, for example Estonia, Hungary, Portugal, Romania and Slovakia. Moreover, in only eight of the 22 countries – Austria, Belgium, Croatia, Greece, Italy, Lithuania, Slovenia and Sweden – were the authors of the dataset able to assign spending to policy interventions jointly aimed at the green and one or more social pillars together. Even in these cases, the share of planned spending aimed at both green and social objectives in conjunction is relatively tiny compared to the other categories, with the exception of Slovenia where the joint green and social spending amounts, in terms of the planned costs, almost to the same share as the spending on solely social measures. Greece and Sweden also have some of the highest shares of such ‘integrated’ green and social planned spending compared to the rest.

Again, as with the data in Figure 1, several caveats are in order here. The data in Figure 2, even under the category of planned spending jointly aiming at green and social objectives, do not tell us much about the way in which the green and social parts of the interventions are integrated. The data pertaining to the planned spending on green (excluding social) and the social (excluding green) pillars do not necessarily provide the full picture of the actual balance between green and social policies in Member States as their starting positions, most notably in respect of their welfare states and their environmental policies, and thereby their needs but also their own capacity for spending, vary quite substantially.

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4. The authors of the dataset have assigned planned spending in single pillars (objectives of the RRF) and also in joint pairs of pillars. For the purposes of the figure here, we have calculated the share of joint spending on green and one or more of the social pillars (i.e. pillar 1 and pillars 4, 5 or 6) as one category; planned spending on the green pillar alone and either of the non-social pillars (pillars 2 and 3) as a second category; and planned spending on one or more of the social pillars and the remaining pillars other than the green ones.

Figure 2 Distribution of planned NRRP costs among actions aiming at green and/or social objectives



Source: Authors' calculations using data from Bruegel (2021).

A third criterion for gauging the extent to which the NRRPs promote just transition is the extent of the consultation undertaken to compose the NRRPs and/or which is planned for their implementation and monitoring. This is a qualitative criterion as all Member States are formally required to report on the consultation procedures they have put into place for shaping their NRRPs but also, if relevant, how these are being implemented.

A study of the NRRPs reveals large differences in the reported use of consultation inputs and the involvement of stakeholders, especially the social partners, in the development and implementation of the plans. In some cases, the European Commission has made remarks proposing greater consultation in its assessment documents. It is, however, unclear if not doubtful whether the obligation to report on consultation helps establish social dialogue practices where they are not prevalent (Vanhercke, et al., 2021). Thus, further research would be necessary to gauge the qualitative aspects of consultation with trade unions in the implementation of the NRRPs.

### 3.2 Some national case studies

Having looked at some very broad quantitative indicators of whether policy interventions aiming jointly at green and social objectives have been planned, and given the many limitations of these, we now turn to more specific country case studies. These studies permit the more qualitative interrogation of this question.

### 3.2.1 France

Before assessing the balancing of environmental and social objectives in the French National Recovery and Resilience Plan, and thus evaluate the just transition aspects of the recovery, it is helpful to understand a little of the national context to put things into perspective.

To start with, there has been a strategic agenda – even prior to the pandemic – that has pushed France to prioritise the urgent issues to be tackled. These include various policies for the green transition; the digitalisation of businesses and public services; the reskilling of workers for the needs of the digital age; promoting innovation for productivity growth; ensuring economic resilience; reducing structural unemployment; and making public spending more efficient (Ducoudré et al. 2020; Blanchard and Tirole 2021). In addition to these issues, the Covid-19 pandemic has further exposed the existing vulnerabilities and socioeconomic challenges in the country as well as creating new ones. Despite the existing or deepened challenges posed by the pandemic, one could say that the latter has also provided an additional opportunity to continue the ongoing ambitious reform and investment agenda by enlarging and adapting it so that it is capable of addressing the additional challenges posed by the pandemic.

On the climate front, there are a number of challenges that France has been facing. These challenges could be grouped under the broader headings of energy and the environment, each of which appear with policies and initiatives to address the related challenges necessitating targeted actions and interventions.

Under the energy heading, the first issue is related to emissions which risk falling short of the 2030 targets on the basis of the existing measures, particularly in sectors not covered by the EU Emission Trading System. According to the French National Energy and Climate Plan released in March 2020,<sup>5</sup> a national target of a 37 per cent reduction in greenhouse gas emissions by 2030 (as opposed to the benchmark level of 2005) has been put forward. However, the transport sector – amounting to nearly one-third of all emissions – together with the agriculture sector, where emissions are sizable, are likely to make it difficult to reach these targets in line with the proposed timeline. To make things worse, the transport sector in France has actually been witnessing rising emissions while the continuing subsidies or tax reductions which favour fossil fuels make it difficult to lower emissions (Blanchard and Tirole 2021). This also raises questions about the smooth transition to a low-carbon economy by the deadlines in the coming decades, realising that there are significant investment needs, for example in accelerating the electrification of vehicles via the investment in and installation

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5. For further details of the integrated National Energy and Climate Plan of France, see [https://ec.europa.eu/energy/sites/default/files/documents/fr\\_final\\_necp\\_main\\_en.pdf](https://ec.europa.eu/energy/sites/default/files/documents/fr_final_necp_main_en.pdf)

of the accompanying road infrastructure, such as charging stations, to decrease dependence on fossil fuel.

Moreover, France is also quite dependent on (and attached to) nuclear energy which provides almost three-quarters of the country's power production.<sup>6</sup> In this respect, there are continuing research and development efforts being made with the future ambition of commissioning next generation nuclear energy plants with smaller reactors and more manageable radioactive waste.<sup>7</sup> At the same time, there are heated debates in Europe about nuclear energy and its future and whether it should be included in the EU Taxonomy for sustainable activities.

The relatively low deployment of renewable energy thus far (in comparison with the frontrunners such as the Scandinavian countries) is another concern.<sup>8</sup> Although there has been a significant increase in the share of renewables in the energy mix, from 9.6 per cent in 2005 to 17.2 per cent in 2019 (European Commission 2021a), the target of a one-third share of renewables in the mix by 2030 appears difficult to reach. This is why there is an urgent need to invest heavily in alternative fuel and renewable energy sources, upgrade transmission and distribution systems and increase cooling systems based on renewable energy (European Commission 2021a).

Last but not least, energy inefficiency is a major concern in France. Amounting to nearly half of final energy consumption and one-quarter of greenhouse gas emissions, the energy consumption of buildings (including both private and public) remains high, pointing to the need rapidly to increase energy performance and the decarbonisation process of a large number of buildings.

According to its National Energy and Climate Plan, France needs to invest 45-85 billion euros per year to be on the right track towards a zero carbon future: 15-25 billion euros to improve the energy efficiency of buildings; 20-50 billion euros to promote and develop clean mobility; and 10 billion euros to deploy further renewable energy and electricity grids (European Commission 2021a).

On the environmental front, there are challenges in implementing the necessary steps to optimise waste management to reach EU recycling targets. While there is a comprehensive legal framework to smooth the transition to a circular economy, implementation and enforcement remain insufficient. Both of these areas require significant investments that necessitate specialised labour, among other infrastructure needs, to reduce the resource exigency and the country's environmental footprint.

Moreover, France has been facing other significant environmental challenges and disasters that are climate related as well as a result of (indirect) human behaviour.

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6. <https://www.world-nuclear-news.org/Articles/Macron-says-France-will-construct-new-reactors>

7. *ibid.*

8. <https://ec.europa.eu/eurostat/cache/infographs/energy/bloc-4c.html> (based on Eurostat data on the share of energy from renewable sources in the EU, 2019).

They include flooding in coastal areas and river basins, the risk of cyclones, extreme heatwaves, droughts and wildfires. These challenges create significant vulnerabilities for local populations and require targeted adaptation measures to increase disaster resilience on top of climate change mitigation actions. Last but not least, air quality standards are often not met, especially in large cities where air pollution due to transport, heat generation or energy production is quite prevalent and a major concern for public health.

Against this background, as a response to the pandemic as well as to the existing socioeconomic and environmental challenges, France launched in September 2020 its 100 billion euro national recovery strategy called *France Relance* which is largely based on three key policy areas comprised of the (1) green transition; (2) boosting competitiveness and leading the digital transition; and (3) social and territorial cohesion. Nearly 40 billion euros of this national plan have been requested from the EU's Recovery and Resilience Facility in the form of grants (and no loans). This comprehensive plan, with its numerous investment and reform packages, appears to correspond to the seven flagship initiatives identified by the Commission (European Commission 2020), for example by increasing the development of renewable hydrogen, reducing carbon dependence, improving energy efficiency and retrofitting public and private buildings, speeding up digitalisation, expanding cloud capacity and increasing workers' digital skills and competences. All in all, the French Recovery and Resilience Plan allocates respectively about 50 and 25 per cent of its budget to green and digital investments and reforms, both of which are above the minimum spending requirements in these areas proposed by the Commission as detailed in the RRF Guidelines.

Along with these Guidelines, the French NRRP has laid out six key objectives – also reflecting the three policy areas of *France Relance* – under which reform and investment measures are organised and which correspond to the objective pillars of the RRF. These are spread out under nine pertinent components that consist of: (1) energy efficiency and retrofitting; (2) ecology and biodiversity; (3) infrastructure and green mobility; (4) green technology and energy; (5) business financing; (6) technological sovereignty and resilience; (7) digitalisation of public services, territories and businesses; (8) preserving employment, transitions for young people and the inclusion of disabled people, and occupational training; and (9) research and development, health (*Ségur de la santé*) and territorial cohesion.

The following table provides a summary of the numbers of reforms and investment measures planned with corresponding budgetary figures for each component in the French NRRP.

Table 1 Main components of the French NRRP with corresponding counts of measures (investments and reforms) and budget

Components of the French NRRP	Policy area	Investments (No.)	Reforms (No.)	Budget (€ million)
1. Energy efficiency and retrofitting	Green transition	4	2	5800
2. Ecology and biodiversity		10	2	2100
3. Infrastructure and green mobility		7	2	7000
4. Green technology and energy		3	1	5300
5. Business financing	Competitiveness	1	2	300
6. Technological sovereignty and resilience		4	1	3200
7. Digitalisation of public services, territories and businesses		11	5	2100
8. Preserving employment, transitions for young people and the inclusion of disabled people, professional training	Cohesion	22	4	7500
9. Research and development, health ( <i>Séguir de la santé</i> ) and territorial cohesion		8	3	7700
	Total	70	22	€41 000

Source: Authors' elaboration based on the French NRRP. Reported budget figures might slightly deviate from the stated figures in the Plan due to upward rounding (2021).

As can be seen from Table 1, with four out of the nine components allocated under the green pillar representing a total of 20.2 billion euros of the budget, the green transition is a key priority in the French NRRP. To this end, 24 out of the 70 investments and seven of the 22 reforms are allocated to the green pillar. However, it should be noted that not all green or social objectives are covered under the budget requested from the Commission's RRF as some of these measures are covered under the broader national recovery plan, *France Relance*.

The Commission's formal assessment of the French NRRP provides a cross-tabulation of the nine components of the Plan in terms of their partial or significant contribution to the six pillars of the RRF (European Commission 2021a: 29). Accordingly, components 1 and 3 of the NRRP contribute concurrently to both the green transition and social and territorial cohesion. In addition, measures on digitalisation (component 7) and on research and development and health (component 9) could – at least partially – serve both green and social objectives.

When inspecting the various components of the French Plan more closely with a just transition lens, we can distinguish between several key investments and one reform contributing to the just transition process. Among the investments category, the majority of the green spending addresses energy poverty by proposing measures to improve the energy efficiency of buildings through massive retrofitting and renovation projects as well as investments in infrastructures targeting both

public buildings, such as schools, libraries, hospitals, administrative buildings and care homes, private and social housing and small and medium enterprises (SMEs). This is a significant contribution by the Plan to the just transition process as relatively high (and increasing) energy bills make up a large share of the budget of poorer households and put a strain on public finances (Galgoezi and Akgüç 2021). There are also specific measures to improve the accessibility of cleaner mobility options which tackle both green and social objectives by helping to reduce emissions in the transport sector while promoting and making it also affordable to a wider population.

The French Plan also contains a number of adaptation measures against environmental and climate-related disasters. This would reduce vulnerability and increase the disaster resilience of local populations residing in coastal areas and river basins as well as those living near forests at risk of wildfires.

On the social front, the Plan strives to address various social and employment challenges through a number of investments and reforms. These include initiatives to boost inclusion and resilience in society, for example by increasing employability; enhancing skills; facilitating equal access to training and education in line with the current and future skills needs of labour markets in the face of the dual transition; integrating young people into labour markets, particularly in future-oriented sectors; promoting worker mobility (while ensuring territorial cohesion); and delivering targeted support for vulnerable groups (e.g. women, migrants, atypical workers, disabled, elderly, etc.).

From a social perspective, one remarkable feature of the French NRRP is its frequent reference to the European Pillar of Social Rights as the measures refer to its various principles regarding, for example, equal opportunities, gender equality, lifelong learning and access to education and the inclusion of disabled people.

While the French NRRP is quite strong in green and social dimensions when looked at from either angle separately, what often reoccurs in the Plan is the lack of linkages between social or labour market measures and green transition measures, the absence of which risks weakening the just transition aspect of the overall Plan. In particular, employment or training related policies are often not linked to just transition plans. For example, there is an explicit part in the description of each measure saying whether the measure is coherent with just transition plans (and/or climate objectives) and, on several occasions, the text literally says ‘Measure in favour of employment, not detrimental to the achievement of the objectives of the just transition or of the climate energy plan.’ In other cases, the text simply says ‘Yes, the measure will support just transition’, without explaining how or justifying why.

Overall, these issues raise questions about whether the social objectives or fairness aspects are well aligned with the green transition measures in the French NRRP. However, as anticipated earlier, this could be related to the fact that not every measure pertaining to just transition is covered under the NRRP for which EU funds are requested: a big chunk of spending is covered under the broader national recovery plan *France Relance*. Furthermore, there is another important

aspect to acknowledge in that France, which is characterised by a generous and well-functioning welfare state, might already be implicitly addressing some of the social challenges arising from the green transition through existing welfare provisions.

Despite the missing linkages between social and green objectives in some parts, there is one critical example of a reform, the *Loi Climat et Résilience* (Climate and Resilience Law), in the French NRRP which, it could be argued, strengthens its just transition aspect according to our assessment criteria. The process started in 2019, when France experimented with a *Convention citoyenne pour le climat* (Citizens' Convention on Climate) in which 150 randomly selected citizens came together to discuss how to reach climate and environmental targets while also paying attention to issues of social justice.<sup>9</sup> The Convention came up with a number of concrete proposals (149 to be exact) in July 2020, some of which were addressed to the National Assembly for inclusion in the Climate and Resilience Law, adopted on 20 July 2021 and enacted on 24 August 2021.<sup>10</sup> The Convention's proposed package was organised under six headings:<sup>11</sup> (1) consumption; (2) produce and work; (3) mobility/transport; (4) housing; (5) food; and (6) reinforcing the judicial protection of the environment. The objective was to come up with ideas and initiatives to lower the environmental footprint and the resource exigency, respect planetary boundaries and preserve biodiversity while increasing the resilience of individuals against the climate emergency. While not all proposals made it into the proposed law, some are (or will be) reflected in other regulatory frameworks. The whole process could be considered a positive example of citizens raising their voices and their concerns about the challenges of climate change.

This example of a climate convention (despite its limitations), together with the well-established existing social dialogue and stakeholder concertation process in the country, jointly show that citizens' perspectives are being listened to during the green transition. Therefore, when considering all the different criteria, as well as the broader national recovery and institutional context, France is still well placed compared to other Member States in terms of the just transition process in the face of the green transition and major transformations.

### 3.2.2 Greece

Greece is a particularly interesting case for assessing the balance between growth, social and environmental policies in its National Recovery and Resilience Plan. Greece lost more than a quarter of its output following the global financial crisis and the harsh economic/fiscal adjustment programmes it had to undergo in exchange for the financial support it received from EU support mechanisms to

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9. For more detail, see the dedicated page of the Convention: <https://www.conventioncitoyennepourleclimat.fr/>

10. <https://bit.ly/3wctRKY>

11. The full report with all proposals and the detailed explanation within its thematic structure is provided here: <https://www.lecese.fr/sites/default/files/pdf/Convention/ccr-rapport-final.pdf>

avoid a disorderly default on its public debt and to help rebalance its large current account and budget deficits. These programmes included far-reaching structural reforms which further weakened its hitherto ineffectual but still expensive social safety net (Matsaganis 2014; Matsaganis 2018).

While some progress has been made in recent years in terms of the green transition, from increasing the share of renewables in the energy mix and the resource productivity of GDP to reducing per capita greenhouse emissions and material consumption, Greece has been lagging behind in a number of critical aspects of the 'green economy' (WWF Greece 2020). According to data compiled by the WWF, the energy intensity of the Greek economy increased between 2010 and 2018, while its difference from the EU average, which itself declined, has thus risen. Municipal waste recycling and the share of circular economy products in domestic material consumption were less than half and about one-tenth of the respective EU averages. The resource productivity of GDP was also lower in 2018 compared to the EU (WWF Greece 2020). In particular, as far as the circular economy is concerned, the share of gross value added of the sectors related to it in Greek GDP was the lowest in the EU in 2019, amounting to just one-third of the EU average. Overall, the WWF assessed in 2020 that Greece presented a 'significant green investment gap' which could block the transition of the economy towards climate neutrality, the circular economy and the protection of biodiversity and ecosystems (WWF Greece 2020:13-14).

In this sense, Greece has had major gaps to fill in terms of recovery and resilience across all three economic (growth), social and environmental policy objectives. Greece was one of the countries that experienced the greatest GDP losses in 2020 in the EU (second only to Spain), not least due to its reliance on tourism. What is less often mentioned when discussing the Greek NRRP is that Greece will soon again be under tight public spending constraints, namely the obligation to produce budget surpluses of 2.2 per cent of GDP once the general escape clause of the Stability and Growth Pact is deactivated and at least until 2032 as a condition for the measures that would lighten the burden of its public debt servicing. Furthermore, it has had a persistent investment gap since the early 2010s which increases the importance of the RRF as an instrument for recovery and resilience.

The Greek government moved swiftly to prepare its application for funding from the RRF. First, it engaged a high-level expert commission, led by Economics Nobel laureate Christopher Pissarides, to come up with a Development Plan for the Greek economy; this formed a blueprint for most of the actions proposed in the Greek Recovery and Resilience Plan. Eighteen groups of actions for which funding was requested were classified under four major policy areas, namely: green transition; digital transition; employment, skills and social cohesion; and private investment and transformation of the economy. The total amount of funding requested from the RRF was 18.4 billion euros in grants and 12.728 billion euros in loans. Table 2 below shows the distribution of the budgeted costs across the different pillars.

Table 2 Components and costs of the Greek National Recovery and Resilience Plan

Component	Costs (€ million)
1.1 Power up	1200
1.2 Renovate	2711
1.3 Recharge and refuel	520
1.4 Sustainable use of resources, climate resilience and environmental protection	1763
<b>Total costs of policy area 1: green transition</b>	<b>6194</b>
2.1 Connect	522
2.2 Modernise	1281
2.3 Digitalisation of businesses	375
<b>Total costs of policy area 2: digital transformation</b>	<b>2178</b>
3.1 Increasing job creation and participation in the labour market	776
3.2 Education, vocational education, training and skills	2311
3.3 Improve resilience, accessibility and the sustainability of healthcare	1486
3.4 Increase access to effective and inclusive social policies	611
<b>Total costs of policy area 3: employment, skills and social cohesion</b>	<b>5184</b>
4.1 Making taxes more growth friendly; improving tax administration and tax collection	187
4.2 Modernising public administration, including through speeding up the implementation of public investment, improving the public procurement framework, capacity building measures and fighting corruption	189
4.3 Improving the efficiency of the justice system	251
4.4 Strengthening the financial sector and capital markets	21
4.5 Promoting research and innovation	444
4.6 Modernising and improving the resilience of key economic sectors	3743
4.7 Improving competitiveness and promoting private investment and trade	5
Technical assistance	40
<b>Total costs of policy area 4: private investment and transformation of the economy</b>	<b>4880</b>
<b>Total costs (all policy areas)</b>	<b>18 436</b>
<b>RRF Loan Facility</b>	<b>12 728</b>

Source: European Commission (2021), Analysis of the Recovery and Resilience Plan of Greece, SWD(2021) 155 final, 17.05.2021, pp. 26-27.

Across the different policy areas, the actions for which most funds have been budgeted are the modernisation and improvement of the resilience of the economy's main sectors; the energy upgrading of the country's building stock; the reinforcement of the digital capacities of education and the modernisation of vocational training and education; the sustainable use of natural resources; resilience to climate change and the maintenance of biodiversity; and the reinforcement of the accessibility, efficiency and quality of the healthcare system. The perceived priorities over the development of a new sustainable socioeconomic model seem to be evident from the above allocation of resources.

The Pissarides report identified a series of problems, goals, actions and priorities for the growth of the Greek economy after the pandemic. Central among the problems

has been low productivity; the weak export orientation of the economy, especially with the low participation of higher technology and innovative manufacturing; a dysfunctional public administration and institutions; low social cohesion and the high risk of poverty, both linked to low participation in the formal labour market and low wages, especially in the secondary labour market, as well as the weak/inefficient system of social protection; dismal demographic developments in the country (population ageing); the extended recession that the economy experienced for most of the 2010s and now with the pandemic; and high public and private debt (Pissarides et al. 2020).

The report set several objectives for addressing these problems (Theodoropoulou 2022). Chief amongst them is the convergence of per capita real income with the EU average in addition to improved social cohesion and better environmental performance. Increases in productivity and in labour force participation, especially of women and young people, were identified as conditions for the convergence in per capita income. According to the report, increased employment will contribute to mitigating social exclusion and will enhance social cohesion while, over time, higher productivity will result in higher household incomes through higher wages. To achieve these objectives, the report proposes several aims such as an increase in fixed capital investment to converge with the EU average; an increase in public and private R&D expenditure via the development of cutting-edge technology hubs which would trigger world-class innovation and also achieve a better connection between research and production; an increase in the share of exports to levels closer to those of other small, open economies in Europe; an increase in the numbers of medium and large-size firms as a precondition for increasing productivity and exports, and their integration into global supply chains; and the evolution of the Greek economy into a regional hub (Pissarides et al. 2020).

To achieve all these, the report focused its proposed policy priorities on measures concerning production and investment, human capital and the public sector and administration. Several of the measures concerned the reduction for businesses of the tax and social security costs of labour; tax incentives for investment in machinery equipment and innovation; the reduction of administrative and energy costs for manufacturing companies; improved infrastructure; and an emphasis on the acquisition of skills (Theodoropoulou 2022).

The European Commission assessed several of the proposed policy interventions in the Greek NRRP as having a joint significant/partial impact on both green transition and social objectives (see Figure 1), placing it among the countries with a relatively high share of policy interventions which have expected joint impacts in these areas. The Greek NRRP has also been assessed to be in line with the 2019 draft of the Greek National Energy and Climate Plan which, however, did not set Greece on track to meet the requirements of implementing the Paris Agreement target of 1.5°C. The Greek NRRP also has a clear focus on social investment with targeted measures for some excluded groups and on the workforce in specific

areas expected to be heavily affected by decarbonisation by providing retraining programmes and planning for investments that should create jobs.

In this sense, there is a focus on the enabling function of the welfare state/social policies in the green transition but it is not clear how far these policies could go to provide a buffer given Greece's weak social safety net. Social dialogue or consultation did take place, according to the Greek government's reports, but references to the role of the social partners are not particularly specific which, given the patchy record of the country, raises questions as to how far those consultations actually went.

All in all, while several steps have been in the right direction, there are question marks over whether the Greek NRRP will suffice in leaving no-one behind on the grounds of the weak Greek social safety net and the economic and environmental challenges that it faces, as well as the constraints from its commitments towards public debt service relief measures (cf. Theodoropoulou 2022).

### 3.2.3 Germany

As is the case with any Member State, the German National Recovery and Resilience Plan has to be evaluated within its national context. This holds especially true when considering the size of the German NRRP which amounts to 27.95 billion euros although this represents less than 1 per cent of German GDP. The Plan nonetheless exceeds Germany's allocation of non-refundable grants, of 25.6 billion euros. Unlike other countries which find themselves in the same situation, Germany does not intend to make up the difference through the loan programme offered by the RRF, however. Instead, the additional amount will be covered by the German state itself, adding to a wide variety of national stimulus and recovery packages that amounted to more than 346 billion euros in 2020 and 2021 alone (IMF 2021). In contrast to countries such as Greece or Italy, these figures illustrate that the policies funded by the RRF constitute only a relatively small part of the entire German response to the pandemic and underline the larger degree of sovereign manoeuvrability that Germany enjoys in shaping its national just transition strategy. As such, while the priorities set by the German NRRP can be coherently placed within the country's overall vision for its ongoing environmental transition, it is important to remember that significant dimensions, particularly those concerning a socially equitable transition, are addressed outside of the RRF framework.

The German NRRP contains 40 measures which are organised into six policy areas inspired by the six pillars outlined in the EU Regulation establishing the RRF: climate policy and energy transformation; digitalisation of the economy and infrastructure; digitalisation of education; strengthening social inclusion; strengthening a pandemic-resilient health system; and modern administration and elimination of obstacles to investment. Table 3 provides a more detailed account of the plan's components as well as the amount of funds allocated to each one.

Table 3 Components and costs of the German National Recovery and Resilience Plan

Component	Costs (€ million)
<b>1. Climate policy and energy transformation</b>	11 264.2
1.1 Decarbonisation using renewable hydrogen in particular	3259.3
1.2 Climate-friendly mobility	5427.9
1.3 Climate-friendly renovation and construction	2577.0
<b>2. Digitalisation of the economy and infrastructure</b>	5902.5
2.1 Data as the raw material of the future	2766.0
2.2 Digitalisation of the economy	3136.5
<b>3. Digitalisation of education</b>	1435.0
<b>4. Strengthening social inclusion</b>	1259.3
<b>5. Strengthening a pandemic-resilient healthcare system</b>	4563.9
<b>6. Modern administration and elimination of obstacles to investment</b>	3525.0
6.1 Modern public administration	3475.0
6.2 Reducing barriers to investment	50.0

Source: German Federal Ministry of Finance (2021), Bär et al. (2021: 15-17).

In general, policies promoting decarbonisation and digitalisation make up the majority of the budgeted costs with more than 65 per cent of the plan's total spending being connected directly to climate and digitalisation objectives. This represents a reflection of the priorities set by the RRF which puts strong emphasis on these two dimensions in its establishing Regulation and requiring minimum shares in each case. For countries such as Germany, with sizeable national recovery packages, this creates an incentive to include measures aimed at promoting digitalisation and decarbonisation in the NRRP, creating the room to focus domestic resources on other policy areas elsewhere. Evidence for such behaviour in the case of Germany can be found in that some measures, especially in the field of climate policy and energy transformation, had already been planned prior to their inclusion in the German NRRP, being previously part of the June 2020 national stimulus plan (Federal Ministry of Finance 2020). These practices might therefore put a question mark on the ability of EU policy to shape the just transition strategies of countries who enjoy enough fiscal space to be less reliant on EU funding.

When considering the individual measures contained in the German NRRP, we find a strong emphasis on supporting the decarbonisation of industrial production, especially through the promotion of renewable hydrogen. This reflects two key challenges of Germany's green transition. The first regards its position as the EU's largest industrial producer, being responsible for 29 per cent of EU industrial production in 2020 (Eurostat 2021). With the projected rise of energy and carbon prices, concerns have been raised regarding the future competitiveness of German industry which the NRRP addresses through subsidies aimed at supporting the transition process towards more sustainable production processes. While the wording of the Plan tries to connect these measures to the protection and creation of sustainable jobs, and thus also to social objectives, subsidies for private corporations without a direct link to job creation have traditionally

not been regarded as part of the just transition framework (Sabato et al. 2021). The promotion of renewable hydrogen, on the other hand, can be linked to the challenge of phasing out coal by 2038.<sup>12</sup> Coal, having traditionally played an important role in German industry and energy production, remained the single most important source of electricity in 2020 with a share of 31.9 per cent. In this context, hydrogen has been identified as one of the alternatives chosen to increase the share of renewable energy sources concurrently.

A further centrepiece of the German NRRP is support for zero emission and hybrid cars. This includes both direct subsidies for the purchase of electric vehicles (private and public) as well as for setting up the charging infrastructure needed to support their widespread adoption. In total, more than 5.4 billion euros is allocated to these measures. The subsidies supporting the purchase of electric cars for private citizens represent a particularly interesting case study of the difficulty involved in appraising policies with regards to the concept of just transition. On the one hand, since the purchasers of electric cars are generally situated in the upper part of the income distribution, the measure can be seen as regressive from a distributional point of view, as critics within Germany have pointed out (DGB 2021; Bär et al. 2021). On the other hand, it could be argued that lowering the effective price of these types of vehicles makes them affordable for the first time also for people from lower income groups.

The component on climate-friendly renovation and construction represents another bundle of measures touching on both social and environmental objectives with a stronger emphasis on the latter than the former. Improving the energy efficiency of buildings has been identified by the German government as a key component within its green transition strategy (Federal Republic of Germany 2015). Furthermore, rising energy and heating costs are expected to place a particular burden on low-income households, with carbon prices constituting a potentially regressive tax in this context. The climate-friendly renovation of residential housing could alleviate social concerns in this regard.

Overall, the German NRRP has a strong green transition dimension and some key elements, such as the measures on improving energy efficiency or making electric vehicles more affordable and attractive to a wider population, do support a just transition process in some way. However, it is apparent that a large chunk of the green objectives is targeted more towards climate change mitigation and emissions reductions given the national context and dependence on fossil fuel. For these reasons, the alignment of social objectives with the green ones is less clear-cut in the overall plan. Figure 1 also supports this as the majority of the measures in the German NRRP make only partial joint contributions to the green and the social goals. However, as we have seen in the case for France, this could be due to the majority of just transition measures being likely to be covered within the broader national stimulus programme for which RRF funds have not been asked of the European Commission. The existing and relatively strong welfare state

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12. Anticipated for 2030 after the release of the German NRRP.

could constitute another element of a safety net able to cope with the disruptive aspects of the green transition.

## **4. Concluding remarks: from the RRF means to the just transition end?**

This paper set out to assess whether and, if so, how the proposed policy interventions in the approved national recovery and resilience plans, one of the main EU financial instruments for powering the green transition, strike a balance between green and social objectives so that they can promote a just green transition, in line with the widely-accepted ILO definition. While the evidence we have on which to base our analysis does not allow for straightforward and in-depth comparisons across Member States, certain observations emerge.

The planned RRF spending is tilted in favour of green transition objectives relative to social objectives, while planned spending which is explicitly jointly aimed at both objectives is scarce. This might be a reason for concern about a new imbalance at the expense of the EU's social dimension, beyond that which arises from the economic dimension; namely that there is an imbalance between the environmental/green and the social dimensions. The implications of the current developments in Ukraine in terms of Europe's security, including in energy, are likely to put further pressures on public budgets for accelerating the energy transition and increasing defence capacity but also for dealing with large waves of refugees, creating further demands which compete with the need to enhance Europe's other aspects of social dimension.

Moreover, in terms of the expected impacts and planned spending, the prevalence of integrated policy interventions aiming jointly at the green and (one or more of) the social pillars of the RRF objectives seems to be quite low. Furthermore, the monitoring of that integration is very limited on the RRF scoreboard, where we find only one indicator referring to climate adaptation. At the very least, this suggests that the green and social interventions proposed in the NRRPs are developed within a parallel and/or silos logic (cf. Mandelli forthcoming and Sabato et al. 2021). The qualitative evidence from the presented case studies also provides similar indications of proposed policy interventions being aimed at green or social objectives without these necessarily being explicitly linked to each other. This is particularly true of social policies which would 'facilitate' the green transition.

These indications should not be entirely surprising for two reasons. First, the RRF Regulation sets an explicit quantitative threshold on spending that needs to be dedicated to meeting climate targets, a significant component of the green objectives of the RRF, whereas it is vague in terms of spending thresholds on social issues. This is so even though Member States need to report both on how their NRRPs will contribute to the implementation of the European Pillar of Social Rights and how they promote policies for the next generation but where no

requirements are imposed on minimum spending shares in the social sphere (as there are in green and digital areas). Second, it is possible that just transition is being financed or engineered by means other than the RRF. National welfare states and social/labour regulations outside the realm of the RRF can provide a balance between the green and social dimensions. Some (broader) national recovery plans address areas not included in the NRRPs (see, for example, the case of both France and Germany). The question then is whether national welfare states can perform this function and whether they will do so in all Member States. The case of Greece provides a warning about the possibility of this inequity and the consequences it could have on Greece's capacity to contribute its share to the EU's transition to a net zero carbon economy by 2050.

The extent to which transition is managed through social dialogue or broader public consultation with stakeholders seems, both from the assessments of the European Commission and from our rather limited sample of countries, to vary depending on the presence of already existing institutional capacities, while its quality is difficult to decipher accurately from the existing information. Given the centrality of social dialogue as a process in shaping just transition, more research and data are necessary in this respect.

Our analysis raises some questions. First, one cannot help but wonder whether the RRF has been a missed opportunity to place spending thresholds on the implementation of the European Pillar of Social Rights and thus give it some financial teeth, given that it seems to lack legal ones (cf. Rasnaca and Theodoropoulou 2020), thus strengthening its potential benchmarking role in shaping green transition policies. Second, what is not clear is whether sufficient action is being taken for a timely green transition, despite relatively large shares of spending being aimed at green objectives. While the NRRPs have to be aligned with national energy and climate plans, the latter are due for revision in view of the recently upgraded EU ambition for reducing emissions by 55 per cent by 2030. Last but not least, our analysis of the NRRPs has made obvious that more and better data and codified information are needed for easier monitoring of the NRRPs (and more of them in a comparative manner). In December 2021, the European Commission published its Recovery and Resilience Scoreboard to that effect. A first reading, however, suggests that monitoring the integration of the policies tackling environmental and social objectives has not received commensurate attention to the prominence of just transition in the EU rhetoric. This is a rather ominous omission which casts further doubt on whether the RRF means will be decisive in steering EU Member States to the just transition end.

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