



Att: Ministers of Economy and Finance
of EU Member States

Copy: Mr Frans Timmermans
Executive Vice-President
frans-timmermans-contact@ec.europa.eu

Mr Valdis Dombrovskis
Executive Vice-President
cab-dombrovskis-contact@ec.europa.eu

Mr Paolo Gentiloni
European Commissioner for the Economy
cab-gentiloni-contact@ec.europa.eu

14 June 2021

Dear Ministers of Economy and Finance,

We are writing to you in view of the upcoming Economic and Financial Affairs Council meeting (Ecofin), on 18 June where you will be discussing Member States' Recovery and Resilience Plans, and exchange views on a reform of the European Semester.

The objective of NextGenerationEU and the Recovery and Resilience Facility is to help repair the immediate economic and social damage brought about by the coronavirus pandemic, and to build a prosperous and sustainable future. How Member States will use this massive injection of public funding will determine the shape and fairness of our economy long after the pandemic will be over.

Unfortunately, ***the Recovery and Resilience Plans (RRPs) published so far lack a transformational approach towards a green and just transition.*** Many of them include welcome projects of reforms and investments. However, they lack a unifying strategy with clear and time-bound objectives aligned with the European Green Deal, Agenda 2030 and the Sustainable Development Goals.¹ Content-wise, we therefore urge you:

¹ For more analysis of the RRP's, see <https://caneurope.org/problematic-measures-to-be-addressed-during-the-ongoing-assessment-of-recovery-and-resilience-plans/> and <https://www.cashawards.eu/>.

- Before approving RRP, to improve them to ensure they reflect ambitious transformation pathways, underpinned with economic reforms and clear targets and milestones. Such transformation should be gender-responsive, inter-generational and pursue wellbeing and rights for all.

In most member states, ***the RRP have been elaborated without inclusive and consistent consultation of civil society***, in spite of the guidance from the European Commission recommending doing so. This is a missed opportunity for democratic ownership. Lack of citizens' engagement ultimately results in plans that are less able to meet actual needs and expectations. Process-wise, we therefore expect the Council to:

- Commit to strengthen stakeholders' engagement in the RRP's implementation, based on entirely public RRP, including the targets and milestones and the Do No Significant Harm assessments.

Whilst welcome, an enhanced EU level budget alone will not be enough to rebuild our economies, national fiscal policy must be empowered too. The current fiscal framework prioritises debt reduction and balanced budgets over much more important human, economic and environmental outcomes. ***We desperately need a complete overhaul of the current approach to fiscal policy.*** We therefore urge you:

- To commit that austerity will not be reapplied and that a new economic governance and flexible principles to coordinate fiscal policies within the Union are agreed, turning fiscal policy from an end to a means.²

Lessons need to be drawn from previous economic policy failures, which brought us in a partly irreversible climate and biodiversity crisis, unacceptable levels of inequality and a hit to democracy and the European project. We expect from the Economic and Financial Affairs Ministers to pave the way for a reform of the EU economic governance reflecting a true paradigm shift – and not just marginal changes to a system that is not fit for our future.

Yours Sincerely,

Wendel Trio
Director, Climate Action Network Europe

² See also the [Rethink the Recovery](#) initiative echoing similar demands.