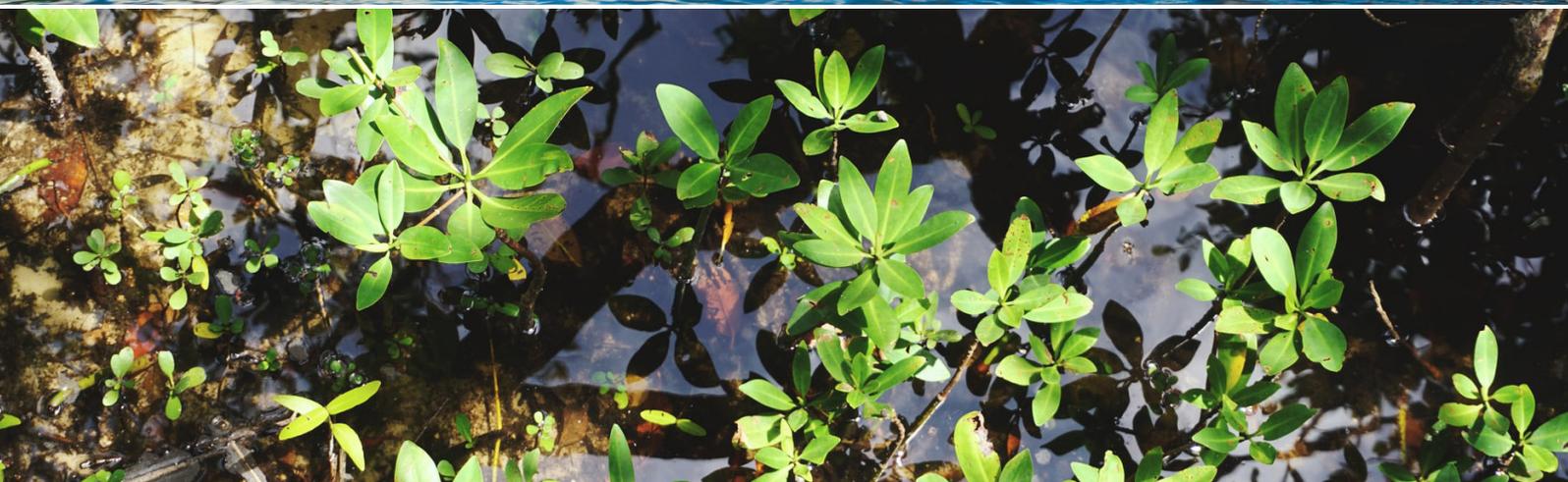


Green Recovery in Central and Eastern Europe from a Water Perspective



Imprint

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The Global Water Partnership Central and Eastern Europe (GWP CEE), is an international network, which comprises 12 Country Water Partnerships in Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Moldova, Poland, Romania, Slovakia, Slovenia and Ukraine and more than 200 partners located in 15 countries. Its mission is to advance governance and management of water resources for sustainable and equitable development. GWP CEE is a part of global network that consists of thirteen regions across the world.

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List of abbreviations

CEE	Central and Eastern Europe
Climate-ADAPT	European Climate Adaptation Platform
COVID-19	Coronavirus Disease 2019
EC	European Commission
EEA	European Environment Agency
EFSI	European Fund for Strategic Investments
EIONET	European Environment Information and Observation Network
EU	European Union
GWP	Global Water Partnership
IAWD	International Association of Water Supply Companies in the Danube River Catchment Area
ICPDR	International Commission for the Protection of the Danube River
IDMP	Integrated Drought Management Programme
INSPIRE	Infrastructure for Spatial Information in Europe
MFF	Multiannual Financial Framework
PCB	Polychlorinated biphenyl
RRF	Recovery and Resilience Facility
SDG	Sustainable Development Goals
UN	United Nations
UNECE	United Nations Economic Commission for Europe
WISE	Water Information System for Europe
WMO	World Meteorological Organisation
WSS	Water supply and sanitation
WWF	World Wildlife Fund

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1. Introduction

The goal of the paper is to provide recommendations for recovery from the COVID-19 pandemic from integrated water resources management perspective. COVID-19 hit countries in Central and Eastern Europe in March 2020 and the second wave came in Summer 2020. The paper proposes a set of water related measures for a new recovery instrument, Next Generation EU and the opportunities to boost the economy for the countries in Central and Eastern Europe. The Next Generation budget is €750 billion in grants and loans. Similar work has been done in other GWP regions, e.g. in the Caribbean that published Perspectives Paper or by other organizations such as GLOBSEC.

GWP Central and Eastern Europe is a part of the global network that operates in 13 regions in the world. The following 12 countries are part of the network, out of which 10 are European Union members. Central and Eastern Europe region is comprising Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Moldova, Poland, Romania, Slovakia, Slovenia and Ukraine.

According to the European Commission, total national allocation from Recovery and Resilience Facility to these 10 countries is €71.031 billion (22.91% of EU27) and from the Just Transition Fund €16.720 billion (55.73% of EU27)

A proposal for an additional €750 billion funding from the Next Generation EU, is an opportunity to foster innovation and climate-proof solutions for the 21st century. Not all the priorities are connected directly to water - building renovation, clean mobility, and waste management. However, water is an important connector, especially concerning climate change.

According to the European Environment Agency report “the European environment — state and outlook 2020”, we have around ten years to bring Europe to the sustainability path. Transport, energy, and agriculture are crucial sectors for the transition, in which water plays an important role.

The recovery instrument is a one-time unique opportunity to do things differently. To bring countries in Central and Eastern Europe to a carbon-neutral future, they must decouple growth from ecological degradation and loss of ecosystem services. The climate change is progressing fast, and the region urgently needs sustainable, climate-proof future investments.



2. The Coronavirus Impact and the Next Generation EU Response

The European Commission has put forward its proposal for a major recovery plan to complement national stimulus packages addressing the socio-economic impact of the coronavirus pandemic. To ensure the recovery is sustainable, even, inclusive, and fair for all Member States, the European Commission proposed a new recovery instrument, Next Generation EU that is a part of a long-term EU budget. The Commission has also adjusted its Work Programme for 2020, which prioritises the recovery and resilience actions.

The coronavirus first and - especially - second wave has shaken Central and Eastern Europe, testing healthcare and welfare systems, societies, and economies. To protect lives and livelihoods, support the Single Market, as well as agile recovery, the European Commission has proposed to use the full potential of the EU budget. Next Generation EU of €750 billion as well as adjustments to the long-term EU budget for 2021-2027 brings the total EU budget to €1.85 trillion.

1. Support to Member States with investments and reforms (EC, 2020):

- A new Recovery and Resilience Facility of €560 billion offers financial support for investments and reforms, including the green and digital transitions and the resilience of national economies, linking these to the EU priorities. It comprises a grant facility of up to €310 billion and €250 billion available in loans. Support will be available to all Member States but focused on the most affected with the most resilience needs.
- A €55 billion top-up of the current cohesion policy programmes between now and 2022 under the new [REACT-EU](#) initiative to be allocated based on the severity of the socio-economic impacts of the crisis. It takes into consideration the level of youth unemployment and the relative prosperity of Member States.
- A proposal to strengthen the [Just Transition Fund](#) up to €40 billion, to assist Member States in accelerating the transition towards climate neutrality.
- A €15 billion reinforcement for the European Agricultural Fund for Rural Development to support rural areas in making the structural changes according to the European Green Deal and ambitious targets of new biodiversity and Farm to Fork strategies.

2. Kick-starting the EU economy by facilitating private investments (EC, 2020):

- A new [Solvency Support Instrument](#) is designed to help prevent insolvencies. In the framework of the [European Fund for Strategic Investments \(EFSI\)](#), it will use the EU budget to support equity investments in companies with solvency problems. With a budget of €26 billion, it aims to unlock €300 billion in solvency support for companies from all economic sectors and prepare them for a cleaner, digital and resilient future.
- Upgrade [InvestEU](#), Europe's flagship investment programme, to a level of €15.3 billion to mobilise private investment in projects in the European Union.
- A new Strategic Investment Facility embedded into InvestEU to generate investments of up to €150 billion in boosting the resilience of strategic sectors mainly focused on the green and digital transition, with a contribution of €15 billion from Next Generation EU.

3. Addressing the lessons of the crisis (EC, 2020):

- A new Health Programme, [EU4Health](#), to strengthen health security and prepare for future health crises with a budget of €7.7 billion.

- A €2 billion reinforcement of **rescEU**, the Union's Civil Protection Mechanism, which will be strengthened to prepare the European Union for and respond to future crises.
- An amount of €13.5 billion for Horizon Europe, which will be reinforced to fund vital research in health, resilience, and the green and digital transitions.
- Supporting Europe's global partners through an additional €15.5 billion for external action, including humanitarian aid.
- Other EU programmes will be strengthened to adjust the financial framework 2021-2027 fully with recovery needs and strategic priorities.

Reaching a political consensus on Next Generation EU and the overall EU budget for 2021-2027 at the level of the European Council was necessary for a speedy recovery and to provide the EU with a powerful tool for socio-economic recovery and resilience to future crisis.

In October 2020, EU ambassadors agreed to the Council's position on the Recovery and Resilience Facility (RRF), a new tool providing member states, with financial support to step up public investments and reforms during the second wave of the COVID-19 crisis.

Relaunching the economy does not mean going back to the status quo before the crisis, but should be forward looking. We have to address the short-term consequences of the crisis from the long-term perspective. According to the European Commission, the European Green Deal, as the EU's recovery strategy focuses on:

- A massive renovation wave of buildings and infrastructure and a more circular economy, bringing local jobs,
- Rolling out renewable energy projects, especially wind, solar and kick-starting a clean hydrogen economy in Europe,
- Cleaner transport and logistics, including the installation of one million charging points for electric vehicles and a boost for rail travel and clean mobility in cities and regions,
- Strengthening the Just Transition Fund to support re-skilling, helping businesses create new economic opportunities.



Fig. 1: Next Generation EU in € billion, 2018 prices (Source: European Commission, 2020)

	NEXT GENERATION EU			
	Grants	Guarantees	Loans	Total
PLLAR 1 – Investment and reforms	405	0	250	655
Recovery and Resilience Facility	310	-	250	560
REACT-EU (top-up to cohesion spending)	50	-	-	50
Rural development	15	-	-	15
Just Transition Fund	30	-	-	30
PLLAR 2 – Private investment	0	56.3	0	56.3
Solvency Support Instrument (under EFSI)	-	26	-	26
InvestEU	-	15.3	-	15.3
Strategic Investment Facility (under InvestEU)	-	15	-	15
PILLAR 3 – Lessons from the crisis	28.2	10.5	0	38.7
EU4Health	7.7	-	-	7.7
rescEU	2	-	-	2
Horizon Europe	13.5	-	-	13.5
.Neighbourhood, Development and International cooperation	-	10.5	-	10.5
Humanitarian aid	5	-	-	5
TOTAL	433.2	66.8	250	750

Fig. 2: National allocations for Central and Eastern Europe in € million (Source: European Commission)

	National allocations	
	Recovery and Resilience Facility	Just Transition Fund
Bulgaria	6,131	2,020
Czech Republic	4,678	2,560
Estonia	1,004	552
Latvia	2,170	299
Lithuania	2,766	426
Hungary	6,136	407
Poland	26,808	6,000
Romania	13,505	3,337
Slovenia	1,693	403
Slovakia	6,140	716
TOTAL	71,031 (22.91% of EU27)	16,720 (55.73% of EU27)

3. Investing in Water: A Solution for Boosting Inclusive and Sustainable Socio-Economic Recovery across Europe

This paper does not analyse water-related challenges in Central and Eastern Europe but rather proposes water solutions for the reform plans. Investment in water can support sustainable development, boost the economy and create new jobs and opportunities. According to the European Environment Agency, water quality has improved, however, there is little or no progress in some types of pollution from agriculture. Common Agriculture Policy on national level supports land-based subsidies that prevent agricultural land from being used for green infrastructure measures. The number of hazardous substances is growing and there is limited knowledge on their cumulative effect. Also, there is still a need to renew and build water supply and wastewater treatment infrastructure.

3.1 Water Investments Generate Inclusive Economic Growth

Proposed National Integrated Reform Plans are addressing past, still unresolved issues, current and future challenges. Infrastructure debt from the past is related to water supply and sanitation and brownfield remediation. This is concerning countries in Central and Eastern Europe that joined the European Union in 2004 and 2007 respectively. These infrastructure-related investments will support economic growth after the COVID-19 crisis. Currently, there is a lack of integration of water policies with other sectors, strategies and plans, e.g. water and land use management. Innovative and forward-looking water challenges include green infrastructure in building restoration, as well as the digital transformation. They will make the water sector more resilient and robust in the long term.

An example from Slovenia shows that the country supports policy integration of circular economy, biodiversity, and others in the reform plan. The main focus in the environmental field is digitalisation and resource (waste) efficiency, particularly promoting the market for high-quality secondary raw materials. Digitalisation supports producers to better trace the process of using resources and raw materials. In a circular economy, national Water Action Plan is welcomed by agriculture and food production sectors. Slovenian reform plans aim for better drinking water protection.

A Renovation Wave for Europe calls for increasing energy efficiency as the majority of public buildings is obsolete and their comprehensive renovation will lead to significant energy savings. The comprehensive restoration will include insulation and replacement of the boilers, reconstruction of the wiring, and facades to prevent excessive energy consumption. Green roofs, walls, rainwater harvesting, and split systems for greywater should be used in complex restoration projects.

Development of water supply and sanitation (WSS) will also support economic recovery and employment after the pandemic, as the measures require relatively intensive labor force involvement. In Central and Eastern Europe, there are still gaps in wastewater treatment and sanitation in small communities. In Slovakia, less than two-thirds of the population are connected to the sewerage system. Funding from the Next Generation EU can be used for WSS projects that are not supported by the Multiannual Financial Framework 2021-2027. Examples include decentralised sanitation, using nature-based treatment and principles of circular economy in water management. Provision of WSS to marginalised groups, e.g., Roma, remote areas, etc. should be supported by the national reforms.

Digital water transformation comprises development of water information systems that connect ministries, line agencies and enable open data access and full transition to a digital society. The water information system will streamline reporting to European Commission, WISE, UN, SDGs and other frameworks. In EU countries, spatial information will follow INSPIRE Directive 2007/2/EC (Infrastructure for Spatial Information in the European Community). They should follow Open Geospatial Consortium (OGC) standards to make geospatial water information and services findable, accessible, interoperable, and reusable. Data infrastructure and human capacities to use water satellite data from Copernicus (the European Programme for the establishment of a European capacity for Earth Observation) for reporting, planning, and other use should be strengthened and maintained in the long term. Transition to digital society can be achieved by integration of earth observation, onsite monitoring and citizens data.

Brownfields remediation will clean up and secure high-risk brownfields that were contaminated by past industrial, military, mining, transport and agricultural activities. They are sources of surface and groundwater water pollution by toxic substances such as polychlorinated biphenyls (PCBs), heavy metals, and pose a risk due to poor maintenance and structural dam failures. Only in Slovakia, there are 1,817 environmental burdens, of which 310 are confirmed, 932 probable, and 808 reclaimed sites. Brownfields remediation should be funded by other financial instruments, only the high risk can be considered for the Next Generation EU. This is an opportunity to establish applied research groups to find innovative solutions for brownfields remediation.

- **Better Water Policy:** Revision of the regulatory policy in the water sector. Regulation in the heating and electricity industry, partly in the water industry, is outdated and prevents the introduction of innovative solutions. In addition, analytical capacities need to be strengthened when setting up transparent and open regulation.
- **Water for Transport and Mobility:** Development of environmentally friendly forms of transport, including sustainable water transport wherever this is relevant option.
- **Water for Sustainable Tourism Industries:** Strengthening nature protection, support for sustainable tourism, including water tourism. Restoration of degraded wetlands, lakes, rivers, and streams, improvement of ecological stability, and integration of green infrastructure into landscape planning and management. Integrated water resources management, river basin planning and flood risk planning will be more closely interlinked with landscape planning.
- **Public Administration Reform:** Capacity building on integrated water management and climate change for decentralized public administration or self-government with water-related competencies. Complex reforms of public administration should take into account water administration and its cross-cutting functions, e.g. permits, flood protection, etc.

3.2 Water Investments Boost Climate Resilience

Measures in this part help to prepare society for future long-term crises, not necessarily caused by current pandemic. Climate change is a long-term crisis that hits hardest countries situated in southern part of Central and Eastern Europe. Water is a primary medium through which climate change will be felt. According to climate change models, in the next decade, average temperatures will be higher throughout the year and extreme events will occur more often.

The European Environment Agency estimates the total reported economic losses caused by weather and climate-related extremes EEA member countries (EEA-33) over the period 1980-2017 amounted to approximately EUR 453 billion (in 2017 Euro values). The most expensive climate extremes in the EU Member States include the 2002 flood in Central Europe (over EUR 21 billion), the 2003 drought and heatwave (almost EUR 15 billion).

To be better prepared, countries have to accelerate the implementation of adaptation measures, including green infrastructure. There are several uncertainties and data gaps related to surface and water balance that need to be addressed by research and data collection. Also, the effectiveness and cumulative effect of multipurpose green infrastructure, e.g. natural water retention measures, should be studied and tested in river basins in the regions.

In Central and Eastern Europe, local level stakeholders need capacity building to prepare and implement climate change adaptation. Uniform methodologies should be developed and tested for the national, regional, and local levels. Methodologies for Countries and institutions eligible for international climate change funding, e.g. Green Climate Fund, will need support in the accreditation process.

- **Climate Change Adaptation Capacity Building:** Develop and test methodologies for climate change adaptation on the regional and local level.
- **Integrated Monitoring and Citizens Science:** Strengthen and upgrade monitoring systems for weather, hydrology and climate change and support the use of citizens science initiatives to collect additional or specific data on crops, soil moisture, water and plastic pollution, etc.

- **Earth Observation:** Develop and/or strengthen the capability to process and use satellite data from Copernicus.
- **Nature Based Solutions:** Implement water-related nature-based solutions in the landscape, including meanders, floodplain forests, wetlands, and other water features. In urban areas, green infrastructure will comprise green roofs, green walls, small reservoirs, rain gardens, and other features for water harvesting.
- **Research and Innovation:** Support water-related research and innovation technologies for climate change adaptation and mitigation
- **Education and Awareness Raising:** Incorporate the issue of climate change adaptation into the existing school curriculum at primary and secondary schools. Support establishment and/or restoration of education centers focused on climate change informal education.

3.3 Water Investments Foster Transboundary Cooperation

Transboundary river basins provide benefits to millions of Europeans. The Danube River, which is the most international river in Europe, is according to the International Commission for the Protection of the Danube River (ICPDR), home to 83 million people. The transboundary rivers are source of drinking water, water for industry, agriculture, and buffer impacts of climate change by providing valuable ecosystem services. They are under pressure, depending on the level of socio-economic development of the riparian countries, e.g., from agriculture, population growth, emerging pollutants, or climate change.

In Europe, transboundary water challenges are addressed by the Water Framework Directive that is based on water management on a river basin scale. According to the assessment of the benefits of transboundary water cooperation by UNECE, this cooperation supports economic growth, increases the quality of life, protects the environment, and increases political stability.

The integrated reform plans are focused primarily on the national level, therefore opportunities for international water cooperation are limited. However, they can support and strengthen water cooperation in data collection and sharing. Also, the European Green Deal supports pollution prevention and preserving and restoring ecosystems and biodiversity that reach beyond member states boundaries.

Transboundary cooperation can be therefore supported through established platforms and conventions, such as the European Union (European Environment Agency), UN agencies (United Nations Economic Commission for Europe), international and intergovernmental organisations (ICPDR, International Sava River Basin Commission, World Bank) and macroregional strategies (EU Danube Region Strategy, Strategy for the Baltic Sea Region, Strategy for the Adriatic and Ionian Region).

GWP in Central and Eastern Europe cooperates with river basin commissions, e.g. with the International Commission for the Protection of the Danube River and International Sava River Basin Commission, macroregional strategies – EU Strategy for the Danube Region, and transnational programmes – Danube Water Program. An example is a review of EU policy from a drought and water scarcity perspective that Environmental Risks Priority Area of the EU Strategy for the Danube Region carried out with GWP Central and Eastern Europe in 2020.

In addition, there are non-governmental organizations (WWF Central and Eastern Europe), associations and networks (International Association of Water Supply Companies in the Danube River Catchment Area, Global Water Partnership), international programmes and platforms, such as the European Climate Adaptation Platform Climate-ADAPT, Danube Water Program or GWP/WMO Integrated Drought Management Programme. Joint measures to support transboundary water cooperation:

- **Joint Monitoring Networks:** Improvement or upgrade of monitoring stations at transboundary river basins to facilitate water data sharing
- **Transnational Nature Protection:** Designation of nature protection areas (transnational parks, nature reserves, etc.), green corridors and nature-based solutions

- **Capacity Building:** Professional training or peer learning of central government and line agencies staff in international water cooperation. Development of common basin-wide integrated guidance and methodologies addressing emerging water quality and quantity issues
- **Effective Networking:** Strengthen Eionet National Focal Points and water and climate-related National Reference Centers, joint technical expert groups, etc.

4. GWP's Response to Coronavirus and its Strategy 2020-2025

Since it was founded in 1996, GWP has grown into a network that has promoted, learned about, and shaped new ways for managing water in an integrated way. GWP is a network of networks with a track record of successfully ensuring that water and its many users and uses are reflected in policy and investment decisions. There is no organisation like GWP in its combination of strong social capital, shared values, trust earned in the world's water community, bottom-up orientation, and water management expertise.

GWP Strategy 2020-2025 guides how the Network focuses its work between 2020 and 2025 at different levels. It provides direction for the Country Water Partnerships and Regional Water Partnerships – outlining consistent thematic priorities and providing a common approach to delivering change while allowing for autonomy and innovation. The Strategy clarifies the roles of those supporting the Network – the GWP Secretariat and its governance bodies – in enabling and in being held accountable for helping deliver the Strategy.

As countries and development partners work to address major water challenges, GWP will mobilise key players and learn from new experiences to create and maintain momentum for coordinated action. A multi-stakeholder action network, GWP will leverage global policy frameworks and mobilise its 3,000+ partner organisations – both within and beyond the water sector.

The next six years offer a window of opportunity to leverage global policy frameworks to build momentum and change complex systems. The 2030 Agenda for Sustainable Development, the Paris Agreement, the Sendai Framework, the Desertification Convention, and commitments made towards transboundary cooperation frameworks, among others, offer opportunities for countries and organisations, and the partnerships between them, to fight poverty and advance sustainable development.

Working in the specific basin-, country-, and regional-level contexts, it mobilises greater momentum where such broader forces and actors are already at play. GWP anchor its work in these three global priorities: the SDGs, the imperative to support climate adaptation, and efforts to advance transboundary cooperation. Anchor areas of GWP Strategy 2020-2025 are Sustainable Development Goals, climate change and transboundary cooperation.

Water solutions for the Sustainable Development Goals

In this broad strategic goal, GWP supports policies and investment plans that help countries resolve water-related trade-offs inherent in achieving the SDGs. Stakeholders will seek balance in different IWRM aspects, e.g. investments, employment, and environmental protection that have different demands for water resources on the way to the SDGs implementation. Multiple values of water should be taken into account in decision making. GWP will also assist countries to assess their progress towards integrated water resources management targets on the national and transboundary levels, as set in SDG 6.5.1 and 6.5.2.

Climate resilience through water

Over the next 6 years, GWP will provide advice during national dialogues, planning, and investments associated with climate resilience-related development priorities and national adaptation planning. It will facilitate access to climate finance for climate adaptation and mitigation projects. GWP will support integrated resilience planning, including in water infrastructure.

Transboundary water cooperation

As water knows no boundaries, GWP works across sectors and administrative borders to identify solutions that promote sustainable transboundary water resources management. It facilitates dialogues and provides learning opportunities for water governance and international water law.

In addition to anchor areas, crosscutting strategic areas are gender and youth. Water-related measures for the National Integrated Reform Plans are proposed for the anchor areas of the GWP Strategy in the next part of the report. They are relevant for the 10 European Union member states of GWP Central and Eastern Europe but can be inspiration for water related reforms in Moldova and Ukraine.

5. Conclusions

Governments in Central and Eastern Europe are currently working on the preparation of the National Integrated Reform Plans to comprise a set of reforms and investments to strengthen the resilience of their economies. The reform plans were submitted to the EU Commission by 15 October 2020, together with the draft budget plan for 2021. The final recovery plan will be provided by 30 April 2021 under the National Reform Program. The focus will be on investments that subsequently have an impact on the development of the country's economy. Investments should go to projects with higher added value and multiplier effect.

In the building renovation, rainwater harvesting, split water systems for greywater reuse, green roofs and walls can be used more widely. In the wastewater treatment, nature-based wastewater plants help small or disadvantaged communities. In larger wastewater plants, nutrient removal brings the water sector from a linear model more to circular economy.

To support our natural ecosystems, the European Commission adopted a Biodiversity Strategy for 2030. Nature-based small water retention measures in the landscape, forest, and urban areas provide valuable ecosystem services. In addition to flood and erosion prevention, nature-based solutions decrease the negative consequences of drought. Watercourses, lakes, and wetlands are providing vital habitats and are important bio-corridors, safely connecting these areas for animals.

Just Transition Fund will create economic opportunities for small and medium-sized enterprises. It is an opportunity to support businesses offering decentralized off-grid energy and water solutions – IT, remote sensing, heat pumps, geothermal energy, or decentralized wastewater treatment. It will increase the resilience of society for future climate crises or pandemics.

National Integrated Reform Plans will address issues from the past, such as infrastructure debt in water supply and sanitation, present challenges, e.g. water monitoring as well as investing in the future with digitalization and green infrastructure innovation. However, the National Integrated Reform Plans should include long term reforms rather than solving heritage from the past that can be addressed by other financing instruments. It would be important to align priorities with Multiannual Financial Framework 2021-2027 on the national levels to avoid overlap.

Absorption capacity to use this funding can be an issue since some countries have not yet spent more than a third of the allocation for Cohesion and Structural Funds for 2014-2020. Recovery and Resilience Facility and Just Transition Fund with a budget of €87.751 billion for Central and Eastern Europe, ending MFF 2014-2020 and starting MFF 2021-2027 will be crosslinked in the next two years that puts additional pressure on absorption capacities. Time is an important factor since the preparation of large infrastructure projects and public procurement and funding schemes is time-consuming.

National Integrated Reform Plans should be prepared in wide consultation with stakeholders who can provide methodological support during the implementation phase. There are established organisations in Central and Eastern Europe that can bring experience, knowledge and lessons from global or European level, such as river basin commissions, macroregional strategies, think tanks, networks and others.

Since most of the funding from Next Generation Europe will be spent on grants, this is a one-time opportunity to use these resources wisely for structural reforms that pay off in the long term. They should result in a more resilient society and diversified economy that will be able to cope with future shocks. In the end, the climate crisis impact will far exceed the impacts of the coronavirus or any other pandemic.

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