

Procedure file

Basic information	
COD - Ordinary legislative procedure (ex-codecision procedure) Regulation 2020/0104(COD)	Procedure completed
Recovery and Resilience Facility	
Subject 4.70.01 Structural funds, investment funds in general, programmes	
Legislative priorities The EU's response to the Covid-19 pandemic	

Key players			
European Parliament	Committee for opinion	Rapporteur for opinion	Appointed
	CONT Budgetary Control	 HOHLMEIER Monika	06/07/2020
	FEMM Women's Rights and Gender Equality	 PIETIKÄINEN Sirpa	31/07/2020
	ENVI Environment, Public Health and Food Safety (Associated committee)	 CANFIN Pascal	10/06/2020
	ITRE Industry, Research and Energy (Associated committee)	 BELLAMY François-Xavier	06/07/2020
	IMCO Internal Market and Consumer Protection	The committee decided not to give an opinion.	
	TRAN Transport and Tourism (Associated committee)	 ZĪLE Roberts	30/06/2020
	REGI Regional Development	 CREU Corina	16/06/2020
	AFCO Constitutional Affairs	 TAJANI Antonio	24/09/2020
	EMPL Employment and Social Affairs (Associated committee)	 PÎSLARU Dragoș	25/06/2020
Council of the European Union	Commission DG	Commissioner	
European Commission	Secretariat-General		

Key events

17/06/2020	Committee referral announced in Parliament, 1st reading		
23/07/2020	Referral to associated committees announced in Parliament		
23/07/2020	Referral to joint committee announced in Parliament		
09/11/2020	Vote in committee, 1st reading		
09/11/2020	Committee decision to open interinstitutional negotiations with report adopted in committee		
10/11/2020	Committee report tabled for plenary, 1st reading	A9-0214/2020	Summary
11/11/2020	Committee decision to enter into interinstitutional negotiations announced in plenary (Rule 71)		
13/11/2020	Committee decision to enter into interinstitutional negotiations confirmed by plenary (Rule 71)		
11/01/2021	Approval in committee of the text agreed at 1st reading interinstitutional negotiations	PE663.115 GEDA/A/(2021)000009	
09/02/2021	Results of vote in Parliament		
09/02/2021	Debate in Parliament		
10/02/2021	Decision by Parliament, 1st reading	T9-0038/2021	Summary
10/02/2021	Act adopted by Council after Parliament's 1st reading		
12/02/2021	Final act signed		
12/02/2021	End of procedure in Parliament		
18/02/2021	Final act published in Official Journal		

Technical information

Procedure reference	2020/0104(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Legal basis	Rules of Procedure EP 57; Treaty on the Functioning of the EU TFEU 175-p3; Rules of Procedure EP 58
Mandatory consultation of other institutions	European Economic and Social Committee European Committee of the Regions
Stage reached in procedure	Procedure completed

Documentation gateway

Legislative proposal		COM(2020)0408	28/05/2020	EC	Summary
Economic and Social Committee: opinion, report		CES2808/2020	15/07/2020	ESC	
Committee draft report		PE655.950	01/09/2020	EP	
Committee opinion	FEMM	PE655.871	14/09/2020	EP	
For information		SWD(2020)0205	17/09/2020	EC	
Committee opinion	REGI	PE658.720	12/10/2020	EP	
Committee opinion	ENVI	PE658.853	14/10/2020	EP	
Committee opinion	EMPL	PE655.646	16/10/2020	EP	
Committee opinion	ITRE	PE655.918	19/10/2020	EP	
Court of Auditors: opinion, report		52020AA0006 OJ C 350 20.10.2020, p. 0001	20/10/2020	CofA	
Specific opinion	AFCO	PE658.843	26/10/2020	EP	
Committee opinion	CONT	PE655.861	04/11/2020	EP	
Committee opinion	TRAN	PE653.990	05/11/2020	EP	
Committee report tabled for plenary, 1st reading/single reading		A9-0214/2020	10/11/2020	EP	Summary
Coreper letter confirming interinstitutional agreement		GEDA/A/(2021)000009	22/12/2020	CSL	
For information		SWD(2021)0012	22/01/2021	EC	
Text adopted by Parliament, 1st reading/single reading		T9-0038/2021	10/02/2021	EP	Summary
For information		C(2021)1054	12/02/2021	EC	
Draft final act		00075/2020/LEX	12/02/2021	CSL	
Commission response to text adopted in plenary		SP(2021)133	23/03/2021	EC	

Additional information

Final act

[Regulation 2021/241](#)
[OJ L 057 18.02.2021, p. 0017](#)

[Corrigendum to final act 32021R0241R\(04\)](#)
[OJ L 410 18.11.2021, p. 0197](#)

Final legislative act with provisions for delegated acts

Delegated acts

[2021/2900\(DEA\)](#)

Examination of delegated act

Recovery and Resilience Facility

PURPOSE: to create a new Recovery and Resilience Facility that aims to support reforms and investments by Member States to mitigate the economic and social consequences of the coronavirus pandemic and make EU economies more sustainable.

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: the outbreak of the COVID-19 pandemic in early 2020 changed the economic outlook for the years to come in the Union and in the world, calling for an urgent and coordinated response from the Union in order to cope with the enormous economic and social consequences for all Member States. The challenges linked to the demographic context have been amplified by COVID-19.

Reforms and investments to address structural weaknesses of the economies and to strengthen their resilience are therefore essential to set the economies back on a sustainable recovery path and avoid further widening of the divergences in the Union.

In this context, as a complement to the [REACT-EU](#) initiative, the Commission proposes to strengthen the current framework for support to Member States and to provide direct financial support to Member States through an innovative tool to underpin long-term reforms and investments - notably in green and digital technologies - that will have a lasting effect on the productivity and resilience of the Union's economy.

CONTENT: the proposed Regulation establishes the Recovery and Resilience Facility. The scope of the instrument covers a wide range of policy areas, including areas related to cohesion, the dual transition (green and digital), competitiveness, productivity, health and smart innovation.

Purpose

The objective of the Facility is to promote the economic, social and territorial cohesion of the Union by (i) improving the resilience and adjustment capacity of Member States, (ii) mitigating the social and economic consequences of the crisis, and (iii) supporting the green and digital transitions towards a climate-neutral Europe by 2050. It shall thus contribute to restoring the growth potential of Member States' economies in the wake of the COVID-19 crisis, encourage job creation and foster sustainable growth.

To this end, the Facility shall provide Member States with direct financial support to reach milestones and targets for reforms and investments.

Recovery and resilience plans

To benefit from the Facility, Member States shall prepare recovery and resilience plans setting out their reform and investment programmes for the next four years, i.e. until 2024. These plans shall include reforms and public investment projects to be implemented through a coherent package.

The plans shall be consistent with the challenges and priorities identified in (i) the European Semester framework, (ii) the National Reform Programmes, (iii) the National Energy and Climate Plans, (iv) the Just Transition Plans and (v) the Partnership Agreements and Operational Programmes adopted under EU funds.

Member States shall submit their plans to the Commission by 30 April each year at the latest, but they may submit a first draft together with their draft national budget in October. The plans may form an annex to the relevant national reform programme.

The Facility shall:

- identify reforms and investments to address the challenges identified in the context of the European Semester and explain, inter alia, how they enhance the growth potential and economic and social resilience of the Member State concerned and contribute to greater cohesion;
- include measures relevant to the green and digital transitions;
- set out estimated total costs and appropriate milestones, targets and an indicative timetable for the implementation of the reforms and of the investments.

Provided that the evaluation criteria are satisfactorily met, the Commission shall adopt a decision fixing the financial contribution to be received by the Member State (grant and, where appropriate, loan), as well as the milestones and targets.

For the purposes of informing the preparation and the implementation of the recovery and resilience plans by Member States, the Council may discuss in the context of the European Semester the state of recovery, resilience and adjustment capacity in the Union on the basis of the Commission's strategic and analytical information available.

The recovery and resilience plans adopted by the Commission shall be communicated to the European Parliament and the Council. The Commission shall also report annually to both institutions on the progress made in the implementation of the plans by Member States and on expenditure under the Facility.

Budgetary implications

The financial envelope for the implementation of the facility shall be EUR 602 905 000 000 (in current prices). The envelope shall be financed from the borrowing operations of the Union.

The bulk of the funding shall be provided in the form of grants, with possible supplements through loans. The total amount of grants available shall amount to EUR 334.950 million, while a further EUR 267.955 million shall be available in the form of loans.

As far as grants are concerned, a maximum amount per Member State shall be determined on the basis of a predefined allocation key taking into account population, GDP per capita and unemployment. Member States may also apply for a loan for the implementation of their public

reforms and investments.

The maximum volume of loans for each Member State shall not exceed 4.7% of its gross national income.

Given the temporary nature of the financing scheme of the Facility in relation to Member States economic recovery, the availability period of these resources is limited to 31 December 2024 for both the non-repayable financial support and for the loan support. As regards the non-repayable financial support, for at least 60 % of the total resources the necessary legal commitments should be entered into by 31 December 2022.

Recovery and Resilience Facility

The Committee on Budgets and the Committee on Economic and Monetary Affairs adopted the joint report by GARDIAZABAL RUBIAL Eider (S&D, ES), MUREŞAN Siegfried (EPP, RO) and PÎSLARU Dragoş (Renew Europe, RO) on the proposal for a regulation of the European Parliament and of the Council establishing a Recovery and Resilience Facility.

As a reminder, the Recovery and Resilience Facility aims to support reforms and investments by Member States to mitigate the economic and social consequences of the COVID-19 pandemic and make EU economies more sustainable.

The committees recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the Commission's proposal as follows:

Extension of the scope

The committee proposed that the scope of application of the Facility should be extended to refer to six European priorities structured in pillars as follows:

- just green transition, taking into account the objectives of the Green Deal;
- digital transformation, taking into account the objectives of the European Digital Strategy;
- economic cohesion, productivity and competitiveness taking into account the objectives of the Industrial and SME Strategies;
- social and territorial cohesion, taking into account the objectives of the European Pillar of Social Rights;
- institutional resilience, in view of increasing crisis-reaction and crisis-preparedness; and
- policies for the Next Generation, taking into account the objectives of the European Skills Agenda, the Youth Guarantee and Child Guarantee.

Recovery and resilience plans eligible for financing under this instrument shall allocate 100% of its allocation, measured in aggregate cost, to investment and reform measures that fall under the six European priorities. Each national recovery and resilience plan shall allocate at least 7% of its allocation, measured in aggregate cost, to investment and reform measures falling under each of the six European priorities.

Objectives

The amended text called for the Facility's objectives to focus on the six abovementioned European priorities. Particular attention should be given to the interplay and interlinkages between the six European priorities to provide coherence and synergies, thereby generating European added value.

Allocation of financial contribution

The amended text proposed that for a period until 31 December 2022, the Commission should make available for allocation EUR 337 968 000 000. Each Member State may submit requests up to their maximum financial contribution to implement their recovery and resilience plans.

Recovery and resilience plan

Member States wishing to receive a financial contribution should submit to the Commission a recovery and resilience plan. These plans should be officially submitted at the latest by 30 April. A draft plan may be submitted by Member State starting from 15 October of the preceding year, together with the draft budget of the subsequent year.

Protection of the EU's financial interests

To protect the EU's financial interests in implementing the Facility, Member States should ensure the functioning of an effective and efficient internal control systems and recover amounts unduly paid or misused. They should collect data and information allowing to prevent, detect and correct serious irregularities, including fraud, corruption and conflict of interests in relation to the measures supported by the Facility.

Enhanced cooperation

The committees suggested enhancing the dialogue between the EU institutions to ensure greater transparency and accountability. The Commission should send the recovery and resilience plans and any other relevant information, simultaneously and on equal terms to the European Parliament and the Council without undue delay.

Transparency

For the purposes of transparency, the recovery and resilience plans adopted by the Commission should be communicated to the European Parliament and the Council simultaneously and communication activities should be carried out by the Commission as appropriate. The Commission should ensure the visibility of spending under the Facility by clearly indicating that the projects supported should be clearly labelled as European Union Recovery Initiative.

Monitoring of implementation

The committee stressed that the European Parliament should have the right to fully scrutinise the spending decisions of the Commission. In this regard, the Commission should Parliament on a quarterly basis of the status of approved plans and payment applications made. The Commission should establish an effective monitoring framework for the completed projects.

Recovery and Resilience Facility

The European Parliament adopted by 582 votes to 40, with 69 abstentions, a legislative resolution on the proposal for a Regulation of the European Parliament and of the Council establishing a Recovery and Resilience Facility.

The European Parliaments position adopted at first reading under the ordinary legislative procedure amends the Commission proposal as follows:

Aim of the Facility

In the context of the COVID-19 crisis, the Facility would aim to promote the economic, social and territorial cohesion of the EU through:

- improving the resilience, crisis preparedness and adjustment capacity of Member States and their growth potential;
- mitigating the social and economic consequences of the crisis, especially for women;
- contributing to the implementation of the European Pillar of Social Rights;
- support for the green transition and participation in the achievement of the EU's 2030 climate targets;
- compliance with the EU's climate neutrality objective for 2050 and the digital transition.

Scope

To be eligible for funding, national recovery and resilience plans should focus on key EU policy areas structured in six pillars:

- (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, inter alia, increasing crisis preparedness and crisis response capacity; and
- (6) policies for the next generation, children and the youth, such as education and skills.

Resources from the European Union Recovery Instrument

The financial envelope for the implementation of the facility would be set at EUR 672.5 billion (in 2018 prices), of which up to EUR 312.5 billion would be in the form of grants and up to EUR 360 billion in the form of loans to Member States.

Support under the facility would not replace, except in justified cases, recurrent national budgetary expenditure and would respect the principle of additionality of EU funding. Moreover, the Facility would only finance measures that respect the principle of no significant harm.

Measures linking the Facility to sound economic governance

The amended text establishes a mechanism to ensure the link between the Facility and sound economic governance by allowing the Commission to present a proposal to the Council to suspend all or part of the commitments or payments under the Facility. Such a proposal would be deemed adopted by the Council unless the Council decides, by means of an implementing act, to reject such a proposal by qualified majority within one month of the presentation of the Commission proposal.

Recovery and resilience plans

The plans should include measures for the implementation of reforms and public investment projects as a coherent package. Measures undertaken from 1 February 2020 would be eligible.

The plans should be consistent with the country-specific challenges and priorities identified in the framework of the European Semester, as well as with the challenges and priorities identified in the latest Council recommendation on the economic policy of the euro area for Member States whose currency is the euro.

They should also be consistent with the National Reform Programmes, the National Energy and Climate Plans, the Just Transition Plans, the Youth Guarantee Implementation Plan.

Each plan should devote at least 37% of its budget to climate and at least 20% to digital.

In addition, the plans should not prejudice the right to conclude or enforce collective agreements or to take collective action in accordance with the Charter of Fundamental Rights of the European Union as well as national and EU laws and practices.

Financial support

To ensure that the financial support is frontloaded in the initial years after the COVID-19 crisis, the funds should be made available until 31 December 2023. To that end, it should be possible for 70 % of the amount available for non-repayable financial support to be legally committed by 31 December 2022 and 30 % between 1 January 2023 and 31 December 2023.

Member States would have the possibility to request pre-financing of up to 13% for their recovery and resilience plans.

Dialogue and transparency

The Commission should transmit the recovery and resilience plans officially submitted by the Member States, simultaneously and on equal terms to the European Parliament and the Council without undue delay. A specific Scoreboard should be set up to show progress in implementing the plans.

The competent committee of the European Parliament could, every two months, invite the Commission to address, in a dialogue on recovery and resilience, issues relevant to the implementation of the Facility.

In a joint statement, the European Parliament and the Commission reiterated the need to ensure effective controls and audits to avoid double funding and to prevent, detect and correct fraud, corruption and conflicts of interest in relation to measures supported by the Facility