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Basic information	
<p>COD - Ordinary legislative procedure (ex-codecision procedure) Regulation</p> <p>2020/0101(COD)</p>	Procedure completed
<p>Exceptional additional resources and implementing arrangements under the Investment for growth and jobs goal to provide assistance for fostering crisis repair in the context of the COVID-19 pandemic and preparing a green, digital and resilient recovery of the economy (REACT-EU)</p> <p>Amending Regulation 2013/1303 2011/0276(COD)</p>	
<p>Subject</p> <p>4.20 Public health</p> <p>4.70.01 Structural funds, investment funds in general, programmes</p>	
<p>Legislative priorities</p> <p>The EU's response to the Covid-19 pandemic</p>	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	 Regional Development		23/07/2020
		 NOVAKOV Andrey	23/07/2020
		 KREHL Constanze	
		Shadow rapporteur	
		 SOLÍS PÉREZ Susana	
		 VANA Monika	
		 MOŹDŹANOWSKA Andželika Anna	
		 DONATO Francesca	
	Committee for opinion	Rapporteur for opinion	Appointed
 Budgets		23/06/2020	
	 RESSLER Karlo		
 Budgetary Control	The committee decided not to give an opinion.		
 Employment and Social Affairs (Associated committee)		26/06/2020	
	 JONGERIUS Agnes		
 Environment, Public Health and Food Safety	The committee decided not to		

give an opinion.

ITRE [Industry, Research and Energy](#)

The committee decided not to give an opinion.

TRAN [Transport and Tourism](#)

The committee decided not to give an opinion.

CULT [Culture and Education](#)

The committee decided not to give an opinion.

LIBE [Civil Liberties, Justice and Home Affairs](#)

The committee decided not to give an opinion.

Council of the European Union
European Commission

Commission DG

Commissioner

[Regional and Urban Policy](#)

FERREIRA Elisa

European Economic and
Social Committee
European Committee of the
Regions

Key events

28/05/2020	Legislative proposal published	COM(2020)0451	Summary
17/06/2020	Committee referral announced in Parliament, 1st reading		
23/07/2020	Referral to associated committees announced in Parliament		
07/09/2020	Vote in committee, 1st reading		
07/09/2020	Committee decision to open interinstitutional negotiations with report adopted in committee		
09/09/2020	Committee report tabled for plenary, 1st reading	A9-0150/2020	Summary
14/09/2020	Committee decision to enter into interinstitutional negotiations announced in plenary (Rule 71)		
16/09/2020	Committee decision to enter into interinstitutional negotiations confirmed by plenary (Rule 71)		
03/12/2020	Approval in committee of the text agreed at 1st reading interinstitutional negotiations	PE661.896	
15/12/2020	Results of vote in Parliament		
15/12/2020	Debate in Parliament		
16/12/2020	Decision by Parliament, 1st reading	T9-0355/2020	Summary
23/12/2020	Act adopted by Council after Parliament's 1st reading		
23/12/2020	Final act signed		
23/12/2020	End of procedure in Parliament		

Technical information	
Procedure reference	2020/0101(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
	Amending Regulation 2013/1303 2011/0276(COD)
Legal basis	Treaty on the Functioning of the EU TFEU 322-p1; Treaty on the Functioning of the EU TFEU 177-p1; Rules of Procedure EP 57_o
Other legal basis	Rules of Procedure EP 165
Mandatory consultation of other institutions	European Economic and Social Committee European Committee of the Regions
Stage reached in procedure	Procedure completed
Committee dossier	REGI/9/03179

Documentation gateway					
Legislative proposal		COM(2020)0451	28/05/2020	EC	Summary
Committee draft report		PE654.026	01/07/2020	EP	
Amendments tabled in committee		PE655.753	22/07/2020	EP	
Court of Auditors: opinion, report		52020AA0004 OJ C 272 17.08.2020, p. 0001	17/08/2020	CofA	
Committee opinion	EMPL	PE654.046	01/09/2020	EP	
Committee opinion	BUDG	PE653.948	02/09/2020	EP	
Committee report tabled for plenary, 1st reading/single reading		A9-0150/2020	09/09/2020	EP	Summary
Text agreed during interinstitutional negotiations		PE661.896	18/11/2020	EP	
Text adopted by Parliament, 1st reading/single reading		T9-0355/2020	16/12/2020	EP	Summary
Draft final act		00061/2020/LEX	23/12/2020	CSL	
Commission response to text adopted in plenary		SP(2021)34	27/01/2021	EC	

Final act
Regulation 2020/2221 OJ L 437 28.12.2020, p. 0030

Exceptional additional resources and implementing arrangements under the Investment for growth and jobs goal to provide assistance for fostering crisis repair in the context of the COVID-19 pandemic and preparing a green, digital and resilient recovery of the economy (REACT-EU)

PURPOSE: to introduce more flexibility in the support provided by the European Structural and Investment Funds to help repair the damage following the crisis caused by the COVID-19 pandemic and to prepare for an ecological, digital and resilient economic recovery (REACT-EU).

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure on an equal footing with the Council.

BACKGROUND: in order to address the repercussions of the coronavirus crisis, the Commission has presented a number of proposals to ensure that all available financial means from the programmes for the period 2014-2020 financed by the European Structural and Investment Funds (ESI Funds) can be mobilised to provide immediate responses to the direct and indirect effects of the crisis.

These proposals have made it possible to mobilise funds available to respond to the needs arising from increased pressure on health care systems and to help employers and workers to overcome this exceptional situation. This provided Member States and regions with immediate liquidity and flexibility to allocate funds where they were most needed.

Nevertheless, the direct and indirect effects of the crisis have already taken their toll in many sectors. The economy is contracting and unemployment is rising. The uncertainty of the situation to follow may lead to slower recovery.

In order to prevent the widening of disparities as well as to avoid an uneven recovery process, the Commission considers it necessary to provide additional support over the short and medium term to Member States and regions, in particular those whose economy has been hardest hit by the pandemic, to help their economies and societies weather the situation and to prepare the foundations of a swift recovery of their economies.

These additional resources can only be deployed quickly in the real economy, if they are made available in the context of the still ongoing programmes of the 2014-2020 programming period.

CONTENT: the Commission proposes to amend [Regulation \(EU\) No 1303/2013](#) (the Common Provisions Regulation) to ensure that exceptional additional resources amounting to EUR 58 272 800 000 in current prices are made available to the Structural Funds under the Investment for Growth and Employment objective for the period 2020-2022.

The aim is to provide support to help repair the damage caused by the crisis caused by the COVID-19 pandemic in those geographical areas of Europe whose economy and employment have been hit the hardest.

Additional resources

The additional resources shall be available for budgetary commitments for the years 2020 to 2022, in addition to the global resources, as follows:

- 2020: EUR 5 000 000 000 000;
- 2021: EUR 42 434 400 000;
- 2022: EUR 10 820 400 000.

The additional resources for 2020 stem from an increase of global resources for economic, social and territorial cohesion in the multiannual financial framework 2014-2020 and constitute additional global resources for the ERDF and ESF for the current period. The additional resources for 2021 and 2022 constitute external assigned revenue from the European Recovery Instrument.

The Commission shall be empowered to set out in an implementing decision the breakdown of the totality of the additional resources for each Member State for the years 2020 and 2021 on the basis of the allocation criteria based on the latest available objective statistical data concerning Member States relative prosperity and the extent of the effect of the current crisis on their economies and societies. This implementing decision shall be revised in 2021.

Application procedures

The exceptional additional resources shall be made available for Member States from the Structural Funds to provide assistance for fostering crisis repair in the context of the COVID19 pandemic for the geographical areas of Europe whose economy and jobs have been harder hit and preparing a green, digital and resilient recovery of the economy under a new cross-cutting thematic objective:

- for the ERDF, the additional resources shall primarily be used to support investment in product and services for health services and to provide support in the form of working capital or investment support to SMEs including operational and personnel costs and health and safety measures;
- for the ESF, the additional resources shall primarily be used to support job maintenance, including through short-time work schemes and support to self-employed, job creation, in particular for people in vulnerable situations, support to youth employment measures, skills development and to enhance access to social services of general interest, including for children;
- Member States may also use some of these additional resources for the European Fund for the most deprived (FEAD).

The proposal foresees that 50% of the additional resources for the year 2020 will be paid as initial pre-financing to the programmes concerned in order to allow the rapid implementation of the actions supported. In addition, the additional support may be fully financed from the EU budget without any national co-financing.

Member States shall ensure that at least one evaluation is carried out before 31 December 2024 in order to assess the effects of the deployment of the additional resources.

Budgetary implications

The proposal shall lead to additional commitments in the year 2020, financed from an increase of the ceiling of the 2014-2020 Multiannual Financial Framework. It shall also lead to additional commitments for the years 2021 and 2022, financed from external assigned revenues and shall trigger additional payments in the years 2020 to 2025.

Exceptional additional resources and implementing arrangements under the Investment for growth and jobs goal to provide assistance for fostering crisis repair in the context of the COVID-19 pandemic and preparing a green, digital and resilient recovery of the economy (REACT-EU)

The Committee on Regional Development adopted the report by Andrey NOVAKOV (EPP, BG) and Constanze KREHL (S&D, DE) on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) No 1303/2013 as regards exceptional additional resources and implementing arrangements under the Investment for growth and jobs goal to provide assistance for fostering crisis repair in the context of the COVID-19 pandemic and preparing a green, digital and resilient recovery of the economy (REACT-EU).

The REACT-EU proposal seeks to amend the Common Provisions Regulation for the 2014-2020 cohesion funds. It provides for an additional budget in two parts, for 2020 and for 2021-2022, and also sets out a number of derogations from the normal rules for cohesion spending, which specifically relate to the additional budget for the economic and social recovery.

The committee recommended that the European Parliaments position adopted at first reading under the ordinary legislative procedure should amend the Commission proposal as follows:

Additional resources

The additional resources shall be made available for budgetary commitments for the years 2020 to 2022, in addition to the overall planned resources, as follows:

- 2020: EUR 5 000 000 000 in current prices (EUR 4 805 843 906 in 2018 prices);
- 2021: EUR 42 434 400 000 in current prices (EUR 39 987 184 320 in 2018 prices);
- 2022: EUR 10 820 400 000 in current prices (EUR 9 996 674 058 in 2018 prices).

The additional resources for 2020 shall stem from an increase in the overall resources for economic, social and territorial cohesion in the multi-annual financial framework 2014-2020 and shall be included in the budget. The resources for 2021 and 2022 shall constitute external assigned revenues.

Members proposed:

- that at least 95% of the additional resources be made available under the "Investment for Growth and Jobs" goal and that at least 3% and up to 5% of these resources be made available under the "European Territorial Cooperation" goal (i.e. Interreg), since border regions have been particularly affected by the crisis;
- that additional resources may also be made available in 2023 and 2024 for budgetary commitments by means of a delegated act and on the basis of a reasoned request from a Member State.

Terms and conditions of application

REACT-EU is considering creating a new, separate thematic objective for additional resources entitled Fostering crisis repair in the context of the COVID-19 pandemic and preparing a green, digital and resilient recovery of the economy.

As far as the ERDF is concerned, resources shall mainly be used to support:

- investment in products and services for health and social infrastructure, health systems and services for all, including cross-border health services, as well as for care homes to provide support in the form of working capital or investment support and advice for SMEs and social economy enterprises;
- investments that contribute to the transition to a digital and green economy, including adaptation to teleworking;
- investments in infrastructure providing universal basic services for citizens living in rural, border, less developed, island, mountain, sparsely populated and outermost regions, as well as areas affected by industrial transition and depopulation;
- economic measures in regions dependent on sectors most affected by the crisis, such as tourism and culture.

As far as the ESF is concerned, resources shall be used to support:

- the labour market, the social economy, health and social systems, measures to maintain employment, including through short-time work schemes, support to self-employed, protection against dismissal and lower wages;
- measures for social inclusion, combating discrimination and the poverty eradication, with particular attention to child poverty;
- the creation of quality employment, especially for people in vulnerable situations, including the long-term unemployed, people further away from the labour market, as well as those living in sparsely populated and outermost regions or in areas affected by industrial transition and depopulation;
- measures in favour of youth employment, lifelong learning, e-learning, skills development, reskilling and upskilling, in particular for disadvantaged groups.

Member States may also use some of these additional resources (at least 3%) to increase support the Fund for European Aid to the Most Deprived (FEAD), in order to address the situation of those who have been hit to an unprecedented degree by the COVID-19 crisis. A share of the additional resources may also be used to increase support for the Youth Employment Initiative, before or at the same time as the allocation to the ERDF and the ESF.

The additional resources shall be subject to a 50% pre-financing rate. They shall be used in accordance with the principles of sustainable development and the do no harm principle.

Except for those cases where derogations are provided for by this Regulation, expenditure under REACT-EU shall be subject to the same

obligations and safeguards as all cohesion funding. This includes respect for fundamental rights and compliance with the Charter of Fundamental Rights of the European Union as well as effective anti-fraud measures implemented with the support of existing anti-fraud agencies at Member State and Union level, such as OLAF and, where relevant, the European Public Prosecutor's Office.

Exceptional additional resources and implementing arrangements under the Investment for growth and jobs goal to provide assistance for fostering crisis repair in the context of the COVID-19 pandemic and preparing a green, digital and resilient recovery of the economy (REACT-EU)

The European Parliament adopted by 663 votes to 17, with 15 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) No 1303/2013 as regards exceptional additional resources and implementing arrangements under the Investment for growth and jobs goal to provide assistance for fostering crisis repair in the context of the COVID-19 pandemic and preparing a green,

digital and resilient recovery of the economy (REACT-EU).

As a reminder, the REACT-EU proposal aims at mitigating the economic and social consequences of the COVID-19 pandemic in EU regions through an amendment to the Regulation laying down common provisions for the Structural and Cohesion Funds for the period 2014-2020.

Parliament adopted its position at first reading under the ordinary legislative procedure by amending the Commission proposal as follows:

REACT-EU resources

The aid would be implemented under the Structural Funds for a maximum amount of EUR 47.5 billion in 2018 prices. These additional resources for 2021 and 2022 would come from the EU's recovery instrument and would be implemented as follows:

- 2021: EUR 37.5 billion;
- 2022: EUR 10 billion.

REACT-EU resources would also cover administrative expenditure up to EUR 18 million at 2018 prices.

Terms and conditions of application

Expenditure for operations would be eligible from 1 February 2020. Resources could be used until the end of 2023.

Technical assistance at the initiative of the Commission (0.35% of REACT-EU resources) would be allocated with particular attention to those Member States most affected by the COVID-19 pandemic and those Member States with lower absorption and implementation rates.

Resources would be made available under the Investment for growth and jobs goal, but Member States could also jointly allocate part of their REACT-EU resources to the cross-border cooperation programmes under the European Territorial Cooperation goal in which they participate.

Up to 6% of the ERDF REACT-EU resources allocated to a cross-border cooperation programme under the European Territorial Cooperation objective could be allocated to technical assistance.

As the COVID-19 pandemic has affected regions and municipalities in Member States differently, the involvement of regional and local actors from authorities, economic and social partners and civil society, in accordance with the partnership principle, is important for the preparation, implementation, monitoring and evaluation of crisis repair supported by REACT-EU.

Use of resources

Member States could propose to use some of the REACT-EU resources to increase support for the European Fund for the Most Deprived (EAFRD) and to increase support for the Youth Employment Initiative (YEI).

With regard to the ERDF, it is stated that REACT-EU resources should be used for:

- support investments in products and services for health services or social infrastructure;
- provide assistance in the form of working capital or investment support for SME investments in sectors with high job creation potential.

As far as the ESF is concerned, REACT-EU resources would mainly be used for:

- support access to the labour market by safeguarding the employment of employees and the self-employed, including through short-time work schemes;
- support job creation and quality employment, especially for people in vulnerable situations;
- extend youth employment measures in line with the reinforced youth guarantee.

Investment in education, training and skills development should address the ecological and digital transitions.

REACT-EU resources should also support:

- social systems contributing to social inclusion, anti-discrimination and poverty eradication measures, with particular attention to child poverty, and
- improve equal access to social services of general interest, including for children, the elderly, people with disabilities, ethnic minorities and the homeless.

Except for those cases where derogations are provided for, expenditure under REACT-EU should be subject to the same obligations and safeguards as all cohesion funding. That includes respect for fundamental rights and compliance with the Charter of Fundamental Rights of the European Union as well as effective anti-fraud measures.

