**REPORT**

(COM(2020)0408 – C9-0150/2020 – 2020/0104(COD))

Committee on Budgets
Committee on Economic and Monetary Affairs

Rapporteurs: Eider Gardiazabal, Siegfried Muresan, Dragos Pîslaru

(Joint committee procedure – Rule 58 of the Rules of Procedure)

Rapporteurs for the opinion (*):
Dragoș Pîslaru, Committee on Employment and Social Affairs
Pascal Canfin, Committee on the Environment, Public Health and Food Safety
François-Xavier Bellamy, Committee on Industry, Research and Energy
Roberts Zīle, Committee on Transport and Tourism

(*) Associated committees – Rule 57 of the Rules of Procedure
Symbols for procedures

* Consultation procedure
*** Consent procedure
***I Ordinary legislative procedure (first reading)
***II Ordinary legislative procedure (second reading)
***III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

Amendments to a draft act

Amendments by Parliament set out in two columns

Deletions are indicated in **bold italics** in the left-hand column. Replacements are indicated in **bold italics** in both columns. New text is indicated in **bold italics** in the right-hand column.

The first and second lines of the header of each amendment identify the relevant part of the draft act under consideration. If an amendment pertains to an existing act that the draft act is seeking to amend, the amendment heading includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend.

Amendments by Parliament in the form of a consolidated text

New text is highlighted in **bold italics**. Deletions are indicated using either the symbol or strikeout. Replacements are indicated by highlighting the new text in **bold italics** and by deleting or striking out the text that has been replaced.

By way of exception, purely technical changes made by the drafting departments in preparing the final text are not highlighted.
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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

(COM(2020)0408 – C9-0150/2020 – 2020/0104(COD))

(Ordinary legislative procedure: first reading)

The European Parliament,

– having regard to the Commission proposal to Parliament and the Council (COM(2020)0408),
– having regard to Article 294(2) and to the third paragraph of Article 175 of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C9-0150/2020),
– having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
– having regard to Rule 59 of its Rules of Procedure,
– having regard to the joint deliberations of the Committee on Budgets and the Committee on Economic and Monetary Affairs under Rule 58 of the Rules of Procedure,
– having regard to the opinions of the Committee on Employment and Social Affairs, the Committee on the Environment, Public Health and Food Safety, the Committee on Industry, Research and Energy, the Committee on Transport and Tourism, the Committee on Budgetary Control and the Committee on Regional Development,
– having regard to the position in the form of amendments of the Committee on Women's Rights and Gender Equality,
– having regard to the letter from the Committee on Constitutional Affairs,
– having regard to the report of the Committee on Budgets and the Committee on Economic and Monetary Affairs (A9-0214/2020),

1. Adopts its position at first reading hereinafter set out;

2. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;

3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.
Amendment 1

AMENDMENTS BY THE EUROPEAN PARLIAMENT* to the Commission proposal


THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,
Having regard to the Treaty on the Functioning of the European Union, and in particular the third paragraph of Article 175 thereof,
Having regard to the proposal from the European Commission,
After transmission of the draft legislative act to the national parliaments,
Having regard to the opinion of the European Economic and Social Committee1,
Having regard to the opinion of the Committee of the Regions2,
Acting in accordance with the ordinary legislative procedure,
Whereas:

(1) In accordance with Articles 120 and 121 of the Treaty on the Functioning of the European Union (TFEU), Member States are required to conduct their economic policies with a view to contributing to the achievement of the objectives of the Union and in the context of the broad guidelines that the Council formulates. Under Article 148 TFEU Member States shall implement employment policies that take into account the guidelines for employment. The coordination of the economic policies of the Member States is therefore a matter of common concern.

(2) Article 175 TFEU provides, inter alia, that Member States should coordinate their economic policies in such a way as to attain the objectives on economic, social and territorial cohesion set out in Article 174.

(2a) Article 174 TFEU provides that in order to promote its overall harmonious development, the Union shall develop and pursue its actions leading to the strengthening of its economic, social and territorial cohesion. It further provides that, in particular, the Union shall aim at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions. Among the regions concerned, particular attention should be paid to rural areas, areas affected by industrial transition, islands, outermost regions and regions which suffer from severe and permanent natural or demographic handicaps such as

*Amendments: new or replacement text is highlighted in bold italics; and deletions are indicated by the symbol ▌.

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the northernmost regions with very low population density and island, cross-border and mountain regions and their starting position and specificities should be taken into consideration in the implementation of Union policies.

(3) At Union level, the European Semester of economic policy coordination (European Semester), including the principles of the European Pillar of Social Rights, the United Nation’s Sustainable Development Goals, the National Climate Energy Plans adopted in the framework of the Governance of the Energy Union, and the just transition plans, are frameworks to identify national reform priorities and to monitor their implementation. Reforms based on solidarity, integration, social justice and a fair distribution of wealth should also be addressed, with the aim of creating quality employment and sustainable growth, ensuring equality of, and access to, opportunities and social protection, protecting vulnerable groups and improving the living standards of all citizens. Member States develop their own national multiannual investment strategies in support of those reforms. Where relevant, those strategies should be presented alongside the yearly National Reform Programmes as a way to outline and coordinate priority investment projects to be supported by national and/or Union funding.

(3a) As the Commission outlined in the Annual Sustainable Growth Strategy 2020 and the European Semester Spring and Summer Package 2020, the European Semester should help achieve the implementation of the European Green Deal, the European Pillar of Social Rights and the United Nation’s Sustainable Development Goals.

(4) The COVID-19 outbreak in early 2020 changed the economic, social and budgetary outlook for the years to come in the Union and in the world, calling for an urgent, efficient and coordinated response both at Union and national level in order to cope with the enormous economic and social consequences for all Member States. The challenges linked to the demographic context, social inclusion and cohesion have been amplified by COVID-19 leading to asymmetrical consequences for Member States. The COVID-19 crisis as well as the previous economic and financial crisis have shown that developing sound, sustainable and resilient economies as well as financial and welfare systems built on strong economic and social structures helps Member States respond more efficiently to shocks and recover more swiftly from them in a fair and inclusive way. A lack of resilience can also lead to negative spill-over effects of shocks between Member States or within the Union as a whole, thereby posing challenges to convergence and cohesion in the Union. In this regard, reduction in spending on education, culture and healthcare can prove counterproductive to achieve a swift recovery. The medium and long-term consequences of the COVID-19 crisis will critically depend on how quickly Member States’ economies and societies will recover from the crisis, which in turn depends on the fiscal space and measures that Member States have available to mitigate the social and economic impact of the crisis, and on the resilience of their economies and social structures. Sustainable and growth-enhancing reforms and investments to address structural weaknesses of the economies, strengthen the resilience of Member States, increase productivity and competitiveness and reduce the dependency on carbon energy. Those will therefore be essential to set the economies back on track, and to reduce inequalities and divergences in the Union.

(5) The implementation of sustainable and growth enhancing reforms and investments contributing to cohesion and building a high degree of resilience of domestic
economies, societies and institutions, strengthening adjustment capacity and unlocking growth potential, in a compatible way with the Paris agreement, are among the Union’s policy priorities. They are crucial to set the recovery on a sustainable, fair and inclusive path and support the process of upward economic and social convergence. This is even more necessary in the aftermath of the pandemic crisis to pave the way for a swift recovery.

(5a) Articles 2 and 8 TFEU provide that, in all its activities, the Union shall aim to eliminate inequalities and to promote equality between men and women. Gender mainstreaming, including gender budgeting, should therefore be implemented in all Union policies and legislation.

(5b) Women have been at the forefront of the COVID-19 crisis, forming the majority of healthcare workers across the Union, and balancing unpaid care work with their employment responsibilities. The situation has become increasingly difficult for single parents, 85% of whom are women. Investment in robust care infrastructure is also essential in order to ensure gender equality and women’s economic empowerment, build resilient societies, combat precarious conditions in a female dominated sector, boost job creation, prevent poverty and social exclusion, and have a positive effect on Gross Domestic Product, as it allows more women to take part in paid work.

(6) Past experiences have shown that investment is often drastically cut during crises. In light of this, it is essential to support strategic public and private investment with European added value in this particular situation, mitigate the effects of the pandemic to speed up the recovery, contribute to achieving the objectives of the European Green Deal, social inclusion and cohesion, strengthen long-term growth potential with tangible results in the real economy, as well as strengthen institutional resilience and crisis preparedness. Investing in green and digital technologies, research and innovation (R&I), including in a knowledge based economy, capacities and processes aimed at assisting clean energy and circular transition, boosting energy efficiency in housing and other key sectors of the economy are important to achieve fair, inclusive and sustainable growth and help create jobs. Such investments will also help make the Union more resilient and less dependent by diversifying key supply chains. It is equally important to invest in services of general economic interest and social services of general interest in order to promote social inclusion and social cohesion.

(6a) Recovery should be achieved and the resilience of the Union and its Member States enhanced through the financing of six European priorities, namely the just green transition, the digital transformation, economic cohesion, productivity and competitiveness, social and territorial cohesion, institutional resilience and policies to ensure the next generation of Europeans does not become a “lockdown generation”.

(6b) Investing in green technologies, capacities and reforms aimed at assisting the just green transition, boosting sustainable energy transition, security and efficiency in housing and other key sectors of the economy is important in order to contribute to the long-term decarbonisation of the economy and the Union’s climate and environmental objectives, to promote biodiversity, to achieve sustainable growth, to advance the circular economy and to help create jobs.

(6c) Investing in digital technologies, infrastructure and processes will increase the Union’s competitiveness at global level and will also help make the Union more
resilient, more innovative and less dependent by diversifying key supply chains. Reforms and investments should notably promote the digitalisation of services, the development of digital and data infrastructure, clusters and digital innovation hubs and open digital solutions. The digital transition should also incentivise the digitalisation of small and medium enterprises (SMEs). Public procurement should respect the principles of interoperability, energy efficiency and personal data protection, allowing for the participation of SMEs and start-ups and promoting the use of open-source solutions.

(6d) Reforms and investments aimed at increasing economic cohesion and productivity, at SMEs, at strengthening the Single Market, and at competitiveness should enable a sustainable recovery of the Union’s economy. Those reforms and investments should also promote entrepreneurship, social economy, development of sustainable infrastructure and transport and industrialisation and reindustrialisation, and mitigate the effect of the crisis on the adoption process of the single currency by non-euro area applicant Member States.

(6da) Reforms and investments should also enhance social cohesion and contribute to fighting poverty and tackling unemployment. They should lead to the creation of high-quality and stable jobs, the inclusion of disadvantaged groups and categories of citizens, enable the strengthening of the social infrastructure and services, social dialogue, and social protection and welfare. Such measures are of utmost importance for our economies to rebound while leaving nobody behind.

(6e) The Union should take actions to ensure that the next generation of Europeans is not permanently affected by the impact of the COVID-19 crisis and that the generational gap is not further deepened. Reforms and investments are essential to promote education and skills, including digital skills, the role of skills via generational targeting of priorities for upskilling, reskilling and requalification of active labour force, integration programme for the unemployed, policies of investing in access and opportunity for children and youth related to education, health, nutrition, jobs and housing, and policies that bridge the generational gap.

(6f) The COVID-19 crisis has also highlighted the importance of strengthening institutional and administrative resilience and crisis preparedness, in particular through improving business and public service continuity, and the accessibility and capacity of health and care systems, of improving the effectiveness of public administration and national systems, including minimising administrative burden, and of improving the effectiveness of judicial systems as well as fraud prevention and anti-money laundering supervision. Lessons should be learnt and Member States’ institutional resilience increased.

(6g) At least 40% of the amount of each recovery and resilience plan under the Recovery and Resilience Facility (the ‘Facility’) should contribute to climate and biodiversity mainstreaming, taking into account that at least 37% of the amount of each recovery and resilience plan should be directed to finance climate mainstreaming. Recovery and resilience plans should be consistent with the Union’s Gender Equality Strategy 2020-2025.

(6h) At least 20% of the amount of each recovery and resilience plan under the Facility should contribute to the European Digital Strategy and the achievement of a Digital Single Market with a view to increasing the Union’s competitiveness at global level
and helping to make the Union more resilient, more innovative and strategically autonomous.

(6i) At least 7% of the amount of each recovery and resilience plan under the Facility should contribute to investment and reform measures falling under each of the six European priorities, while the entire financial allocation of the Facility should fall under the six European priorities.

(6j) The Facility’s general objective should contribute to addressing the challenges of the six European priorities identified under this Regulation through the promotion of economic, social and territorial cohesion, and to contribute to the objectives of Union policies, the United Nations’ Sustainable Development Goals, the European Pillar of Social Rights, the Paris Agreement, and to the strengthening of the Single Market. For that purpose, it should contribute to improving the resilience and adjustment capacity of the Member States, mitigating the social and economic impact of the crisis, and supporting the green and digital transitions, restoring the growth potential of the economies of the Union, fostering employment creation in the aftermath of the COVID-19 crisis and to promoting sustainable growth.

(6k) The Facility should contribute to recovery and resilience through reforms and investments which benefit society, demography, and in particular children, youth and vulnerable groups, through education and training, improve the business environment, insolvency frameworks, the fight against aggressive tax practices, modernize our economies and industry, R&I, sustainable digital, energy and transport infrastructure and connectivity. The Facility should also contribute to the development of a sustainable circular economy, support entrepreneurship including SMEs, health and care sectors, culture and media, sport, tourism and hospitality, agriculture and agrifood sectors, strengthen biodiversity and environmental protection, food supply chains, foster the green transition through climate mitigation and adaptation, and contribute to investing into sustainable and energy-efficient housing. The reforms and investments should strengthen social protection and welfare systems, the public administration and services of general interests, including justice and democracy, and contribute to address the demographic challenges.

(6l) The COVID-19 crisis has serious consequences for social activities in all Member States. Education, cultural and creative sectors, as well as hospitality and tourism which have come to a standstill. The Union and Member States should also invest in those areas of utmost importance. Member States should be encouraged to dedicate at least 2% of the overall budget to the cultural and creative sectors and 10% to investments in quality and inclusive education.

(7) Currently, no instrument foresees direct financial support linked to achievement of results and to implementation of reforms and public investments of the Member States in response to crisis of the scale of the COVID 19 crisis. The recovery of the Union’s economy as a whole could be achieved, including through the channelling of investments and gearing of reforms towards existing EU strategies and challenges, including, but not limited to, the ones identified in the European Semester, European Pillar of Social Rights, United Nations’ Sustainable Development Goals, National Climate Energy Plans adopted in the framework of the Governance of the Energy Union, and in the just transition plans, with a view to having a lasting impact on the resilience of the Member States.
(8) Against this background, it is necessary to strengthen the current framework for the provision of support to Member States and provide direct financial support to Member States through an innovative tool. To that end, the Facility should be established under this Regulation to provide effective financial and significant support to step up the implementation of sustainable reforms and related public and private investments in the Member States as a dedicated instrument designed to tackle the adverse effects and consequences of the COVID-19 crisis in the Union. The Facility should be comprehensive and should also benefit from the experience gained by the Commission and the Member States from the use of the other instruments and programmes. The Facility might also include measures to incentivise private investment through support schemes, including via financial instruments, subsidies, or similar schemes, provided that State aid rules are complied with. Moreover, the Facility might also include measures to promote the development of national promotional banks.

(9) The types of financing and the methods of implementation under this Regulation should be chosen on the basis of their ability to achieve the specific objectives of the actions and to deliver results, taking into account the expected risk of non-compliance. This should include consideration of the use of lump sums, flat rates and unit costs, as well as financing not linked to costs as referred to in Article 125(1)(a) of the Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council3 (Financial Regulation).

(9a) Measures aimed at fostering the recovery from the social and economic shock of the COVID-19 crisis should be guided by the principles of resilience and ecological and social sustainability. They should also strive to combine the need for urgency with a long-term perspective. Measures that were supported by strong scientific evidence and broad political and social agreement should not be weakened or postponed, but should continue to be assigned priority.

(10) In accordance with Regulation [European Union Recovery Instrument] and within the limits of resources allocated therein, recovery and resilience measures under the Facility should be carried out to address the unprecedented social and economic impact of the COVID-19 crisis. Such additional resources should be used in such a way as to ensure compliance with the time limits provided for in Regulation [EURI].

(10a) The Facility should support projects that respect the principle of additionality of Union funding and that generate a genuine European added value. The Facility should not be a substitute for recurring national expenditures and should not run counter to the strategic and economic interests of the Union, and should therefore not finance investment plans of third countries.

(10b) European added value should result from the interplay and interlinkages between the six European priorities, and should generate coherence and synergies, and provide coordination gains, legal certainty, greater effectiveness and complementarities.

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(10c) One of the lessons learnt from the COVID-19 crisis is that the Union should diversify the critical supply chains and therefore one of the objectives of the Facility should be to strengthen the strategic autonomy of the Union.

(10d) The amounts of unused commitment appropriations and decommitted appropriations should be used to reinforce programmes with European added value, particularly under direct management, such as, but not limited to those in the areas of R&I, education and infrastructure.

(10e) Recovery and resilience plans under the Facility should work in synergy with the InvestEU Programme, and may allow contributions to the Member States compartment under the InvestEU Programme, in particular for the solvency of companies established in the Member States concerned. The plans might also allow contributions to Multiannual Financial Framework (MFF) programmes under direct management for children, youth, including Erasmus, culture, as well as R&I, including Horizon Europe.

(10f) Next Generation EU should not become a financial burden for the next generations and should be repaid by new Union own resources. Moreover, it is crucial that the loans incurred in the context of Next Generation EU should be repaid in due time.

(11) Reflecting the European Green Deal as Europe’s sustainable growth strategy and the translation of the Union's commitments to implement the Paris Agreement and the United Nations’ Sustainable Development Goals, the Facility established by this Regulation will contribute to mainstreaming climate actions and environmental sustainability and to the achievement of an overall target of 30% of the Union budget expenditures supporting climate objectives, of an overall target of 10% of the Union budget expenditures supporting biodiversity objectives. In their recovery and resilience plans, Member States should pay particular attention to support and empowerment of workers that may suffer from the consequence of the transitions, in particular by implementing the European Pillar of Social Rights and defending the principle of collective bargaining.

(15) The specific objective of the Facility should be to provide financial support with a view to achieving the clear milestones and targets of reforms and investments as set out in recovery and resilience plans. That specific objective should be pursued in close cooperation with the Member States concerned.

(16) To ensure its contribution to the objectives of the Facility, the recovery and resilience plan should comprise measures for the implementation of reforms and public investment projects through a coherent, relevant, effective and efficient recovery and resilience plan.

(16a) The recovery and resilience plan should have a detailed explanation on how the recovery and resilience plans and measures shall contribute to each of the six European priorities, including the respective and overall minimum budgetary allocations.

(16b) The plan should also explain how it contributes to and not run counter the Union policies, United Nations’ Sustainable Development Goals, European Pillar of Social Rights, Paris Agreement and the strengthening of the Single Market. The plan should also explain how it contributes and does not run counter to the strategic and economic
interests of the Union, does not substitute national budgetary expenditure, respect the principle of additionality of Union funding and the ‘do no significant harm’ principle. It should explain how it is consistent with the principles of the Union’s Gender Equality Strategy 2020-2025.

(16c) The national recovery and resilience plan should not affect 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, and Union and national law and practices.

(16d) The plan should explain how it contributes to effectively address challenges identified in the relevant country-specific recommendations for the Member State concerned or in other relevant documents officially adopted by the Commission in the context of the European Semester. In case a Member State is experiencing imbalances or excessive imbalances as concluded by the Commission after an in-depth review, the plan should contain an explanation of the way the recommendations made under Article 6 of Regulation (EU) No 1176/2011 of the European Parliament and of the Council\(^4\) are compatible with the plans. The plan should detail the envisaged clear milestones, targets and timetable for the implementation of the reforms and the investments.

(16e) The plan should represent a comprehensive reform and investment package and how they are consistent. The plan should detail the envisaged public and private investment projects, and the related investment period and references to the involvement of private partners, where relevant. The plan should detail the estimated total cost of the reforms and investments. It should contain, where relevant, information on existing or planned Union financing and the link with previous or planned reforms in the framework of the Structural Reform Support Program or Technical Support Instrument and information on the accompanying measures that may be needed, including a timetable of all policy actions.

(16f) Regional and local authorities, being the closest to their citizens, and having a first-hand experience regarding needs and problems of the local communities and economies play a crucial role in economic and social recovery. Taking this into consideration, they should be closely involved in the planning and implementation of the Facility, including the preparation of the recovery and resilience plans as well as the management of the projects under the Facility. In order to fully exploit the potential of regional and local authorities in achieving recovery and resilience, a part of the resources of the Facility should be implemented by them, while respecting the principle of subsidiarity of the Member State.

(16g) The plan should detail, where appropriate, the request for loan support and the additional milestones.

(16h) The plan should contain explanation of the Member State's plans, systems and concrete measures to prevent, detect and correct conflicts of interest, corruption and fraud when using the funds as derived from the Facility.

The plan should contain details of arrangements made by Member States to ensure that recipient undertakings are not involved in any reportable tax arrangements under the Council Directive (EU) 2018/822 in relation to cross-border arrangements.

Where relevant, the plans should include investments in cross-border or pan-European projects to support European cooperation.

All Member States benefitting from the Facility should respect and promote the values enshrined in Article 2 of the Treaty on European Union. The Commission should be empowered to initiate the suspension of the commitment or payment appropriations to Member States under the Facility in case of generalised deficiencies as regards the rule of law where they affect or risk affecting the principles of sound financial management or the protection of the financial interests of the Union. The Facility should provide for clear rules and procedures on initiating the suspension mechanism or on its lifting. In this respect, the procedure to initiate the suspension of the funding under Facility and its subsequent placing into a reserve should only be blocked if a qualified majority in the Council or a majority in the European Parliament oppose it. Payments to final beneficiaries or recipients, including local and regional authorities should continue.

Measures starting from 1 February 2020 related to the economic and social consequences of the COVID-19 crisis should be eligible.

Where a Member States is exempted from the monitoring and assessment of the European Semester on the basis of Article 12 of Regulation (EU) 472/2013, or is subject to surveillance under Council Regulation (EC) No 332/2002, it should be possible that the provisions of this regulation are applied to the Member State concerned in relation to the challenges and priorities identified by the measures set out under the regulations thereof.

To inform the preparation and the implementation of the recovery and resilience plans by Member States, the European Parliament and Council should be able to discuss, within the European Semester, the state of recovery, resilience and adjustment capacity in the Union. To ensure appropriate evidence, this discussion should be based on the Commission’s strategic and analytical information available in the context of the European Semester and, if available, on the basis of the information on the implementation of the plans in the preceding years. All relevant information should be made available by the Commission to the European Parliament and the Council simultaneously and on equal terms. A Recovery and Resilience Dialogue modelled on the existing structured economic dialogue should be held in the relevant committees of the European Parliament in order to ensure transparency and accountability.

In order to ensure a meaningful financial contribution commensurate to the actual needs of Member States to undertake and complete the reforms and investments included in the recovery and resilience plan, it is appropriate to establish a maximum financial contribution available to them under the Facility as far as the financial support (i.e. the non-repayable financial support) is concerned. In 2021 and 2022, that maximum contribution should be calculated on the basis of the population, the inverse of the per capita GDP and the relative unemployment rate of each Member State for the period.

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2015-2019. In 2023 and 2024, that maximum financial contribution should be calculated on the basis of the population, the inverse GDP, and the cumulative loss in real GDP observed over the period from 2020 to 2021, compared to 2019.

(20) It is necessary to establish a process for the submission of proposals for recovery and resilience plans by the Member States, and the content thereof. With a view to ensuring the expediency of procedures, a Member State should submit a recovery and resilience plan at the latest by 30 April, in the form of a separate annex of the National Reform Programme. To ensure a fast implementation, Member States should be able to submit a draft plan together with the draft budget of the forthcoming year, on 15 October of the preceding year. For the preparation of the recovery and resilience plans, Member States can make use of the Technical Support Instrument in accordance with Regulation XX/YYYY [establishing Technical Support Instrument].

(20a) In its evaluation, the Commission should take into account the synergies created between the recovery and resilience plans of different Member States and the complementarity between those plans and other investment plans at national level. The Commission should, where relevant, consult the Union wide relevant stakeholders to gather their views concerning ownership, consistency and effectiveness of the national recovery and resilience plan. The Commission should also require a gender impact assessment of the plan carried out by an independent expert or proceed to such an assessment itself.

(22) The Commission should assess the recovery and resilience plan proposed by the Member States and should act in close cooperation with the Member State concerned. The Commission should fully respect the national ownership of the process and should also take into account the synergies created between the recovery and resilience plans of different Member States and the complementarity between those plans and other investment plans at national level. The Commission should assess the recovery and resilience plan based on a list of requirements and a list of criteria which should prove their effectiveness, efficiency, relevance and coherence and for that purpose, should take into account the justification and elements provided by the Member State concerned.

(23) Appropriate guidelines should be set out, as an annex to this Regulation, to serve as a basis for the Commission to assess in a transparent and equitable manner the recovery and resilience plans and to determine the financial contribution in conformity with the objectives and any other relevant requirements laid down in this Regulation. In the interest of transparency and efficiency, a rating system for the assessment of the proposals for recovery and resilience plans should be established to that effect. The scores attributed to the adopted plans should be disclosed.

(24) In order to contribute to the preparation of high-quality plans and assist the Commission in the assessment of the recovery and resilience plans submitted by the Member States and in the assessment of the degree of their achievement, provision should be made for the use of expert advice and, at the Member State request, peer counselling and technical support. When such expertise concerns labour-related policies in particular, social partners should be involved.

(25) For the purpose of simplification, the determination of the financial contribution should follow simple criteria. The financial contribution should be determined on the basis of
the estimated total costs of the recovery and resilience plan proposed by the Member State concerned. *Financing from the Facility should not support measures which reduce government revenues for a prolonged period or permanently, such as tax cuts or levy-reductions.*

Provided that the recovery and resilience plan satisfactorily addresses the assessment criteria, the Member State concerned should be allocated the maximum financial contribution where the estimated total costs of the reform and investment included in the recovery and resilience plan is equal to, or higher than, the amount of the maximum financial contribution itself. The Member State concerned should instead be allocated an amount equal to the estimated total cost of the recovery and resilience plan where such estimated total cost is lower than the maximum financial contribution itself. No financial contribution should be awarded to the Member State if the recovery and resilience plan does not satisfactorily address the assessment criteria. *Whenever the Commission deems that the plan does not satisfactorily address the assessment criteria it should inform the European Parliament and the Council and request the Member State concerned to submit a revised plan.*

Financial support to a Member State’s plan should be possible in the form of a loan, subject to the conclusion of a loan agreement with the Commission, on the basis of a duly motivated request by the Member State concerned. Loans supporting the implementation of national recovery and resilience plans should be provided at maturities that reflect the longer-term nature of such spending, *while having a clear and precise repayment schedule.* Those maturities may diverge from the maturities of the funds the Union borrows to finance the loans on capital markets. Therefore, it is necessary to provide for the possibility to derogate from the principle set out in Article 220(2) of the Financial Regulation, according to which maturities of loans for financial assistance should not be transformed.

The request for a loan should be justified by the financial needs linked to additional reforms and investments included in the recovery and resilience plan, notably relevant for the green and digital transitions, and by therefore, by a higher cost of the plan than the maximum financial contribution (to be) allocated via the non-repayable contribution. It should be possible to submit the request for a loan together with the submission of the plan. In case the request for loan is made at a different moment in time, it should be accompanied by a revised plan with additional milestones and targets. To ensure frontloading of resources, Member States should request a loan support at the latest by 31 August 2024. For the purposes of sound financial management, the total amount of all the loans granted under this Regulation should be capped. In addition, the maximum volume of the loan for each Member State should not exceed 6.8% of its Gross National Income. An increase of the capped amount should be possible in exceptional circumstances subject to available resources. For the same reasons of sound financial management, it should be possible to pay the loan in instalments against the fulfilment of results.

A Member State should have the possibility to make a reasoned request to amend the recovery and resilience plan within the period of implementation, where objective circumstances justify such a course of action. The Commission should assess the reasoned request and take a new decision within two months. *The Member State should be able to request, at any time throughout the year, assistance through the Technical*
Support Instrument in accordance with Regulation XX/YYYY [estabishing Technical Support Instrument] for the purpose of amending or replacing the recovery and resilience plan.

(30a) The Member States and the Union institutions involved in the decision-making process should do their utmost to reduce processing time and to simplify procedures to ensure the smooth and rapid adoption of decisions on the mobilisation and implementation of the Facility.

(31) For reasons of efficiency and simplification in the financial management of the instrument, the Union financial support to recovery and resilience plans should take the form of a financing based on the achievement of results measured by reference to milestones and targets indicated in the approved recovery and resilience plans. To this effect, the additional loan support should be linked to the additional milestones and targets compared to those relevant for the financial support (i.e. the non-repayable support). Disbursements should be made upon implementation of the relevant milestones.

(32) For the purpose of sound financial management, specific rules should be laid down for budget commitments, payments, suspension, cancellation and recovery of funds. To ensure predictability, it should be possible for Member States to submit requests for payments on a biannual basis. Payments should be made in instalments and be based on a positive assessment by the Commission of the implementation of the recovery and resilience plan by the Member State. Pre-financing up to 20% of the total support from the Funds set out in the decision approving a recovery and resilience plan should be made available by the Commission. Suspension and cancellation as well as a reduction and a recovery of the financial contribution should be possible when the recovery and resilience plan has not been implemented in a satisfactory manner by the Member State or in case of serious irregularities, including fraud, corruption and conflict of interest. Recovery should, where possible, be ensured by way of offsetting against outstanding disbursements under the Facility. Appropriate contradictory procedures should be established to ensure that the decision by the Commission in relation to suspension, cancellation and recovery of amounts paid respects the right of Member States to provide observations.

(32a) To protect the financial interests of the Union in implementing the Facility, the Member States should ensure the functioning of an effective and efficient internal control systems and recover amounts unduly paid or misused. The Member States 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.

(33) For effective monitoring of implementation, the Member States should report on a biannual basis within the European Semester process on the progress made in the achievement of the recovery and resilience plan. Such reports prepared by the Member States concerned should be appropriately reflected in the National Reform Programmes, which should be used as a tool for reporting on progress towards completion of recovery and resilience plans. The competent committees of the European Parliament may, at any stage, hear Member States representatives responsible of the recovery and resilience plans and any other relevant institutions and stakeholders to discuss the measures provided for in, and to be taken pursuant to, this Regulation.
(34) 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”.

(35) Spending under the Facility should be efficient and will have a double positive impact on Europe’s recovery from the crisis and on Europe’s transition towards a sustainable economy. In order to ensure an efficient and coherent allocation of funds from the Union budget, respect the principle of sound financial management and avoid conflicts of interest, actions under this Regulation should be consistent with, and be complementary to, ongoing Union programmes, whilst avoiding double funding for the same expenditure. In particular, the Commission and the Member State should ensure, in all stages of the process, effective coordination in order to safeguard the consistency, coherence, complementarity and synergy among sources of funding, and technical support received through the Technical Support Instrument. To that effect, Member States should be required to present the relevant, information on existing or planned Union financing when submitting their plans to the Commission. Financial support under Facility should be additional to the support provided under other Union funds and programmes, and reform and investment projects financed under the Facility should be able to receive funding from other Union programmes and instruments provided that such support does not cover the same cost.

(36) Pursuant to paragraphs 22 and 23 of the Interinstitutional Agreement of 13 April 2016 for Better Law-Making, there is a need to evaluate the Facility on the basis of information through specific monitoring requirements, while avoiding overregulation and administrative burdens, in particular on Member States. Those requirements, where appropriate, should include measurable indicators, as a basis for evaluating the effects of the instruments on the ground. A dedicated scoreboard that should complement the existing Social Scoreboard and the existing Macroeconomic imbalance procedure Scoreboard should be set up to that effect. Spending under the Facility should be subject to a dedicated discharge procedure in a separate chapter of the discharge evaluation report of the Commission under Article 318 TFEU. Data collected for monitoring purposes should be collected disaggregated by gender.

(36a) The Commission should be accountable as regards the implementation of the Facility and should appear before the European Parliament to provide explanations where necessary, including in cases of gross negligence or misconduct. In this respect, the European Parliament may provide recommendations to address the identified shortcomings.

(37) It is opportune that the Commission provides a biannual report to the European Parliament and the Council on the implementation of the Facility set out in this Regulation. This report should include detailed information on the progress made by Member States, including the status of implementation of the targets and milestones, under the recovery and resilience plans approved; it should also include information on the volume of the proceeds assigned to the Facility under the European Union Recovery Instrument in the previous year, broken down by budget line, and the contribution of the amounts raised through the European Union Recovery Instrument to the achievements of the objectives of the Facility.
(38) An independent evaluation, looking at the achievement of the objectives of the Facility established by this Regulation, the efficiency of the use of its resources and its added value should be carried out. Where appropriate, the evaluation should be accompanied by a proposal for amendments to this Regulation. An independent ex-post evaluation should, in addition, deal with the long-term impact of the instruments.

(38a) The Commission should present reviews of the implementation of the Facility and propose, if appropriate, modifications of the Regulation in order to ensure full commitment of the appropriations.

(39) The recovery and resilience plans to be implemented by the Member States and the corresponding financial contribution allocated to them should be established by way of delegated acts. The power to adopt acts in accordance with Article 290 TFEU relating to the adoption of the recovery and resilience plans and to the payment of the financial support upon fulfilment of the relevant milestones and targets should be delegated to the Commission. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States’ experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated actions. After the adoption of a delegated act, it should be possible for the Member State concerned and the Commission to agree on certain operational arrangements of a technical nature, detailing aspects of the implementation with respect to timelines, indicators for the milestones and targets, and access to underlying data. To allow the continuous relevance of the operational arrangements in respect of the prevailing circumstances during the implementation of the recovery and resilience plan, it should be possible that the elements of such technical arrangements may be modified by mutual consent. Horizontal financial rules adopted by the European Parliament and the Council on the basis of Article 322 TFEU apply to this Regulation. Those rules are laid down in the Financial Regulation and determine in particular the procedure for establishing and implementing the budget through grants, procurement, prizes, indirect implementation, and provide for checks on the responsibility of financial actors. Rules adopted on the basis of Article 322 TFEU also concern the protection of the Union's budget in case of generalised deficiencies as regards the rule of law in the Member States, as the respect for the rule of law is an essential precondition for sound financial management and effective Union funding.


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Council Regulation (EC, Euratom) No 2988/95\(^9\) and Council Regulation (EU) 2017/1939\(^{11}\), the financial interests of the Union are to be protected through proportionate measures, including the prevention, detection, correction and investigation of irregularities and fraud, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, the imposition of administrative sanctions. In particular, in accordance with Regulation (EU, Euratom) No 883/2013 and Regulation (Euratom, EC) No 2185/96, the European Anti-Fraud Office (OLAF) may carry out administrative investigations, including on-the-spot checks and inspections, with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union. In accordance with Regulation (EU) 2017/1939, the European Public Prosecutor's Office (EPPO) may investigate and prosecute fraud and other criminal offences affecting the financial interests of the Union as provided for in Directive (EU) 2017/1371 of the European Parliament and of the Council\(^{12}\). In accordance with the Financial Regulation, any person or entity receiving Union funds is to fully cooperate in the protection of the Union's financial interests, to grant the necessary rights and access to the Commission, OLAF, the EPPO and the European Court of Auditors and to ensure that any third parties involved in the implementation of Union funds grant equivalent rights to the Commission, OLAF, the EPPO and the European Court of Auditors. **To ensure full transparency, final recipients or beneficiaries of funding from the Facility should be disclosed. For the purpose of audit and control of the use of funds, the Member States should provide information in an electronic format into a single database, without adding unnecessary administrative burden.**

(41) Since the objectives of this Regulation cannot be sufficiently achieved by the Member States alone, but can rather be better achieved at Union level, the Union may adopt measures in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond that which is necessary to achieve that objective. **Reviews and regular updates on the functioning of the programme should be provided to the European Parliament in order to inform discussions, for example at the Conference on the Future of Europe.**

(42) In order to allow for the prompt application of the measures provided for in this Regulation, this Regulation should enter into force on the day following that of its publication in the Official Journal of the European Union.

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\(^{10}\) Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities’ financial interests against fraud and other irregularities (OJ L292,15.11.96, p.2).


HAVE ADOPTED THIS REGULATION:

CHAPTER I

General provisions and financial envelope

Article 1
Subject matter

This Regulation establishes a Recovery and Resilience Facility (the ‘Facility’).

It lays down its objectives, the financing, the forms of Union funding and the rules for providing such funding.

Article 2
Definitions

For the purposes of this Regulation, the following definitions apply:

2. ‘financial contribution’ means non-repayable financial support available for allocation or allocated to the Member States under the Facility;
2a. ‘non-revolving loan’ means a loan made to a Member State with a fixed schedule in time for the repayments by regular instalments;
3. ‘European Semester of policy coordination’ or ‘European Semester’ means the process set out by Article 2-a of Council Regulation (EC) No 1466/97 ¹⁴;
3a. ‘national authority’ means one or more public authorities at the level of government, including those at regional and local levels, as well as Member State organisations within the meaning of Article 2(42) of the Financial Regulation, cooperating in a spirit of partnership in accordance with the Member States' institutional and legal framework;
3b. ‘additionality’ for the purpose of this Regulation means compliance with the requirement set out in [point (b)of Article 209(2)] of [the Financial Regulation] and, if applicable, maximising private investment in accordance with [point (d) of Article 209(2)] of the [Financial Regulation];
3c. ‘milestones’ mean clear, qualitative and quantitative, measurable and verifiable commitments that a Member State undertook in the context of the recovery and resilience plans;
3d. ‘resilience’ means the ability to face economic, social and environmental shocks and persistent structural changes deriving from any kind of crisis in a fair, sustainable and inclusive way, and promoting well-being for all;

¹³ OJ C , , p.
3e. ‘do no significant harm’ means not supporting or carrying out economic activities that significantly harm any environmental objective, as referred to, where relevant, in Regulation (EU) 2020/852 of the European Parliament and Council\textsuperscript{15} (EU Taxonomy Regulation). The Commission shall develop a technical guidance notes on the practical application of the ‘do no significant harm’ principle, taking into account that Regulation.

3f. ‘Union climate and environment objectives’ mean the Union climate objectives and targets set out in Regulation (EU) …/…[European Climate Law].

**Article 3**

Scope

The scope of application of the Facility established by this Regulation shall 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.

The Commission shall develop technical guidance notes on the practical application of the allocation.

To contribute to, and be fully consistent with, the climate and environment objectives of the Union, notably the transition towards achieving the Union’s updated 2030 climate targets and complying with the objective of Union climate neutrality by 2050 in accordance with [Regulation 2020/XXX establishing the framework for achieving climate neutrality and amending Regulation (EU) 2018/199 (European Climate Law)], at least 40% of the amount of each recovery and resilience plan shall contribute to climate and biodiversity mainstreaming across the six European priorities.

Reflecting the priorities of the European Digital Strategy and the necessity to accomplish a Digital Single Market which will increase the Union’s competitiveness at global level and also help make the Union more resilient, more innovative and strategically autonomous, at least 20% of the amount of each recovery and resilience plan shall contribute to finance digital expenditure across the six European priorities.

Article 4
General and specific objectives

1. The general objective of the Facility shall be to focus on the six European priorities referred in Article 3. Particular attention should be given to the interplay and interlinkages between the six European priorities in order to provide coherence and synergies, thereby generating European added value. The Facility shall promote the Union’s economic, social and territorial cohesion and convergence as well as strategic autonomy by improving the resilience, crisis preparedness and adjustment capacity of the Member States, mitigating the social and economic and gender-related impact of the crisis, supporting the just green and digital transitions, contributing to restoring the growth potential of the economies of the Union, fostering high quality employment creation in the aftermath of the COVID-19 crisis, promoting sustainable growth and enhancement of the euro area.

1b. The Facility shall contribute to the objectives of Union policies, the United Nations’ Sustainable Development Goals, the European Pillar of Social Rights, the Paris Agreement and the strengthening of the Single Market.

2. To achieve that general objective, the specific objective of the Recovery and Resilience Facility shall be to provide Member States with financial support with a view to achieving the clear milestones and targets of sustainable growth enhancing reforms and investments as set out in their recovery and resilience plans. That specific objective shall be pursued in close and transparent cooperation with the Member States concerned.

Article 4a
Horizontal principles

1. The Facility shall not run counter to the strategic and economic interests of the Union. In this respect, support shall not be provided to projects that are part of the strategic investment plans of third countries, falling within the scope of the factors likely to affect security or public order to be taken into account by Member States and the Commission under Article 4 Regulation (EU) 2019/452 of the European Parliament and of the Council16.

2. Support from the Facility shall not substitute recurring national budgetary expenditure and shall respect the principle of additionality of the Union funding.

3. The Facility shall only support projects respecting the “do no significant harm” principle.

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Article 5
Resources from the European Union Recovery Instrument

1. Measures referred to in Article 2 of Regulation [EURI] shall be implemented under the Facility:

(a) through amount of EUR 337 968 000 000 referred to in point (ii) of Article 3(2)(a) of Regulation [EURI] in current prices [EUR 312 500 000 000, in 2018 prices], available for non-repayable support, subject to Article 4(4) and (8) of Regulation [EURI].

Those amounts shall constitute external assigned revenues in accordance with Article 21(5) of the Financial Regulation.

(b) through amount of EUR 385 856 000 000 referred to in Article 3(2)(b) of Regulation [EURI] in current prices, [EUR 360 000 000 000, in 2018 prices] available for non-revolving loan support to Members States pursuant to Article 12 and 13, subject to Article 4(5) of Regulation [EURI].

2. The amounts referred to in paragraph 1(a) may also cover expenses pertaining to preparatory, monitoring, control, audit and evaluation activities, which are required for the management of the Facility and the achievement of its objectives, in particular studies, meetings of experts, information and communication actions, including corporate communication of the political priorities of the Union, in so far as they are related to the objectives of this Regulation, consultation of national authorities, social partners, civil society, in particular youth organisations and other relevant stakeholders expenses linked to IT networks focusing on information processing and exchange, corporate information technology tools, and all other technical and administrative assistance expenses incurred by the Commission for the management of the Facility. Expenses may also cover the costs of other supporting activities such as quality control and monitoring of projects on the ground and the costs of peer counselling and experts for the assessment and implementation of sustainable growth enhancing reforms and investments. In view of such activities, Member States may also request technical support in accordance with Regulation XX/YYYY [establishing Technical Support Instrument].

2a. By 31 December [2024], the Commission shall assess the expected amount of unused commitment appropriations and decommitment appropriations available for non-repayable support referred to in paragraph 1, point a of this Article that may be entered into the Union budget to reinforce programmes with the European added value as external assigned revenues in accordance with Article 21(5) of the Financial Regulation in the 2025 Draft Budget of the EU.

The Commission shall propose, on an individual basis, to reinforce the programmes identified in first sub-paragraph only after an assessment, which shall conclude that the programmes concerned need an increase of financing in order to reach the objectives set out in the respective legislation.

The assessment of Commission shall be presented to the budgetary authority. The Parliament and the Council shall have the possibility to amend, approve or reject individually the proposals of the Commission to reinforce specific programmes identified in the first sub-paragraph of this paragraph.
The amounts not used to reinforce the programmes identified in the first subparagraph of this paragraph shall be used in their entirety for repayment of the financing drawn by the Commission for the purpose of the financing of the Facility.

Article 6
Resources from shared management programmes

1. Resources allocated to Member States under shared management may, at their request, be transferred to the Facility. The Commission shall implement those resources directly in accordance with point (a) of Article 62(1) of the Financial Regulation. Those resources shall be used for the benefit of the Member State concerned with a maximum limit of 5% of the budgetary envelope of the Member State.

2. Member States may propose to allocate up to 5% of their reform and resilience plan to the Technical Support Instrument and to the InvestEU Programme, in particular for solvency support measures, as well as MFF programmes under direct management for children, youth, including Erasmus, culture, as well as R&I, including Horizon Europe - if, and only if, the amount allocated shall contribute to the achievement of the objectives and respect the requirements of this Regulation in accordance with Articles 3, 4 and 4a and follow the assessment procedure of Article 17. The amount allocated shall be implemented in accordance with the rules of the Funds to which the resources are transferred and for the benefit of the Member State concerned. No co-financing is required for the amount transferred. The Commission shall implement those resources in accordance with point (a) of Article 62(1) of the Financial Regulation.

Article 7
Implementation

The Facility shall be implemented by the Commission in direct management in accordance with the Financial Regulation.

Article 8
Additionality and complementary funding

Support under the Facility shall be additional to the support provided under other Union funds and programmes and financing provided by the European Investment Bank Group or other international financial institutions in which a Member State is a shareholder. Reform and investment projects may receive support from other Union programmes and instruments provided that such support does not cover the same cost.

Article 9
Measures linking the Facility to sound economic governance

When the general escape clause of the Stability and Growth Pact is deactivated, the Commission shall propose, in 3 months, an amending proposal of this Regulation to link the Facility to sound economic governance as laid down in Article 15(7) of the Regulation laying down common provisions on the […]][CPR].

Article 9a
Measures linking the Facility to the protection of the Union budget in the case of generalised deficiencies as regards the rule of law

1. The Facility shall only be available to Member States committed to respecting the rule of law and Union’s fundamental values.

2. The Commission shall be empowered to initiate the suspension of the commitment or payment appropriations to Member States under the Facility in case of generalised deficiencies as regards the rule of law where they affect or risk affecting the principles of sound financial management or the protection of the financial interests of the Union.

3. The following shall, in particular, be considered generalised deficiencies as regards the rule of law where they affect or risk affecting the principles of sound financial management or the protection of the financial interests of the Union:

   (a) endangering the independence of judiciary, including setting any limitations on the ability to exercise judicial functions autonomously by externally intervening in guarantees of independence, by constraining judgement under external order, by arbitrarily revising rules on the appointment or terms of service of judicial personnel, by influencing judicial staff in any way that jeopardises their impartiality or by interfering with the independence of attorneyship;

   (b) failing to prevent, correct and sanction arbitrary or unlawful decisions by public authorities, including by law enforcement authorities, withholding financial and human resources affecting their proper functioning or failing to ensure the absence of conflicts of interests;

   (c) limiting the availability and effectiveness of legal remedies, including through restrictive procedural rules, lack of implementation of judgments, or limiting the effective investigation, prosecution or sanctioning of breaches of law;

   (d) endangering the administrative capacity of a Member State to respect the obligations of Union membership, including the capacity to effectively implement the rules, standards and policies that make up the body of Union law;

   (e) measures that weaken the protection of the confidential communication between a lawyer and a client.

4. A generalised deficiency as regards the rule of law in a Member State may be established, in particular, when one or more of the following are affected or risk being affected:

   (a) the proper functioning of the authorities of the Member State implementing the Facility, in particular in the context of public procurement or grant procedures;

   (b) the proper functioning of the market economy, thereby respecting competition and market forces in the Union as well as implementing effectively the obligations of membership, including adherence to the aim of political, economic and monetary union;
(c) the proper functioning of the authorities carrying out financial control, monitoring and internal and external audits, and the proper functioning of effective and transparent financial management and accountability systems;

(d) the proper functioning of investigation and public prosecution services in relation to the prosecution of fraud, including tax fraud, corruption or other breaches of Union law relating to the implementation of the Facility;

(e) the effective judicial review by independent courts of actions or omissions by the authorities referred to in points a), c) and d);

(f) the prevention and sanctioning of fraud, including tax fraud, corruption or other breaches of Union law relating to the implementation of the Facility, and the imposition of effective and dissuasive penalties on recipients by national courts or by administrative authorities;

(g) the recovery of funds unduly paid;

(h) the prevention and sanctioning of tax evasion and tax competition and the proper functioning of authorities contributing to administrative cooperation in tax matters;

(i) the effective and timely cooperation with OLAF and, subject to the participation of the Member State concerned, with EPPO in their investigations or prosecutions pursuant to respective legal acts and to the principle of loyal cooperation;

(j) the proper implementation of the Facility following a systemic violation of fundamental rights.

5. When the conditions of paragraph 4 are fulfilled, one or more of the following measures may be adopted:

(a) a prohibition to enter into new legal commitments;

(b) a suspension of commitments;

(c) a reduction of commitments, including through financial corrections;

(d) a reduction of pre-financing;

(e) an interruption of payment deadlines;

(f) a suspension of payments.

Unless the decision adopting the measures provides otherwise, the imposition of appropriate measures shall not affect the obligation of a Member State to make payments to final recipients or beneficiaries. Regional and local actions that are eligible for support shall continue to benefit from the Facility. In case of any deficiencies by a Member State, regional and local actions that are eligible for support shall continue to benefit from the Facility.

The measures taken shall be proportionate to the nature, gravity, duration and scope of the generalised deficiency as regards the rule of law. They shall, insofar as possible, target the Union actions affected or potentially affected by that deficiency.
The Commission shall provide information and guidance for the benefit of final recipients or beneficiaries on the obligations by Member States via a website or internet portal.

The Commission shall also provide, on the same website or portal, adequate tools for final recipients or beneficiaries to inform the Commission about any breach of these obligations that, in the view of these final recipients or beneficiaries, directly affects them. Information provided by final recipients or beneficiaries in accordance with this paragraph may only be taken into account by the Commission if accompanied by a proof that the concerned final recipient or beneficiary has lodged a formal complaint to the competent authority.

Based on the information provided by the final recipients or beneficiaries, the Commission shall ensure that any amount due by Member States is effectively paid to final recipients or beneficiaries.

6. Where the Commission finds that it has reasonable grounds to believe that the conditions of paragraph 4 are fulfilled, it shall send a written notification to that Member State, setting out the grounds on which it based its finding. The Commission shall without delay inform the European Parliament and the Council of such notification and its content.

When assessing whether the conditions of paragraph 4 are fulfilled, the Commission shall take into account all relevant information, decisions of the Court of Justice of the European Union, resolutions of the European Parliament, reports of the Court of Auditors, and conclusions and recommendations of relevant international organisations and networks. The Commission shall also take into account the criteria used in the context of Union accession negotiations, in particular the chapters of the acquis on judiciary and fundamental rights, justice, freedom and security, financial control and taxation, as well as the guidelines used in the context of the Cooperation and Verification Mechanism to track the progress of a Member State.

The Commission shall be assisted by a Panel of independent experts, which shall be established by means of a delegated act.

The Commission may request any additional information required for its assessment, both before and after having made a finding.

The Member State concerned shall provide the required information and may make observations within a time limit specified by the Commission, which shall not be less than one month nor more than three months from the date of notification of the finding. In its observations, the Member State may propose the adoption of remedial measures.

The Commission shall take into account the information received and any observations made by the Member State concerned, as well as the adequacy of any proposed remedial measures, when deciding whether or not to adopt a decision on any measures referred to in paragraph 5. The Commission shall decide on the follow-up to be given to the information received within an indicative time limit of
one month, and in any case within a reasonable timeframe from the date of receipt of that information.

When assessing the proportionality of the measures to be imposed, the Commission shall have due regard to the information and guidance referred to in this paragraph.

Where the Commission considers that the generalised deficiency as regards the rule of law is established, it shall adopt a decision on the measures referred to in paragraph 5 by means of an implementing act.

At the same time as it adopts its decision, the Commission shall simultaneously submit to the European Parliament and to the Council a proposal to transfer to a budgetary reserve an amount equivalent to the value of the measures adopted.

By way of derogation from Article 31(4) and (6) of the Financial Regulation, the European Parliament and the Council shall deliberate upon the transfer proposal within four weeks of its receipt by both institutions. The transfer proposal shall be considered to be approved unless, within the four-week period, the European Parliament, acting by majority of the votes cast, or the Council, acting by qualified majority, amend or reject it. If the European Parliament or the Council amend the transfer proposal, Article 31(8) of the Financial Regulation shall apply.

The decision referred to in the eighth sub-paragraph shall enter into force if neither the European Parliament nor the Council reject the transfer proposal within the period referred to in the tenth sub-paragraph.

7. The Member State concerned may, at any time, submit to the Commission a formal notification including evidence to show that the generalised deficiency as regards the rule of law has been remedied or has ceased to exist.

At the request of the Member State concerned or on its own initiative, the Commission shall assess the situation in the Member State concerned within an indicative time limit of one month, and in any case within a reasonable timeframe from the date of receipt of the formal notification. Once the generalised deficiencies as regards the rule of law on the grounds of which the measures referred to in paragraph 5 were adopted cease to exist in full or in part, the Commission shall, without delay, adopt a decision lifting those measures in full or in part. At the same time as it adopts its decision, the Commission shall simultaneously submit to the European Parliament and to the Council a proposal to lift, in full or in part, the budgetary reserve referred to in paragraph 6. The procedure set out in paragraph 5 shall apply.
CHAPTER II

Financial contribution, allocation process and loans

Article 10
Maximum financial contribution

A maximum financial contribution shall be calculated for each Member State for the allocation of the amount referred to in Article 5(1)(a), using the methodology set out in Annex I, based on the population, the inverse of the per capita Gross Domestic Product (GDP), the relative unemployment rate of each Member State and the cumulative loss in real GDP observed over the period 2020-2021 compared to 2019.

For the period 2021-2022 the maximum financial contribution shall be calculated using the methodology set out in Annex I, based on the population, the inverse of the per capita GDP and the relative unemployment rate of each Member State for the period 2015-2019.

For the period 2023-2024, the maximum financial contribution shall be calculated using the methodology set out in Annex I, based on the population, the inverse of the per capita GDP, and the cumulative loss in real GDP observed over the period 2020-2021 compared to 2019 and shall be calculated by 30 June 2022.

Article 11
Allocation of financial contribution

1. For a period until 31 December 2022, the Commission shall make available for allocation EUR 337,968,000,000, referred to in point (a) of Article 5(1). Each Member State may submit requests up to their maximum financial contribution, referred to in Article 10, to implement their recovery and resilience plans.

2. For a period starting after 31 December 2022 until 31 December 2024, where financial resources are available, the Commission may organise calls in line with the calendar of the European Semester. To that effect, it shall publish an indicative calendar of the calls to be organised in that period, and shall indicate, at each call, the amount available for allocation. Each Member State may propose to receive up to a maximum amount corresponding to its allocation share of the available amount for allocation, as referred to in Annex I, to implement the recovery and resilience plan.

Article 12
Loans

1. Until 31 December 2024, upon request from a Member State, the Commission may grant to the Member State concerned a loan support for the implementation of its recovery and resilience plans.

2. A Member State may request a loan at the same time of the submission of a recovery and resilience plan referred to in Article 15, or at a different moment in time until 31 August 2024. In the latter case, the request shall be accompanied by a revised plan, including additional milestones and targets.
3. The request for a loan by a Member State shall set out:
   (a) the reasons for the loan support, justified by the higher financial needs linked to additional reforms and investments;
   (b) the additional reforms and investments in line with Article 15;
   (c) the higher cost of the recovery and resilience plan concerned compared to the amount of the maximum financial contribution referred to in Article 10, or to the financial contribution allocated to the recovery and resilience plan on the basis of Article 17(3)(b);

   *(ca)* information about how the loan request fits into the overall financial planning of the Member State and the general objective of sound fiscal policies.

4. The loan support to the recovery and resilience plan of the Member State concerned shall not be higher than the difference between the total cost of the recovery and resilience plan, as revised where relevant, and the maximum financial contribution referred to in Article 10. The maximum volume of the loan for each Member State shall not exceed 6.8% of its Gross National Income.

5. By derogation from paragraph 4, subject to availability of resources, in exceptional circumstances the amount of the loan support may be increased.

6. The loan support shall be disbursed in instalments subject to the fulfilment of milestones and targets in line with Article 17(4)(g).

7. The Commission shall take a decision on the request for a loan support in accordance with Article 17. Where appropriate, the recovery and resilience plan shall be amended accordingly.

**Article 13**

**Loan agreement**

1. Prior to entering into a loan agreement with the Member State concerned, the Commission shall assess whether:
   (a) the justification for requesting the loan and its amount is considered reasonable and plausible in relation to the additional reforms and investments; and
   (b) the additional reforms and investments comply with the criteria set out in Article 16(3).

2. Where the request for a loan fulfils the criteria referred to in paragraph 1, and upon adoption of the decision referred to in Article 17(2), the Commission shall enter into a loan agreement with the Member State concerned. The loan agreement, in addition to the elements laid down in Article 220(5) of the Financial Regulation, shall contain the following elements:
   (a) the amount of the loan in euro, *including, where applicable, the amount of pre-financed loan support in accordance with Article XX*;
   (b) the average maturity; Article 220(2) of the Financial Regulation shall not apply with regard to this maturity;
   (c) the pricing formula, and the availability period of the loan;
(d) the maximum number of instalments and a clear and precise repayment schedule;

(e) the other elements needed for the implementation of the loan support in relation to the reforms and the investment projects concerned in line with the decision referred to in Article 17(2).

3. In accordance with Article 220(5)(e) of the Financial Regulation, costs related to the borrowing of funds for the loans referred to in this Article shall be borne by the beneficiary Member States.

4. The Commission shall establish the necessary arrangements for the administration of the lending operations related to loans granted in accordance with this Article.

5. A Member State benefitting from a loan granted in accordance with this Article shall open a dedicated account for the management of the loan received. It shall also transfer the principal and the interest due under any related loan to an account indicated by the Commission in line with the arrangements put in place in accordance with the previous paragraph twenty TARGET2 business days prior to the corresponding due date.

Article 13a
Reviews and revisions

1. By the end of 2022 at the latest, the Commission shall present a review of the implementation of the resources referred to in Chapter II of this Regulation. This compulsory review shall, as appropriate, be accompanied by a legislative proposal for the revision of this Regulation to ensure the full use of the resources.

2. By the end of 2024 at the latest, the Commission shall present a review of the implementation of the resources referred to in Chapter II of this Regulation. This compulsory review shall be accompanied by necessary measures for the revision of this Regulation to ensure the full use of commitment appropriations.

CHAPTER III

Recovery and resilience plans

Article 14
Eligibility

1. In pursuance of the European priorities referred to in Article 3 and the objectives set out in Article 4, Member States shall prepare national recovery and resilience plans. These plans shall set out the reform and investment agenda of the Member State concerned for the subsequent four years. Recovery and resilience plans eligible for financing under this instrument shall comprise measures for the implementation of reforms and public and private investment projects through a comprehensive and coherent package. For the preparation of the recovery and resilience plans, Member States can make use of the Technical Support Instrument in accordance with Regulation XX/YYYY [establishing Technical Support Instrument].

Measures started from 1 February 2020 onwards related to the economic and social consequences of the COVID-19 crisis shall be eligible for support by the recovery
and resilience facility, provided they adhere to the requirements set out in this Regulation.

2. The recovery and resilience plans shall contribute to the six European priorities as defined in Article 3, including the minimum spending shares identified in Article 3, the general and specific objectives as defined in Article 4 and shall respect the horizontal principles established under Article 4a.

2a. In line with the scope of the Facility, the recovery and resilience plans shall contribute to effectively address challenges identified in the relevant country-specific recommendations for the Member State concerned or in other relevant documents officially adopted by the Commission in the context of the European Semester, including the relevant recommendations for the euro area as endorsed by the Council.

2b. The recovery and resilience plans shall also be consistent with the information included by the Member States in the National Reform Programmes under the European Semester, in their national energy and climate plans and updates thereof under the Regulation (EU)2018/199917, in the territorial just transition plans under the Just Transition Fund18, in the Youth Guarantee implementation plans and in the partnership agreements and operational programmes under the Union funds and in actions related to the implementation of Union law and policies.

2c. The recovery and resilience plans shall be consistent with the Union’s Gender Equality Strategy 2020-2025, shall be based on a gender impact assessment of the planned measures and shall comprise key actions to effectively address the negative impact of the crisis on gender equality combined with measures for gender mainstreaming. The recovery and resilience plans shall also be consistent with the national gender equality strategies.

2d. Recovery and resilience plans shall not be detrimental to the Single Market.

3. Where a Member State is exempted from the monitoring and assessment of the European Semester on the basis of Article 12 of Regulation (EU) 472/2013, or is subject to surveillance under Council Regulation (EC) No 332/2002, the provisions set out in this regulation shall be applied to the Member State concerned in relation to the challenges and priorities identified by the measures set out under the regulations thereof.

3a. The national recovery and resilience shall not affect the right to conclude or enforce collective agreements or to take collective action in accordance with national law and practices in accordance with the Charter of Fundamental Rights of the European Union and national and Union law and practices.

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Article 15
Recovery and resilience plan

1. A Member State wishing to receive a financial contribution as made available for allocation in accordance with Article 11(1) shall submit to the Commission a recovery and resilience plan as defined in Article 14(1).

After the Commission makes available for allocation the amount referred to in Article 11(2) a Member State shall, when relevant, update and submit to the Commission, the recovery and resilience plan referred to in paragraph 1 to take into account the updated maximum financial contribution calculated in accordance with Article 10(2).

2. The recovery and resilience plan presented by the Member State concerned shall be submitted together with the National Reform Programme in a single integrated document and shall as a rule 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.

A Member State wishing to receive support under the Facility shall establish a multilevel dialogue, in which local and regional authorities, social partners, civil society organisations, in particular youth organisations, and other relevant stakeholders and the general public are able to actively engage and discuss the preparation and the implementation of the recovery and resilience plan. The draft plan shall be submitted to the attention of local and regional authorities, social partners, civil society organisations, in particular youth organisations, and other relevant stakeholders and the general public for consultation before the date of submission to the Commission and social partners shall have at least 30 days to react in writing, in accordance with the principle of partnership.

3. The recovery and resilience plan shall be duly reasoned and substantiated. It shall in particular set out the following elements:

(a) a detailed explanation on how the recovery and resilience plans and measures shall contribute to each of the six European priorities as defined in Article 3 and shall contribute and not run counter the objectives of Article 4, paragraph 1, point b;

(ab) in line with the scope of the Facility, a justification on how the plan contributes to effectively address challenges identified in the relevant country-specific recommendations for the Member State concerned or in other relevant documents officially adopted by the Commission in the context of the European Semester, including the relevant recommendations for the euro area as endorsed by the Council;

(ac) in case a Member State is experiencing imbalances or excessive imbalances as concluded by the Commission after an in-depth review, an explanation of the way the recommendations made under Article 6 of Regulation (EU) No 1176/2011 are compatible with the plans;

(ad) a detailed explanation of how the plan complies with the minimum allocation shares for each of the six European priorities established under Article 3;
(ae) a detailed explanation of how at least 40% of the amount requested for the recovery and resilience plan contribute to climate and biodiversity mainstreaming using the tracking methodology provided by the Commission. Before the entry into force of the Regulation, the Commission shall adopt by means of a delegated act the corresponding methodology using, as appropriate, the criteria established by the EU taxonomy;

(af) an explanation of how the measures in the plan are expected to contribute to digital actions and whether they account for an amount which represents at least 20% of the plan’s total allocation, based on the methodology for digital tagging set out in Annex...; the methodology shall be used accordingly for measures that cannot be directly assigned to an intervention field listed in the table; the coefficients for support to the digital objectives may be increased for individual investments to take account of accompanying reform measures that increase their impact on the digital objectives;

(ag) an explanation on how the measures do not run counter the strategic and economic interests of the Union, do not substitute recurring national budgetary expenditure and respect the principle of additionality and the do no significantly harm principle in accordance with Article 4a;

(ah) a justification of how the recovery and resilience plan is consistent with the principles of Union’s Gender Equality Strategy 2020-2025, the national Gender equality strategy, a gender impact assessment and an explanation of how the measures in the plan are expected to contribute to the promotion of gender equality and the principle of gender mainstreaming and elimination of gender discrimination or to the challenges resulting from it;

(d) envisaged clear milestones, targets and an indicative timetable for the implementation of the reforms over a maximum period of four years, and of the investments over a maximum period of seven years;

(da) a justification of how the recovery and resilience plans represent a comprehensive reform and investment package and how they are consistent and the expected synergies with plans, strategies and programmes laid down in documents referred to in Article 14(2b);

(e) the envisaged public and private investment projects, and the related investment period and references to the involvement of private partners, where relevant;

(ea) in case the measures provided for in the recovery and resilience plan are not exempted from the obligation to notify State aid referred to in Article 108, paragraph 3, TFEU in accordance with the Commission Regulation (EU) No 651/2014, the recovery and resilience plan shall be analysed with priority by the Commission for the purposes of compliance with State aid and competition rules;

(f) the estimated total cost of the reforms and investments covered by the recovery and resilience plan submitted (also referred as ‘estimated total cost of the

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recovery and resilience plan’) backed up by a clear justification validated by an independent public body and how the cost is commensurate to the expected social and economic impacts in line with the principle of cost-efficiency;

(g) where relevant, information on existing or planned Union financing and the link with previous or planned reforms in the framework of the Structural Reform Support Program or Technical Support Instrument;

(h) the accompanying measures that may be needed, including a timetable of all policy actions;

(i) a summary of the multilevel dialogue as referred to in paragraph 2, subparagraph 2, how the inputs of the stakeholders were taken into account and, at the request of the stakeholders, their opinions may be attached to the national recovery and resilience plans as well as the details, including the relevant milestones and targets, of the consultations and dialogues planned in relation to the implementation of the recovery and resilience plan;

(j) the arrangements for the effective monitoring and implementation of the recovery and resilience plan by the Member State concerned, including the proposed qualitative and quantitative clear milestones and targets, and the related indicators including how the plan improves the country-based performance under the Social Scoreboard and the Macroeconomic imbalance procedure scoreboard;

(k) where appropriate, the request for loan support and the additional milestones as referred to in Article 12(2) and (3) and the elements thereof; and

(ka) an explanation of the Member State’s plans, systems and concrete measures to prevent, detect and correct conflicts of interest, corruption and fraud when using the funds as derived from the Facility, including those aiming to avoid double funding from other Union programmes and to recover funds lost, wrongly paid or incorrectly used and, where appropriate, the imposition of sanctions;

(kb) arrangements made by Member States to ensure that recipient undertakings are not involved in any reportable tax arrangements under the Directive (EU) 2018/822 in relation to cross-border arrangements;

(l) any other relevant information.

4. In the preparation of proposals for their recovery and resilience plan, Member States may request the Commission to organise an exchange of good practices in order to allow the requesting Member States to benefit from the experience of other Member States. Member States may also request at any time throughout the year technical support under the Technical Support Instrument in accordance with the regulation thereof. Technical support shall fully respect national rules and practices concerning collective bargaining. Technical support activities cannot undermine the role of social partners or threaten the autonomy of collective bargaining.

4a. In order to ensure greater transparency and accountability, Member States representatives responsible of the recovery and resilience plan and, where appropriate, Independent Fiscal Institutions, once invited, shall appear before the competent committees of the European Parliament to present the recovery and
resilience plan. Relevant information shall be made available by the Commission to the European Parliament and the Council simultaneously and on equal terms.

Article 16
Commission assessment

1. When assessing the recovery and resilience plan and where relevant its update, as submitted by the Member State in accordance with Article 15(1), the Commission shall act in close cooperation with the Member State concerned. The Commission may make observations or seek additional information. The Member State concerned shall provide the requested additional information and may revise the plan if needed, prior to or after its official submission. The Member State concerned and the Commission may agree to extend the deadline set out in Article 17(1) by a reasonable time period if necessary.

1a. In its evaluation, the Commission shall take into account the synergies created between the recovery and resilience plans of different Member States and the complementarity between those plans and other investment plans at national level.

2. When assessing the recovery and resilience plan and in the determination of the amount to be allocated to the Member State concerned, the Commission shall take into account the analytical information on the Member State concerned available in the context of the European Semester as well as the justification and the elements provided by the Member State concerned, as referred to in Article 15(3), and any other relevant information including, in particular, the one contained in the National Reform Programme and the National Energy and Climate Plan of the Member State concerned and, in the territorial just transition plans under the Just Transition Fund, in the Youth Guarantee implementation plans and, if relevant, information from technical support received via the Technical Support Instrument.

It shall also take into account information contained in the Annual Rule of Law Report, the EU Justice Scoreboard, the Macroeconomic Imbalances Procedure Scoreboard and the Social Scoreboard. The Commission shall also require a gender impact assessment of the plan carried out by an independent expert or proceed to such an assessment itself.

The Commission shall, where relevant, consult Union wide relevant stakeholders to gather their views concerning ownership, consistency and effectiveness of the national recovery and resilience plan.

3. The Commission shall assess the effectiveness, efficiency, relevance and coherence of the recovery and resilience plan and for that purpose, shall take into account the following elements:

The Commission shall assess whether all recovery and resilience plans shall fulfil the following requirements:

(a) whether the plan contributes with at least 40% of its amount to climate and biodiversity mainstreaming and whether the tracking methodology referred in Article 15(3)(ae) is correctly applied;

(b) whether the plan contributes with at least 20% of its amount to digital actions and whether the tracking methodology referred in Article 15(3)(af) is correctly applied;
(c) whether each measure does not run counter the strategic and economic interests of the Union, does not substitute recurring national budgetary expenditure and respects the principle of additionality and the do not significantly harm principle in accordance with Article 4a;

(d) whether the plan complies with the minimum allocation shares for each of the European priorities established under Article 3;

(e) whether the arrangements made by Member States ensure that recipient undertakings are not involved in any reportable tax arrangements under the Directive (EU) 2018/822 in relation to cross-border arrangements;

Effectiveness:

(f) whether the recovery and resilience plan contributes to each of the six European priorities as defined in Article 3 and whether it contributes and does not run counter the objectives of Article 4, paragraph 1, point b;

(g) whether the multilevel dialogue as referred to in Article 15, paragraph 2, subparagraph 2, has taken place and whether the respective stakeholders are given effective opportunities to participate in the preparation and the implementation of the recovery and resilience plan;

(h) whether the arrangements proposed by the Member States concerned are expected to ensure an effective monitoring and implementation of the recovery and resilience plan, including the proposed qualitative and quantitative, clear milestones and targets, and the related indicators and whether the plan improves the country-based performance under the Social Scoreboard and the Macroeconomic imbalance procedure scoreboard;

(i) whether the recovery and resilience plan is expected to have a lasting impact on the Member State concerned;

(j) whether the recovery and resilience plan includes investments in cross-border or pan-European projects generating European value added where relevant, taking into account Member States’ constraints derived from their geographical position;

Efficiency:

(k) whether the justification provided by the Member State on the amount of the estimated total costs of the recovery and resilience plan submitted is reasonable and plausible and is commensurate to the expected social and economic impacts in line with the principle of cost-efficiency;

(l) whether the arrangement proposed by the Member States concerned are expected to prevent, detect and correct conflicts of interest, corruption and fraud when using the funds as derived from the Facility, including those aiming to avoid double funding from other Union programmes;

Relevance:

(m) whether the plan contains measures that, in line with the scope of the Facility, effectively contribute to address challenges identified in the relevant country-
specific recommendations addressed to the Member State concerned or in other relevant documents officially adopted by the Commission in the context of the European Semester, including the relevant recommendations for the euro area as endorsed by the Council;

(n) whether the plan, in case a Member State is experiencing imbalances or excessive imbalances as concluded by the Commission after an in-depth review, is compatible with the recommendations made under Article 6 of Regulation (EU) No 1176/2011;

(o) whether the plan contains accurate information referred to in Article 15;

Coherence:

(p) whether the plan represents a comprehensive reform and investment package and whether the arrangements provide consistency and synergies as referred to in Article 14(2b);

(q) whether the plan is consistent with the principles of Union’s Gender Equality Strategy 2020-2025, the national Gender equality strategy, whether a gender impact assessment has been carried out and whether the measures in the plan are expected to contribute to the promotion of gender equality and the principle of gender mainstreaming and elimination of gender discrimination or to the challenges resulting from it.

Those assessment criteria shall be applied in accordance with Annex II.

4. In case the Member State concerned has requested a loan support as referred to in Article 12, the Commission shall assess whether the request for loan support fulfils the criteria set out in Article 13(1), notably whether the additional reforms and investments concerned by the loan request fulfil the assessment criteria under paragraph 3.

4a. Where the Commission gives a negative assessment to a recovery and resilience plan, it shall communicate a duly justified assessment within the deadline set out in Article 17(1).

5. For the purpose of the assessment of the recovery and resilience plans submitted by Member States, the Commission may be assisted by experts, including those appointed by the European Parliament.

Article 17
Commission decision

1. The Commission shall adopt a decision within two months of the official submission of the recovery and resilience plan by the Member State, by means of a delegated act in accordance with Article 25a. In the event that the Commission gives a positive assessment to a recovery and resilience plan, that decision shall set out the reforms and investment projects to be implemented by the Member State, including the milestones and targets required for the disbursement of the instalment of the financial contribution allocated in accordance with Article 11.

2. In case the Member State concerned requests a loan support, the decision shall also set out the amount of the loan support as referred to in Article 12(4) and (5) and the
additional reforms and investment projects to be implemented by the Member State covered by that loan support, including the additional milestones and targets.

3. The amount of the financial contribution for recovery and resilience plans that comply with the criteria set out in Article 16(3) shall be set as follows:

(a) where the recovery and resilience plan complies satisfactorily with the criteria set out in Article 16(3), and the amount of the estimated total costs of the recovery and resilience plan is equal to, or higher than, the maximum financial contribution for that Member State referred to in Article 10, the financial contribution allocated to the Member State concerned shall be equal to the total amount of the maximum financial contribution referred to in Article 10;

(b) where the recovery and resilience plan complies satisfactorily with the criteria set out in Article 16(3), and the amount of the estimated total costs of the recovery and resilience plan is lower than the maximum financial contribution for that Member State referred to in Article 10, the financial contribution allocated to the Member State shall be equal to the amount of the estimated total costs of the recovery and resilience plan;

(ba) where the recovery and resilience plan complies satisfactorily with the criteria set out in Article 16(3), and the plan receives each B in excess of two Bs for the criteria in points h, i, l, m, p set out in Article 16(3) the financial allocation shall be reduced by 2% per criterion and the overall reduction shall not exceed 6% of the total financial allocation;

(c) where the recovery and resilience plan does not comply satisfactorily with the criteria set out in Article 16(3), no financial contribution shall be allocated to the Member State concerned. The Member State concerned may make a request for technical support as part of the Technical Support Instrument, in order to allow for a better preparation of the proposal in the subsequent cycles.

4. The decision referred to in paragraph 1 shall also lay down:

(a) the financial contribution to be paid only in instalments once the Member State has satisfactorily implemented the relevant milestones and targets identified in relation to the implementation of the recovery and resilience plan;

(aa) the financial contribution and, where applicable, the amount of loan support to be paid in the form of a prefinancing in accordance with Article 11a after the approval of the recovery and resilience plan;

(b) the description of the reforms and of the investment projects and the amount of the estimated total cost of the recovery and resilience plan;

(c) the period for implementation of the recovery and resilience plan as follows:

(1) as regards completion of the investment, the investment period by which the investment project must be implemented shall end no later than seven years after the adoption of the decision;

(2) as regards completion of reforms, the period by which the reforms must be implemented shall end no later than four years after the adoption of the decision.
(d) the arrangements and timetable for monitoring and implementation of the recovery and resilience plan including qualitative and quantitative clear milestones and where relevant measures necessary for complying with Article 19;

(e) the relevant indicators relating to the fulfilment of the envisaged milestones and targets, including the methodology to measure the compliance with the climate and environmental spending targets, referred to in Article 15; and

(f) the arrangements for providing full access by the Commission to the underlying relevant data and reports;

(g) where appropriate, the amount of the loan to be paid in instalments and the additional milestones and targets related to the disbursement of the loan support.

5. Where the Commission gives a negative assessment to a recovery and resilience plan, it shall communicate a duly justified assessment within two months of the submission of the proposal by the Member State. That communication shall also include a recommendation for the Member State to use the Technical Support Instrument in accordance with Regulation XX/YYYY [establishing Technical Support Instrument] in order to amend or replace the recovery and resilience plan in line with Article 18 of this Regulation. Following an invitation from the European Parliament, the Commission shall appear in front of the competent committees to present explanations for the negative assessment of the recovery and resilience plan. Relevant information shall be made available by the Commission to the European Parliament and the Council simultaneously and on equal terms.

6. The arrangements and timetable for implementation as referred to in point (d), the relevant indicators relating to the fulfilment of the envisaged milestones and targets referred to in point (e), the arrangements for providing access by the Commission to the underlying data referred to in point (f), and, where appropriate, the additional milestones and targets related to the disbursement of the loan support referred to in point (g) of paragraph 4 of this Article shall be further illustrated in an operational arrangement to be agreed by the Member State concerned and the Commission after the adoption of the decision referred to in paragraph 1 of this Article. The plan adopted and all other relevant information, including the operational agreement referred to in paragraph 6 shall be made available by the Commission to the European Parliament and the Council, simultaneously and on equal terms, immediately following the decision and publication on the Commission website. The Commission shall, by means of the delegated act referred to in paragraph 1 of this Article, specify the content of the operational arrangements with a view to fostering coherence and comparability of Member States’ national recovery and resilience plans and providing standardised data for the Recovery and Resilience Scoreboard, referred to in Article 21a.

7. The delegated acts referred to in paragraphs 1 and 2 shall be adopted in accordance with the Article 25(a).
Article 18
Amendment of the Member State’s recovery and resilience plan

1. Where a Member State’s recovery and resilience plan including relevant milestones and targets, is no longer achievable, either partially or totally, by the Member State concerned because of objective circumstances, or where the Member State concerned has identified important additional investment and reform measures, eligible for support under this Regulation or when the Member State concerned intends to substantially improve the result of the assessment pursuant to Article 16 and 17, the Member State concerned may make a reasoned request to the Commission to amend or replace the decisions referred to in Article 17(1) and 17(2). To that effect, the Member State may propose a modified or a new recovery and resilience plan. The Member State may request at any time throughout the year to use the Technical Support Instrument in accordance with Regulation XX/YYYY [establishing Technical Support Instrument] for the purpose of amending or replacing the recovery and resilience plan.

2. Where the Commission considers that the reasons put forward by the Member State concerned justify an amendment of the relevant recovery and resilience plan, the Commission shall assess the new plan in accordance with the provisions of Article 16 and shall take a new decision in accordance with Article 17 within two months of the official submission of the request.

3. Where the Commission considers that the reasons put forward by the Member State concerned do not justify an amendment of the relevant recovery and resilience plan, it shall reject the request within two months of its official submission, after having given the Member State concerned the possibility to present its observations within a period of one month of the communication of the Commission's conclusions. Following an invitation from the European Parliament, the Commission shall appear before the competent committees to present explanations for the negative assessment of the recovery and resilience plan.

3a. Member States shall align where relevant, through an update, their recovery and resilience plans in accordance with the updated 2030 climate target of the Regulation establishing the framework for achieving climate neutrality and amending Regulation (EU) 2018/1999 (European Climate Law) within six month after the publication of this Regulation in the Official Journal. The Commission shall assess the updated recovery and resilience plans consistently with the requirements set in Article 16 and shall take a new decision in accordance with Article 17 within two months of the official submission of the request.

CHAPTER IV
Financial provisions

Article -19
Protection of the financial interests of the Union

1. In implementing the Facility, the Member States, as beneficiaries or borrowers of funds under the Facility, shall take all the necessary measures to protect the financial interests of the Union, and in particular to ensure that any measure for
the implementation of reforms and investments projects under the recovery and resilience plan complies with the applicable Union and national law.

2. The agreements referred to in Articles 13(2) and 19(1) shall provide for the obligations of the Member States:

(a) to regularly check that the financing provided has been properly used in accordance with all applicable rules and that any measure for the implementation of reforms and investment projects under the recovery and resilience plan has been properly implemented in accordance with all applicable rules, including Union law and national law;

(b) to take appropriate measures to prevent, detect and correct fraud, corruption, and conflict of interest as defined in Article 61(2) and (3) of the Financial Regulation affecting the financial interests of the Union and to take legal actions to recover funds that have been misappropriated, including in relation to any measure for the implementation of reforms and investment projects under the recovery and resilience plan;

(c) to accompany a request for payment by:

(i) a management declaration that the funds were used for its intended purpose, that the information submitted with the request for payment is complete, accurate and reliable and that the control systems put in place give the necessary assurances that the funds were managed in accordance with all applicable rules, in particular rules on avoidance of conflict of interest, fraud prevention, corruption and double funding in accordance with the principle of sound financial management; and

(ii) a detailed account of the audits, appropriate justification of the cost estimates as validated by an independent public body, impact assessments, financial statements, and other relevant information, as well as the controls carried out, particularly with regards to investment projects, including weaknesses identified and any corrective actions taken;

(d) to collect for the purposes of audit and control of the use of funds in relation to measures for the implementation of reforms and investment projects under the recovery and resilience plan, in an electronic format into a single database that allows, without adding unnecessary administrative burden, for a comparable level of access by Union investigative and audit bodies, the following categories of data:

(i) name of the final recipient of funds;

(ii) name of the contractor and sub-contractor, where the final recipient of funds is a contracting authority in accordance with the Union or national provision on public procurement;

(iii) first name(s), last name(s) and date of birth of beneficial owner(s) of the recipient of funds or contractor, as defined by Article 3, paragraph 6 of Directive (EU) 2015/849 of the European Parliament and of the Council;

20 Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing,
(iv) list of any measures for the implementation of reforms and investment projects under the recovery and resilience plan, the total amount of public funding, by indicating the amount of funds disbursed under the Facility and under other Union funds;

(e) to expressly authorise the Commission, OLAF, EPPO and the Court of Auditors to exert their rights as foreseen by Article 129(1) of the Financial Regulation and to impose similar obligations to all final recipients of funds disbursed for the measures for the implementation of reforms and investment projects included in the recovery and resilience plan, or to all other persons or entities involved in their implementation;

(f) to keep records in line with Article 132 of the Financial Regulation;

(fa) to keep records in line with Article 75 of the Financial Regulation. As a result, documents relating to budget implementation shall be kept for at least five years from the date on which the European Parliament gives discharge. Documents relating to operations shall in any case be kept until the end of the year following the year in which those operations are definitely closed. In case of legal proceedings, the time period shall be suspended until the last possibility of judicial appeal has expired;

(g) personal data contained in supporting documents shall, where possible, be deleted when those data are not necessary for budgetary discharge, control and audit purposes. Regulation (EU) 2018/1725 of the European Parliament and of the Council\(^2\) shall apply to the conservation of traffic data.

3. Member States are the implementing partners and shall trace, collect and store information on the recipients of funding for projects that are covered by the Facility.

The Commission remains accountable towards the budgetary authority in the context of the annual discharge procedure, and presents the Facility as dedicated discharge procedure in a separate chapter of the discharge evaluation report of the Commission under Art 318 TFEU.

4. Union funds disbursed under the Facility are subject to the external audit of the European Court of Auditors in accordance with Article 287 TFEU.

5. The Commission, OLAF, EPPO and the Court of Auditors shall be expressly authorised by Member States, under this Regulation to exert their rights as foreseen by Article 129(1) of the Financial Regulation.

OLAF may carry out administrative investigations, including on-the-spot checks and inspections, in accordance with the provisions and procedures laid down in Regulation (EU, Euratom) No 883/2013 and Council Regulation (Euratom, EC) No 2185/96, with a view to establishing whether there has been fraud, corruption or any

other illegal activity affecting the financial interests of the Union in connection with support under the Facility.

The Commission shall put in place effective and proportionate anti-fraud measures taking into account the risks identified. The Commission shall, for this purpose develop or adapt existing IT systems to create a digital performance reporting system that allows monitoring, detection and reporting of irregularities or fraud.

6. The agreements referred to in Article 13(2) and in Article 19(1) shall also provide for the right of the Commission to proportionately reduce the support under the Facility and recover any amount due to the Union budget or to ask early repayment of the loan, in cases of fraud, corruption, and conflict of interests affecting the financial interests of the Union, or breach of obligations resulting from the said agreements.

When deciding on the amount of the recovery, the reduction or on the amount to be early repaid the Commission shall respect the principle of proportionality and shall take into account the seriousness of the fraud, corruption, and conflict of interest affecting the financial interests of the Union, or breach of obligations. The Member State shall be given the opportunity to present its observations before the reduction is made or early repayment is requested.

Article 19
Commitment of the financial contribution

1. The decision referred to in Article 17(1) shall constitute an individual legal commitment within the meaning of the Financial Regulation, which may be based on global commitments. Where appropriate, budgetary commitments may be broken down into annual instalments spread over several years.

1a. Budgetary commitments may be based on global commitments and, where appropriate, be broken down into annual instalments spread over several years.

Article 19a
Rules on payments, suspension and cancellation of financial contributions

2. Payment of financial contributions to the Member State concerned under this Article shall be made in accordance with the budget appropriations and subject to the available funding. The decisions referred to in this Article shall be adopted in accordance with Article 25(a).

2a. In 2021, subject to the adoption by the Commission of the legal commitment referred to in Article 19(1) of this Regulation, and when requested by a Member State together with the submission of the recovery and resilience plan, the Commission shall make a pre-financing payment of an amount of up to 20% of the legal commitment in the form of non-repayable support, and, where applicable, of up to 20% of the loan support in the form of a loan asset out in accordance with Article 19 of this Regulation. By derogation from Article 116(1) of the Financial Regulation, the Commission shall make the corresponding payment within two months after the adoption by the Commission of the legal commitment referred to in Article 19 of this Regulation.
In cases of pre-financing under paragraph 2a, the financial contributions and, where applicable, the loan support to be paid as referred to in Article 17(4)(a) shall be adjusted proportionally.

If the amount of pre-financing of the financial contribution in the form of non-repayable support paid in 2021 under paragraph 1 exceeds 20% of the maximum financial contribution calculated in accordance with Article 10(2) by 30 June 2022, the next disbursement authorised in accordance with Article 19a(3), and if needed the following disbursements, shall be reduced until the excess amount is offset. In case the remaining disbursements are insufficient, the excess amount shall be returned.

2b. The agreements and decisions referred to in Article 13(2) and in Article 19(1) shall also provide for the right of the Commission to proportionately reduce the support under the Facility and recover any amount due to the Union budget or to ask early repayment of the loan, in cases of fraud, corruption, and conflict of interests affecting the financial interests of the Union that have not been corrected by the Member State, or serious breach of obligations resulting from those agreements and decisions.

When deciding on the amount of the recovery, the reduction or the amount to be early repaid the Commission shall respect the principle of proportionality and shall take into account the seriousness of the fraud, corruption, and conflict of interest affecting the financial interests of the Union, or of the breach of obligations. The Member State shall be given the opportunity to present its observations before the reduction is made or early repayment is requested.

3. Taking into account the pre-financing under Article 19(2a), upon completion of the relevant agreed milestones and targets indicated in the recovery and resilience plan as approved in the delegated act of the Commission, the Member State concerned shall submit to the Commission a duly justified request for payment share of the financial contribution corresponding to the implementation of the targets and milestones and, where relevant, of the loan tranche. Such requests for payment shall, where relevant be submitted by the Member States to the Commission on a biannual basis. The Commission shall assess, within two months of receiving the request, whether the relevant milestones and targets set out in the decision referred to in Article 17(1) have been satisfactorily implemented. For the purpose of the assessment, the operational arrangement referred to in Article 17(6) shall also be taken into account. The disbursement of funds shall correspond to the level of implementation of the agreed milestones and targets. The Commission may be assisted by experts, including appointed by the European Parliament.

Where the Commission makes a positive assessment, it shall adopt a decision authorising the disbursement of the financial contribution in accordance with the Financial Regulation. Each payment decision should be disbursed only if relevant milestones and targets have been implemented which shows measurable progress.

4. Where, as a result of the assessment referred to in paragraph 3, the Commission establishes that the milestones and targets set out in the decision referred to in Article 17(1) have not been satisfactorily implemented, the relevant part of the payment
application shall be suspended. The Member State concerned may present its observations within one month of the communication of the Commission's assessment.

The suspension shall only be lifted where the Member State has taken the necessary measures to ensure a satisfactory implementation of the milestones and targets referred to in Article 17(1).

5. By derogation from Article 116(2) of the Financial Regulation, the payment deadline shall start running from the date of the communication of the positive outcome to the Member State concerned pursuant to the second subparagraph of paragraph 3, or from the date of the communication of the lifting of a suspension pursuant to the second subparagraph of paragraph 4.

6. Where the Member State concerned has not taken the necessary measures within a period of six months from the suspension, the Commission shall proportionately reduce the amount of the financial contribution pursuant to Article 14(1) of the Financial Regulation after having given the Member State concerned the possibility to present its observations within two months from the communication of its conclusions.

7. Where, within eighteen months of the date of the adoption the decision referred to in Article 17(1), no tangible progress has been made in respect of any relevant milestones and targets by the Member State concerned, the Commission shall terminate the agreements or decisions referred to in Article 13(2) and Article 19(1) of this Regulation and shall decommit the amount of the financial contribution without prejudice to Article 14(3) of the Financial Regulation. Any pre-financing pursuant to paragraph 2a of this Article shall be recovered in full.

The Commission shall take a decision on the cancellation of the financial contribution and, where applicable, of the recovery of the pre-financing after having given the Member State concerned the possibility to present its observations within a period of two months of the communication of its assessment as to whether no tangible progress has been made.

7a. If exceptional circumstances arise, the adoption of the decision authorising the disbursement of the financial contribution according to Article 19a(3) may be postponed for up to three months.

8. The provisions of this Article apply mutatis mutandis to the additional loan support in line with the provisions of the loan agreement referred to in Article 13, and of the decision referred to in Article 17(2).

CHAPTER V

Reporting and Information

Article 20

Reporting by the Member State in the European Semester

The Member State concerned shall report on a quarterly basis within the European Semester process on the progress made in the achievement of the recovery and resilience plans, including the operational arrangement referred to in Article 17(6), the implementation of individual proposed milestones, targets, and the related indicators and the recommendations by the
Commission as part of the technical support instrument if the Member State requested it. To that effect, the quarterly reports of the Member States shall be appropriately reflected in the National Reform Programmes, which shall be used as a tool for reporting on progress towards completion of the recovery and resilience plans. **In order to ensure greater transparency and accountability, Member States representatives responsible of the recovery and resilience plans and the relevant institutions and stakeholders shall, at the request of the European Parliament, appear before the competent committees to discuss the measures provided for and to be taken pursuant to this Regulation. Relevant information shall be made available by Member States, at any stage during the process, to the European Parliament and the Council simultaneously.**

Independent fiscal institutions, as defined by Council Directive 2011/85/EU\(^{22}\), are invited to, on a biannual basis, complement and assess such reports focusing on the reliability of the information, data and forecasts provided, as well as the performance and the general progress made in the achievement of the recovery and resilience plans.

**Article 20a**

**Recovery and Resilience Dialogue**

1. In order to enhance the dialogue between the Union institutions, in particular the European Parliament, the Council and the Commission, and to ensure greater transparency and accountability, the competent committees of the European Parliament may invite representatives of the Council and its preparatory bodies, of the Commission, and, where appropriate, of the Eurogroup, to appear before it to discuss all measures taken pursuant to this Regulation and those adopted under Council Regulation XXX[EURI].

2. In order to ensure greater transparency and accountability, the competent committee or committees of the European Parliament may invite Member State representatives responsible of the recovery and resilience plan and, where appropriate, the national independent fiscal institutions, to appear before the committees to present the recovery and resilience plan and the measures provided for and to be taken pursuant to this Regulation.

3. The Commission shall make available to the European Parliament and to the Council, simultaneously, all information provided by the Member States that is relevant for the institutions to perform their mandates under this Regulation. Sensitive or confidential information may be transmitted subject to specific confidentiality obligations.

4. Information transmitted by the Commission to the Council or any of its preparatory bodies in the context of this Regulation or its implementation shall simultaneously be made available to the European Parliament, subject to confidentiality arrangements if necessary. Relevant outcomes of discussions held in Council preparatory bodies shall be shared with the relevant committees of the European Parliament.

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Article 21
Information to the European Parliament and the Council and communication on the Member States’ recovery and resilience plans

1. The Commission shall transmit the recovery and resilience plans as approved in the delegated act of the Commission in accordance with Article 17, and any other relevant information, simultaneously and on equal terms to the European Parliament and the Council without undue delay. In such a case, the Commission shall liaise with the Parliament and Council how the redacted information can be made available to them in a confidential manner. In order to ensure greater transparency and accountability, Member States representatives responsible of the recovery and resilience plans and the relevant institutions and stakeholders shall, at the request of the European Parliament, appear before the competent committees to discuss the measures provided for and to be taken pursuant to this Regulation. Relevant information shall be made available by Member States, at any stage during the process, to the European Parliament and the Council simultaneously.

2. The Commission may engage in communication activities to ensure the visibility of the Union funding for the financial support envisaged in the relevant recovery and resilience plan by displaying a visible label of the Union, including through joint communication activities with the national authorities concerned. The Commission shall ensure the visibility of spending under the Facility by clearly indicating that the supported projects shall be clearly labelled as “European Union Recovery Initiative”.

2a. The Commission shall report biannually to the European Parliament on the progress in the implementation of the milestones and targets of the recovery and resilience plans as well on the complementarity of the plans with existing Union programmes.

2b. The Commission shall transmit a detailed report regarding the financial obligations it has entered in with third parties for the purpose of the financing the of Facility to the European Parliament and the Council on a biannual basis. The report shall contain a clear and credible repayment plan, without recourse to the MFF in accordance with Article 7. The sensitive or confidential information shall be available to the Members of the European Parliament under pre-agreed strict confidentiality.

Article 21a
Recovery and resilience scoreboard

1. The Commission shall establish a recovery and resilience scoreboard (the ‘Scoreboard’) which shall complement, without modifying, the existing Social Scoreboard with indicators framed by the United Nations’ Sustainable Development Goals and the existing Macroeconomic imbalance procedure Scoreboard. The Scoreboard shall display the status of implementation of the agreed reforms and investments through the recovery and resilience plans of each Member State, and the status of the disbursal of instalments to Member States linked to the satisfactorily implementation of the clear milestones and targets.

2. The Scoreboard shall display the progress registered by the recovery and resilience plans in each of the six priorities that define the scope of this Regulation.
3. The Scoreboard shall include key indicators relating to the European priorities referred to in Article 3 and the specific objectives of Article 4 and horizontal principles of Article 4a such as social, economic and environmental indicators, that evaluate the progress registered by the recovery and resilience plans in each of the six European priorities of Article 3 that define the scope of this Regulation as well as a summary of the monitoring process regarding the compliance with the minimum shares of expenditure on climate and other environmental objectives.

4. The Scoreboard shall indicate the degree of fulfilment of the relevant milestones of the recovery and resilience plans and the identified shortcomings in their implementation, as well as the recommendations of the Commission to address the respective shortcomings.

5. The Scoreboard shall indicate arrangements and timetable for implementation of the recovery and resilience plan, and for the disbursal of instalments linked to the satisfactory implementation of the clear milestones and targets.

6. The Scoreboard shall serve as a basis for a permanent exchange of best practices between Member States which shall materialise in the form of a structured dialogue organised on a regular basis.

7. The Scoreboard shall be constantly updated and shall be made publicly available on the Commission’s website. It shall indicate the status of payment claims, payments, suspensions and cancellations of financial contributions.

8. The Commission shall present the Scoreboard at a hearing organised by the competent committees of the European Parliament.

9. In establishing the scoreboard, the Commission should rely as much as possible on dashboards based on multiple indicators for monitoring the social and economic dimension of resilience and dashboards for monitoring the green and digital dimension of resilience as annexed to its 2020 strategic foresight report “Charting the course towards a more resilient Europe”.

CHAPTER VI

Complementarity, monitoring and evaluation

Article 22
Coordination and complementarity

The Commission and the Member States concerned shall, in a measure commensurate to their respective responsibilities, foster synergies and ensure effective coordination between the Facility established by this Regulation and other Union programmes and instruments, including the Technical support Instrument and in particular with measures financed by the Union funds and financing provided by the European Investment Bank Group or other international financial institutions in which a Member State is a shareholder. For that purpose, they shall:

(a) ensure complementarity, synergy, coherence and consistency among different instruments at Union, national and, where appropriate, regional levels, in particular in relation to measures financed by Union funds, both in the planning phase and during implementation;
(b) optimise mechanisms for coordination to avoid duplication of effort; and
(c) ensure close cooperation between those responsible for implementation control and supervision at Union, national and, where appropriate, regional levels to achieve the objectives of the instruments established under this Regulation.

Article 23
Monitoring of implementation

1. The Commission shall monitor the implementation of the Facility and measure the achievement of the objectives set out in Articles 4. Indicators to be used for reporting on progress and for the purpose of monitoring and evaluation of the Facility towards the achievement of the general and specific objectives are set in Annex III. The monitoring of implementation shall be targeted and proportionate to the activities carried out under the Facility.

2. The performance reporting system shall ensure that data for monitoring the implementation of the activities and results are collected efficiently, effectively, and in a timely manner and disaggregated by gender and income levels. To that end, proportionate reporting requirements shall be imposed on final beneficiaries and recipients of Union funding.

2a. The European Parliament shall have the right to fully scrutinise the spending decisions of the Commission. The Commission shall provide full access to the relevant body of the European Parliament and to the Members of the European Parliament. The Commission shall inform the European Parliament on a quarterly basis of the status of approved plans, modifications approved to those plans, payment applications made, payment decisions taken, the suspension of payments, the cancellation of payments and the recovery of funds. On a quarterly basis, the Commission shall present an overview of this information at a hearing organised by the competent committees of the European Parliament.

2ab. The Commission shall inform the European Parliament on a quarterly basis by establishing an open-data, publicly-accessible database of the ultimate beneficiaries of the funds from the Facility. The sensitive or confidential information shall be available to the Members of the European Parliament under pre-agreed strict confidentiality.

2ac. The Commission shall report to the European Parliament on a quarterly basis, through public hearings, on the implementation of the Facility in Member States. That report shall contain detailed information on the amounts committed and paid to Member States, the status of implementation of the milestones agreed, as well as all relevant information to ensure full transparency and disclosure on the Facility.

2ad. The Commission shall establish an effective monitoring framework for the completed projects.

Article 24
Biannual report

1. The Commission shall provide biannual reports to the European Parliament and the Council on the implementation of the Facility set out in this Regulation.
2. The **biannual** report shall include information on the progress made with the recovery and resilience plans of the Member States concerned under the Facility.

3. The **biannual** report shall also include the following information:

   (a) the volume of the proceeds assigned to the Facility under the European Union Recovery Instrument in the previous year, broken down by budget line;
   
   (b) the contribution of the amounts raised through the European Union Recovery Instrument to the achievements of the objectives of the Facility;
   
   (ba) details on the requests made for the technical support instrument with respect to the drafting, revision, implementation and improvement of the recovery and resilience plan;
   
   (bb) the status of implementation of the targets and milestones for each Member State, the amounts committed for and paid to each Member State and in total, the payment applications made, the payment decisions adopted, the suspension or cancellation of payments, the recovery of funds, the recipients of the funds and all other relevant information that ensure full transparency and accountability as well on the complementarity of the plans with existing Union programmes;
   
   (bc) a section for each Member State, detailing how the respect of the principle of sound financial management is implemented in accordance with Article 61 of the Financial Regulation;
   
   (bd) the share of the Facility that contributes to the Union’s climate and environment;
   
   (be) a list of recipients and ultimate beneficiaries of the funds from the Facility.

4. The report shall be transmitted to the European Parliament and the European Council as part of the Integrated Financial Accountability Reporting and shall be part of the dedicated discharge procedure in a separate chapter of the discharge evaluation report of the Commission under Article 318 TFEU.

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**Article 25**

Evaluation and ex-post evaluation of the Facility

1. Four years after the entry into force of this Regulation, the Commission shall provide the European Parliament, and the Council, the European Economic and Social Committee and the Committee of the Regions with an independent evaluation report on its implementation and with an independent ex post evaluation report no later than **12 months** after the end of 2027.

2. The evaluation report shall, in particular, assess to which extent the objectives have been achieved, the efficiency of the use of resources and the European added value. It shall also consider the continued relevance of all objectives and actions.

3. Where appropriate, the evaluation shall be accompanied by a proposal for an amendments to this Regulation.

4. The ex-post evaluation report shall consist of a global assessment of the instruments established by this Regulation and shall include information on its impact in the long-term.
Article 25a
Exercise of the delegation

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.

2. The power to adopt delegated acts referred to in Article 17 and Article 19 shall be conferred on the Commission until 31 December 2027.

3. The delegation of power referred to in Article 17 and Article 19 may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.

5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.

6. A delegated act adopted pursuant to Article 17 and Article 19 shall enter into force if no objection has been expressed either by the European Parliament or by the Council within a period of three months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by three months at the initiative of the European Parliament or of the Council.

CHAPTER VII
Communication and final provisions

Article 26
Information, communication and publicity

1. The recipients of Union funding shall acknowledge the origin and ensure the visibility of the Union funding by displaying a visible label of the Union, in particular when promoting the actions and their results, by providing coherent, effective and proportionate targeted information to multiple audiences, including the media, the social media and the public. Recipients shall ensure the visibility of spending under the Facility by clearly labelling the supported projects as “European Union Recovery Initiative”.

2. The Commission shall implement information and communication actions relating to the Facility established by this Regulation, its actions and its results. Financial resources allocated to the instruments established by this Regulation shall also contribute to the corporate communication of the political priorities of the Union, as far as they are related to the objectives referred to in Articles 4.
2a. When promoting actions and their results, the recipients of Union funding and the Commission shall regularly inform and involve the representation offices of the European Parliament and of the Commission about projects in the Member States concerned.

Article 28
Entry into force

This Regulation shall enter into force on the following day following that of its publication in the Official Journal of the European Union. This Regulation shall be binding in its entirety and directly applicable in all Member States. Done at Brussels,

For the European Parliament
For the Council
The President
The President
ANNEX I
Methodology for the calculation of the maximum financial contribution (namely the non-repayable financial support) per Member State under the Facility

This annex sets out the methodology for calculating the maximum financial contribution available for each Member State in accordance with Article 10. The method takes into account:

- Population;
- The inverse of GDP per capita;
- The average unemployment rate over the past 5 years compared to the EU average (2015-2019);
- The cumulative drop in real GDP over the period from 2020 to 2021, namely real GDP change by 2021 as compared to 2019.

To avoid excessive concentration of resources:
- the inverse GDP per capita is capped at 150% of EU average;
- the deviation of individual country’s unemployment rate from the EU average is capped to 150% of EU average;
- to account for the generally more stable labour markets of wealthier Member States (with GNI per capita above EU average) the deviation of their unemployment rate from the EU average is capped to 75%.

For 2021 and 2022, the maximum financial contribution of a Member State under the Facility \( (MFC_i) \) is defined as follows:

\[
MFC_i(2021-2022) = \alpha_i \times 0.6 \times (FS)
\]

For 2023 and 2024, the maximum financial contribution of a Member State under the Facility \( (MFC_i) \) is defined as follows:

\[
MFC_i(2023-2024) = \beta_i \times \left[ 0.4(FS) + \text{uncommitted amount (2021-2022)} \right]
\]

where:

FS (Financial Support) is the available financial envelope under the facility as referred to Article 5(1)(a); and \( \alpha_i \) is the allocation key of Member State \( i \), defined as:

\[
\alpha_i = \frac{GDP_{PC}^{average, pop,EU} \cdot U_i \cdot U_{EU}}{GDP_{PC}^{average, pop,EU} \cdot U_{EU}} \sum_{i=1}^{27} \frac{GDP_{PC}^{average, pop,EU} \cdot U_i \cdot U_{EU}}{GDP_{PC}^{average, pop,EU} \cdot U_{EU}} ,
\]

with \( 1.5 \geq \frac{GDP_{PC}^{average}}{GDP_{PC}^{average}} \) and with \( 1.5 \geq \frac{U_i}{U_{EU}} \) and \( 0.75 \geq \frac{U_i}{U_{EU}} \) for Member States with \( GDP_{PC}^{average} > 100\% \times GDP_{PC}^{average} \)

With:
$\alpha_i$ is the allocation key of country $i$, $GDP_{PC}^{i}$ is the 2019 Gross domestic product per capita of country $i$, $GDP_{average}^{i}$ the 2019 weighted Average Gross Domestic product per capita of the EU-27 Member States, $pop_i$ is the 2019 total population in country $i$, $pop_{EU}$ is the 2019 total population in EU-27 Member States $U_i$ is the average unemployment rate over the period 2015-2019 of country $i$ $U_{EU}$ is the average unemployment rate over the period 2015-2019 in the EU-27 $FS$ (Financial Support) is the available financial envelope under the Facility as referred to Article 5(1)(a); and $\beta_i$ is the allocation key of Member State $i$, defined as:

$$\beta_i = \frac{GDP_{PC}^{i} \cdot pop_i \cdot \Delta GDP_i^{(2021-2019)}}{\sum_{i=1}^{n} \left( \frac{GDP_{PC}^{i} \cdot pop_i \cdot \Delta GDP_i^{(2021-2019)}}{GDP_{average}^{i} \cdot pop_{EU} \cdot \Delta GDP_{EU}^{(2021-2019)}} \right)}$$

with $1.5 \geq U_i/U_{EU}$ and $0.75 \geq U_i/U_{EU}$ for Member States with $GDP_{PC}^{i} > 100\% \times GDP_{average}^{i}$

With:

$\beta_i$ is the allocation key of country $i$

$GDP_{PC}^{i}$ is the 2019 GDP per capita of country $i$,

$GDP_{average}^{i}$ the 2019 weighted Average GDP per capita of the EU-27 Member States,$pop_i$ is the 2019 total population in country $i$,$pop_{EU}$ is the 2019 total population in EU-27 Member States,$\Delta GDP_i^{(2021-2019)}$ is the cumulative loss in real GDP of country $i$ over the period 2020-2021,$\Delta GDP_{EU}^{(2021-2019)}$ is the cumulative loss in real GDP of EU 27 Member States over the period 2020-2021
The allocation key for the period from 2023 to 2024 shall be calculated by 30 June 2022 based on the Eurostat data.

The application of the methodology will result in the following share and amount for the maximum financial contribution per Member State.

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ANNEX II
Assessment guidance for the Facility

1. Scope

The purpose of these assessment guidelines is to serve together with this Regulation as a basis for the Commission to assess - in a transparent and equitable manner - the proposals for recovery and resilience plans put forward by Member States and to determine the financial contribution in conformity with the objectives and any other relevant requirements laid down in this Regulation. These guidelines notably represent the basis for the application of the assessment criteria and the determination of the financial contribution as referred to, respectively, in Articles 16(3) and 17(3).

The assessment guidelines are designed to:

(a) give further guidance on the assessment process of the proposals for recovery and resilience plans submitted by Member States;

(b) provide further details on the assessment criteria and provide for a rating system, to be established with a view to ensuring an equitable and transparent process; and

(c) define the link between the assessment to be made by the Commission under the assessment criteria and the determination of the financial contribution to be set out in the Commission decision in relation to the recovery and resilience plans selected.

The guidelines are a tool to facilitate assessment by the Commission of the proposals for recovery and resilience plans as submitted by Member States, and to ensure that the recovery and resilience plans support reforms and public investment that are relevant and respect the principle of additionality of Union funding and generate a genuine European added value, while ensuring equal treatment among the Member States.

2. Assessment criteria

In accordance with Article 16(3), the Commission shall assess effectiveness, efficiency, relevance and coherence of the recovery and resilience plan, and for that purpose, it shall take into account the following elements:

The Commission shall assess whether all recovery and resilience plans shall fulfil the following requirements:

(a) whether the plan contributes with at least 40% of its amount to climate and biodiversity mainstreaming and whether the tracking methodology referred in Article 15(3)(ae) is correctly applied;

(b) whether the plan contributes with at least 20% of its amount to digital actions and whether the tracking methodology referred in Article 15(3)(af) is correctly applied;

(c) whether each measure does not run counter the strategic and economic interests of the Union, does not substitute recurring national budgetary...
expenditure and respects the principle of additionality and the do not significantly harm principle in accordance with Article 4a new;

(d) whether the plan complies with the minimum allocation shares for each of the European priorities established under Article 3;

(e) whether the arrangements taken by Member States ensure that recipient undertakings are not involved in any reportable tax arrangements under the Directive (EU) 2018/822 in relation to cross-border arrangements;

Effectiveness:

(f) whether the recovery and resilience plan contributes to each of the six European priorities as defined in Article 3 and whether it contributes and not run counter the objectives of Article 4, paragraph 1, point b;

(g) whether the multilevel dialogue as referred to in the second subparagraph of Article 15(2), has taken place and whether the respective stakeholders are given effective opportunities to participate in the preparation and the implementation of the recovery and resilience plan;

(h) whether the arrangements proposed by the Member States concerned are expected to ensure an effective monitoring and implementation of the recovery and resilience plan, proposed qualitative and quantitative milestones and targets, and the related indicators and whether the plan improves the country-based performance under the Social Scoreboard and the Macroeconomic imbalance procedure scoreboard;

(i) whether the recovery and resilience plan is expected to have a lasting impact on the Member State concerned;

(j) whether the recovery and resilience plan includes investments in cross-border or pan-European projects generating European value added, where relevant, taking into account Member States` constraints derived from their geographical position;

Efficiency:

(k) whether the justification provided by the Member State on the amount of the estimated total costs of the recovery and resilience plan submitted is reasonable and plausible and is commensurate to the social and economic impacts in line with the principle of cost-efficiency;

(l) whether the arrangement proposed by the Member States concerned are expected to prevent, detect and correct conflicts of interest, corruption and fraud when using the funds as derived from this Facility, including those aiming to avoid double funding from other Union programmes;

Relevance:

(m) whether the plan contains measures that, in line with the scope of the Facility, effectively contribute to address challenges identified in the relevant country-specific recommendations addressed to the Member State concerned or in other relevant documents officially adopted by the Commission in the context of the
European Semester, including the relevant recommendations for the euro area as endorsed by the Council;

(n) whether the plan, in case a Member State is experiencing imbalances or excessive imbalances as concluded by the Commission after an in-depth review, is compatible with the recommendations made under Article 6 of Regulation (EU) No 1176/2011;

(o) whether the plan contains accurate information referred to in Article 15;

Coherence:

(p) whether the plan represents a comprehensive reform and investment package and whether the arrangements provides consistency and synergies as referred to in Article 14(2b);

(q) whether the plan is consistent with the principles of Union’s Gender Equality Strategy 2020-2025, the national Gender equality strategy, whether a gender impact assessment has been carried out and whether the measures in the plan are expected to contribute to the promotion of gender equality and the principle of gender mainstreaming and elimination of gender discrimination or to the challenges resulting from it.

As a result of the assessment process, the Commission shall give ratings to the recovery and resilience plans submitted by the Member States, under each of the assessment criteria referred to in Article 16(3), in order to assess effectiveness, efficiency, relevance and coherence of the plans and with a view to establishing the financial allocation in accordance with Article 17(3).

For the sake of simplification and efficiency, the rating system shall range from A to C, as set out in the following:

Rating for points (a) to (e)
A - Criteria fulfilled
C - Criteria not fulfilled

Rating for points (f), (g), (h), (i), (j), (k), (l), (m), (n), (o), (p), (q)
A - Criteria fulfilled to a large extent / Adequate arrangements for effective implementation for (h)
B - Criteria fulfilled to a moderate extent / Minimum arrangements for effective implementation for (h)
C - Criteria fulfilled to a small extent / Insufficient arrangements for effective implementation for (h)

For criteria (j) only the rating of A or B applies and no rating is given for Member States that have objective constraints derived from their geographical position.

3. Determination of the financial contribution under the budgetary instrument for recovery and resilience

In accordance with Article 17(3), the Commission shall determine the financial contribution taking into account the importance and coherence of the recovery and resilience plan proposed
by the Member State concerned, as assessed under the criteria set out in Article 17(3). For that purpose, it shall apply the following criteria:

(a) where the recovery and resilience plan complies satisfactorily with the criteria set out in Article 16(3), and the amount of the estimated total costs of the recovery and resilience plan is equal to, or higher than the maximum financial contribution for that Member State referred to in Article 10, the financial contribution allocated to the Member State concerned shall be equal to the total amount of the maximum financial contribution referred to in Article 10;

(b) where the recovery and resilience plan complies satisfactorily with the criteria set out in Article 16(3), and the amount of the estimated total costs of the recovery and resilience plan is lower than the maximum financial contribution for that Member State referred to in Article 10, the financial contribution allocated to the Member State shall be equal to the amount of the estimated total costs of the recovery and resilience plan;

(ba) where the recovery and resilience plan complies satisfactorily with the criteria set out in Article 16(3), and the plan receives each B in excess of two Bs for the criteria in points h, i, l, m, p set out in Article 16(3) the financial allocation shall be reduced by 2% per criterion and the overall reduction shall not exceed 6% of the total financial allocation;

(c) where the recovery and resilience plan does not comply satisfactorily with the criteria set out in Article 16(3), no financial contribution shall be allocated to the Member State concerned.

For the purpose of the implementation of this subparagraph, the following formulas shall apply:

- for (a) above: \[ I_f C^i \geq MFC^i \] the Member State \( i \) receives \( MFC^i \)
- for (b) above: \[ I_f C^i < MFC^i \] the Member State \( i \) receives \( C^i \)
- where:
  - \( i \) refers to the Member State concerned
  - \( MFC \) is the maximum financial contribution for the Member State concerned
  - \( C \) is the amount of the estimated total costs of the recovery and resilience plan

As a result of the assessment process in accordance with Article 16(3), and taking into account the ratings:

<table>
<thead>
<tr>
<th>The recovery and resilience plan complies satisfactorily with the assessment criteria:</th>
</tr>
</thead>
<tbody>
<tr>
<td>If the final rating for criteria (a) to (q) includes scores with:</td>
</tr>
<tr>
<td>- an A for criteria (a) to (f);</td>
</tr>
<tr>
<td>and for the other criteria:</td>
</tr>
</tbody>
</table>
- all A's,

or

- a majority of A's over B's and no C's,

The plan receives each B in excess of two Bs for the criteria in points h, i, l, m, p set out in Article 16(3) the financial allocation shall be reduced by 2 % per criterion and the overall reduction shall not exceed 6% of the total financial allocation.

The recovery and resilience plan does not comply satisfactorily with the assessment criteria:

If the final rating for criteria (a) to (q) includes scores with:

- not an A in criteria (a) to (f);

and for the other criteria:

- a majority of B's over A's

or

- at least one C
ANNEX III

Indicators

The achievement of the objectives referred to in Articles 4 shall be measured on the basis of the following indicators, broken down by Member State and by area of intervention.

Indicators shall be used in accordance with data and information available, including quantitative and/or qualitative data.

Output indicators:

(a) number of approved recovery and resilience plans;

(b) overall financial contribution allocated to the recovery and resilience plan;

Result indicators:

(c) number of recovery and resilience plans implemented; Impact indicators established by this Regulation

(d) The objectives set in the recovery and resilience plan, which have been achieved due, inter alia, to the overall financial support (including, where appropriate, the loan support) received under the Recovery and Resilience Facility established by this Regulation;

The ex-post evaluation referred to in Article 25 shall be undertaken by the Commission also with the purpose of establishing the links between the overall financial support (including, where appropriate, the loan support) from Recovery and Resilience Facility and the implementation of the relevant measures in the Member State concerned with a view to enhancing recovery, resilience, sustainable growth, jobs and cohesion.
OPINION OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS

for the Committee on Budgets and the Committee on Economic and Monetary Affairs


Rapporteur for opinion: Dragoş Pîslaru
SHORT JUSTIFICATION

On 28 May 2020, the Commission put forward a proposal for the establishment of a Recovery and Resilience Facility which replaces the withdrawn Commission’s proposal for a Reform Support Programme (RSP). The new proposal is based on the latest text on RSP and is closely aligned with the policy guidance provided under the European Semester. Its objectives have been revised and the delivery mode of the Facility has been adapted to take into account the new realities resulting from the COVID-19 pandemic. In this new context, it is of crucial importance to strategically plan the recovery and ensure sustainable growth by strengthening the resilience of the European economies and societies.

The Recovery and Resilience Facility will be a key programme of the European Union Recovery Instrument as part of the revised Multiannual Financial Framework. The Facility is also part of a range of measures developed in response to the current COVID-19 pandemic such as the “Coronavirus Response Investment Initiative”.

The Facility aims to provide large scale financial support to boost the design and implementation of much needed longer-term reforms and related public investments in the Member States. Its general objective is to promote the Union’s economic, social and territorial cohesion, through measures that allow the Member States concerned to recover faster and in a more sustainable way and to become more resilient, mitigating the social and economic impact of the crisis and supporting the green and energy transitions, fostering employment creation and promoting sustainable growth.

In a broader perspective, the Recovery and Resilience Facility will also contribute to the implementation of the commitments of the Union and of Member States in the context of the European Pillar of Social Rights and the Charter of Fundamental Rights of the European Union.

Support under the Facility will be provided in response to a request from the Member State concerned made on a voluntary basis. This support will be delivered in the form of non-repayable support under direct management and in the form of loans.

Member States should prepare national recovery and resilience plans which comprise measures for the implementation of reforms and public investment projects through a coherent package and should be consistent with the relevant country-specific challenges and priorities identified in the context of the European Semester, with the national reform programmes, the national energy and climate plans, the just transition plans, and the partnership agreements and operational programmes adopted under the Union funds. These plans will constitute an annex of the National Reform Programme and reporting on the progress in the implementation of these plans will also take place within the process of the European Semester.

In parallel to the Recovery and Resilience Facility, the Commission has also proposed a regulation for Technical Support Instrument that will provide support for strengthening the administrative capacity and long-term structural reforms in the Member States and will foster the implementation of country-specific recommendations addressed to Member States in the context of the European Semester.
The rapporteur welcomes the new Commission proposal for the establishment of a Recovery and Resilience Facility and is convinced that this Facility will play a crucial role for the Union’s recovery and renewal. He advocates the creation of a pillar, within this Facility, dedicated to reforms and investments designed for the next generation, especially for youth and children. This reflects the rapporteur’s firm commitment to the idea that the Recovery and Resilience Facility should be a future-oriented instrument designed to the benefit of the next generation.

The current opinion builds on the opinion on ‘Establishment of the Reform Support Programme’ (2018/0213(COD)) which the Committee on Employment and Social Affairs adopted on 26 May 2020. Consequently, it incorporates all amendments which are also relevant to the Recovery and Resilience Facility.

Furthermore, the rapporteur would like to propose additional changes which highlight the importance of structural reforms based on solidarity, integration and social justice as part of the goals of the European Semester so as to ensure equality of and access to opportunity and social protection, to protect vulnerable groups and to improve the living standards of all citizens. In his view, the reforms pursued could gather wide support if Member States envisage, as part of the process of submitting requests for financial support under the Facility, consultations with relevant stakeholders and national parliaments.

The rapporteur proposes extension of the scope of the Facility (Article 3) by including a broad range of policy domains e.g. measures for education, life-long learning and training; measures for a better future for disadvantaged children, youth, elderly people and people with disabilities; measures to reduce gender discrimination and to promote gender equality; measures promoting conditions for boosting entrepreneurship opportunities and skills; measures for implementing climate action; measures to improve the capacity of public institutions to guarantee mobile and cross-border workers’ rights; measures for VET education and youth integration on the labour market; pension reform measures as well as measures to improve public health systems.

The rapporteur also proposes an amendment which specifically addresses the situation of Member States experiencing excessive imbalances and non-euro Member States that are subject to significant structural development delay.

**AMENDMENTS**

The Committee on Employment and Social Affairs calls on the Committee on Budgets and the Committee on Economic and Monetary Affairs, as the committees responsible, to take into account the following amendments:

**Amendment 1**

Proposal for a regulation
Recital 2 a (new)
(2a) Articles 2 and 8 of the Treaty provide that equality between women and men is a value of the Union and that, in all its activities, the Union should aim to eliminate inequalities, and to promote equality between men and women. Gender mainstreaming, including gender budgeting, should therefore be implemented in all policies and regulations of the Union.

Amendment 2
Proposal for a regulation
Recital 3

(3) At Union level, the European Semester of economic policy coordination (‘European Semester’), including the principles of the European Pillar of Social Rights, is the framework to identify national reform priorities and monitor their implementation. Member States develop their own national multiannual investment strategies in support of those reforms. Those strategies should be presented alongside the yearly National Reform Programmes as a way to outline and coordinate priority investment projects to be supported by national and/or Union funding.

(3) At Union level, the European Semester of economic policy coordination (‘European Semester’), including the objectives of the European Green Deal, the principles of the European Pillar of Social Rights (EPSR) and the United Nations Sustainable Development Goals (UNSDGs), is the framework to identify national reform priorities and monitor their implementation. As part of the goals of the European Semester, structural reforms based on solidarity, integration and social justice are also addressed, with the aim of creating quality employment and growth, ensuring equality of and access to opportunity and social protection, protecting vulnerable groups and improving the living standards for all. Member States develop their own national multiannual investment strategies in support of those reforms. Those strategies should be presented alongside the yearly National Reform Programmes as a way to outline and coordinate priority investment projects to be supported by national and/or Union funding.
Amendment 3
Proposal for a regulation
Recital 4

Text proposed by the Commission

(4) 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. The challenges linked to the demographic context have been amplified by COVID-19. The current COVID-19 pandemic as well as the previous economic and financial crisis have shown that developing sound and resilient economies and financial systems built on strong economic and social structures helps Member States to respond more efficiently to shocks and recover more swiftly from them. The medium and long-term consequences of the COVID-19 crisis will critically depend on how quickly Member States’ economies will recover from the crisis, which in turn depends on the fiscal space Member States have available to take measures to mitigate the social and economic impact of the crisis, and on the resilience of their economies. Reforms and investments to address structural weaknesses of the economies and strengthen their resilience will therefore be essential to set the economies back on a sustainable recovery path and avoid further widening of the divergences in the Union.

Amendment

(4) 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 and social context have been amplified by COVID-19, particularly for women and girls due to existing inequalities. The current COVID-19 pandemic as well as the previous economic and financial crisis have shown that developing sound and resilient economies and financial and social welfare systems built on strong economic and social structures ensuring a decent standard of living helps Member States to respond more efficiently to shocks and recover more swiftly from them. The medium and long-term consequences of the COVID-19 crisis will critically depend on how quickly Member States’ economies will recover from the crisis, which in turn depends on the fiscal space Member States have available to take measures to mitigate the social and economic impact of the crisis, and on the resilience of their economies. Reforms and investments to address structural weaknesses of the economies and strengthen their economic, social, ecological and administrative resilience will therefore be essential to set the economies back on a sustainable recovery path and avoid further widening of the divergences in the Union and avoidable spillover effects of shocks between Member States or within the Union as a whole, with consequential challenges to
convergence and cohesion.

Amendment 4
Proposal for a regulation
Recital 4 a (new)

**Text proposed by the Commission**

(4a) Member States’ social welfare systems ensure that societies and citizens are provided with the integrated services and economic benefits necessary for a decent life, covering the following areas of intervention: social security, healthcare, education, housing, employment, justice and social services for vulnerable groups. They play a key role in achieving social sustainable development, promoting equality and social justice. Because of the COVID-19 crisis, the Member States’ social welfare systems are in an unprecedented situation of strain and pressure, because they were not designed to cover the increasing social demand in the context of healthcare and economic emergency. The social welfare systems will need to be strengthened in a way that they can perform and assist the entire population, particularly in situations of crisis or systemic shocks.

Amendment 5
Proposal for a regulation
Recital 4 b (new)

**Text proposed by the Commission**

(4b) The economic consequences of the COVID-19 crisis have severely reduced the fiscal room for manoeuvre for many Member States, which undermines their ability to implement important reform and investment priorities. While the European Semester represents the Union framework
to identify economic reforms and investment priorities, the need for recovery and resilience building, highlighted by the COVID-19 crisis, goes beyond the domain of economic policy and needs to be adequately prioritised in the design and establishment of the European Semester.

Amendment 6
Proposal for a regulation
Recital 5

(*Text proposed by the Commission*)

(5) The implementation of reforms contributing to achieve a high degree of resilience of domestic economies, strengthening adjustment capacity and unlocking growth potential are among the Union’s policy priorities. They are therefore crucial to set the recovery on a sustainable path and support the process of upward economic and social convergence. This is even more necessary in the aftermath of the pandemic crisis to pave the way for a swift recovery.

(*Amendment*)

(5) The implementation of reforms contributing to achieve a high degree of resilience of domestic economies and societies, strengthening adjustment capacity, unlocking inclusive growth potential and adapting to technological developments are among the Union’s policy priorities. They are therefore crucial to set the recovery on a sustainable path and support the process of upward economic and social convergence. Even prior to the COVID-19 crisis, economies and societies in the Union were in the process of profound change by climate change, environmental, digital and demographic challenges and a social investment gap. This is even more necessary in the aftermath of the pandemic crisis to pave the way for a swift recovery. Social sustainability and inclusion must be a cornerstone of this process of building inclusive and resilient societies.

Amendment 7
Proposal for a regulation
Recital 5 a (new)
Text proposed by the Commission

Amendment

(5a) Women have been at the forefront of the COVID-19 crisis, forming the majority of healthcare workers across the Union, and balancing unpaid caring responsibilities with their employment responsibilities, made increasingly difficult in the case of single-parent families, of which 85% are headed by women. Investment in robust care infrastructure is essential in order to ensure equality between women and men and women’s economic empowerment and to build resilient societies, combat precarious conditions in a female dominated sector, boost job creation, prevent poverty and social exclusion. Moreover, such investment has a positive effect on GDP as it allows more women to take part in paid work.

Amendment 8
Proposal for a regulation
Recital 6

Text proposed by the Commission

(6) Past experiences have shown that investment is often drastically cut during crises. However, it is essential to support investment in this particular situation to speed up the recovery and strengthen long-term growth potential. Investing in green and digital technologies, capacities and processes aimed at assisting clean energy transition, boosting energy efficiency in housing and other key sectors of the economy are important to achieve sustainable growth and help create jobs. It will also help make the Union more resilient and less dependent by diversifying key supply chains.

Amendment

(6) Past experiences have shown that investment is often drastically cut during crises. However, it is essential to support investment in this particular situation to speed up economic and social recovery and strengthen long-term sustainable growth potential, increase social resilience and cohesion, and to avoid an increase in inequalities and poverty. Investing in green and digital technologies, capacities and processes aimed at assisting clean energy transition, boosting energy efficiency in housing and other key sectors of the economy are important to achieve sustainable growth, help create and maintain quality jobs and build resilient labour markets. It will also help make the Union more resilient and more
independent by diversifying key supply chains.

Amendment 9
Proposal for a regulation
Recital 8

Text proposed by the Commission

(8) Against this background, it is necessary to strengthen the current framework for the provision of support to Member States and provide direct financial support to Member States through an innovative tool. To that end, a Recovery and Resilience Facility (the ‘Facility’) should be established under this Regulation to provide effective financial and significant support to step up the implementation of reforms and related public investments in the Member States. The Facility should be comprehensive and should also benefit from the experience gained by the Commission and the Member States from the use of the other instruments and programmes.

Amendment 10
Proposal for a regulation
Recital 10 a (new)

Text proposed by the Commission

(10a) The Facility should ensure synergies with and be complementary with the InvestEU, allowing Member
States to allocate in the Recovery and Resilience Plan an amount to be delivered through InvestEU to support the solvency of companies established in the Member States and preparatory, monitoring, control, audit and evaluation activities thereof.

Amendment 11
Proposal for a regulation
Recital 11

Text proposed by the Commission
(11) Reflecting the European Green Deal as Europe’s sustainable growth strategy and the translation of the Union's commitments to implement the Paris Agreement and the United Nations’ Sustainable Development Goals, the Facility established by this Regulation will contribute to mainstreaming climate actions and environmental sustainability and to the achievement of an overall target of 25 % of the EU budget expenditures supporting climate objectives.

Amendment
(11) Reflecting the European Green Deal as Europe’s sustainable growth strategy and the translation of the Union's commitments to implement the Paris Agreement and the United Nations’ Sustainable Development Goals, the Facility established by this Regulation will contribute to mainstreaming climate actions and environmental sustainability and to the achievement of a just transition that leaves no one behind and of an overall target of 37 % of the EU budget expenditures supporting climate objectives, with no funds going towards measures that negatively affect the pathway to a climate-neutral Union in 2050. Furthermore, given that the Agenda 2030 requires a holistic and cross-sector policy approach to ensure that economic, social and environmental challenges are addressed altogether, social sustainability needs to be equally prioritised in the framework of the Facility.

Amendment 12
Proposal for a regulation
Recital 11 a (new)
Text proposed by the Commission

(11a) Reflecting on the EPSR as Europe’s social strategy to make sure that the transitions of climate-neutrality, digitalisation and demographic change, as well as the recovery from the COVID-19 crisis, are socially fair and just, the Facility will contribute to the implementation of its 20 principles and to the achievement of social progress targets and milestones.

Amendment 13
Proposal for a regulation
Recital 13

Text proposed by the Commission

(13) In order to enable measures to be taken that link the Facility to sound economic governance, with a view to ensuring uniform implementing conditions, the power should be conferred on the Council to suspend, on a proposal from the Commission and by means of implementing acts, the period of time for the adoption of decisions on proposals for recovery and resilience plans and to suspend payments under this Facility, in the event of significant non-compliance in relation to the relevant cases related to the economic governance process laid down in the Regulation (EU) No XXX/XX of the European Parliament and of the Council [CPR] (…). The power to lift those suspensions by means of implementing acts, on a proposal from the Commission, should also be conferred on the Council in relation to the same relevant cases.

Amendment

(13) In order to enable measures to be taken that link the Facility to sound economic governance, the power to adopt acts in accordance with Article 290 of the Treaty should be delegated to the Commission in respect of suspending or lifting the suspension with regard to the period of time for the adoption of decisions on proposals for recovery and resilience plans and payments, partially or totally under this Facility, in the event of significant non-compliance in relation to the relevant cases related to the economic governance process laid down in the Regulation (EU) No XXX/XX of the European Parliament and of the Council [CPR] (…). The decision to suspend payments should not apply provided that the general escape clause is active. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level. The Commission, when preparing and drawing up delegated acts, should ensure a simultaneous, timely and appropriate transmission of relevant documents to the
Amendment 14
Proposal for a regulation
Recital 13 a (new)

Text proposed by the Commission

(13a) The scope of application of the Facility should refer to policy areas related to economic, social and territorial cohesion, the green and digital transitions, health, competitiveness, entrepreneurship, resilience, productivity, stability of the financial systems, culture, education and skills, children and youth policies, research and innovation, smart, sustainable and inclusive growth, public healthcare systems, as well as policies in line with the EPSR which contribute to the implementation of its principles, such as social protection, high-quality jobs and investment, gender equality, and the integration of people with disabilities, social dialogue strengthening democratic systems, including efficient and independent judicial systems as well as media pluralism and media freedom.

Amendment 15
Proposal for a regulation
Recital 14

Text proposed by the Commission

(14) The Facility’s general objective should be the promotion of economic, social and territorial cohesion. For that purpose, it should contribute to improving the resilience and adjustment capacity of the Member States, mitigating the social and economic impact of the crisis, and supporting the green and digital transitions aimed at achieving a climate neutral Europe by 2050, thereby restoring the

(14) The Facility’s general objective should be the promotion of economic, social and territorial cohesion, and to contribute to the objectives of Union policies, the UNSDGs EPSR, the Paris Agreement, the strengthening of the internal market, resilient economic and social structures, resilient labour markets, addressing demographic challenges and strengthening the administrative and
growth potential of the economies of the Union in the aftermath of the crisis, fostering employment creation and to promoting sustainable growth. institutional capacity. For that purpose, it should contribute to improving the resilience and adjustment capacity of the Member States, mitigating the social and economic impact of the crisis, in particular as regards vulnerable groups, and supporting the green and digital transitions aimed at achieving a climate neutral Europe by 2050, thereby restoring the growth potential of the economies of the Union in the aftermath of the crisis, fostering the creation of quality jobs and the promotion of sustainable growth and gender equality, as well as innovative and sustainable re-industrialisation and infrastructure, reforms of education, training and reskilling and up-skilling systems and support for reforms in Member States whose currency is not the euro, in order to facilitate the adoption of the euro as their currency.

Amendment 16
Proposal for a regulation
Recital 15

Text proposed by the Commission

(15) The specific objective of the Facility should be to provide financial support with a view to achieving the milestones and targets of reforms and investments as set out in recovery and resilience plans. That specific objective should be pursued in close cooperation with the Member States concerned.

Amendment

(15) The specific objective of the Facility should be to provide Member States with financial support with a view to boosting projects fostering their development, investment in productive and strategic sectors and playing a structuring role in providing universal, free and high-quality public services. That specific objective should be pursued with due respect for the specific development strategies of the Member States concerned, making a meaningful contribution by providing immediate responses to the impact of the COVID-19 crisis and public investments playing a structuring role in ensuring the social and territorial cohesion of the Member States and the Union.
Amendment 17

Proposal for a regulation
Recital 16

Text proposed by the Commission

(16) To ensure its contribution to the objectives of the Facility, the recovery and resilience plan should comprise measures for the implementation of reforms and public investment projects through a coherent recovery and resilience plan. The recovery and resilience plan should be consistent with the relevant country-specific challenges and priorities identified in the context of the European Semester, with the national reform programmes, the national energy and climate plans, the just transition plans, and the partnership agreements and operational programmes adopted under the Union funds. To boost actions that fall within the priorities of the European Green Deal and the Digital Agenda, the plan should also set out measures that are relevant for the green and digital transitions. The measures should enable a swift deliver of targets, objectives and contributions set out in national energy and climate plans and updates thereof. All supported activities should be pursued in full respect of the climate and environmental priorities of the Union.

Amendment

(16) To ensure its contribution to the objectives of the Facility, the recovery and resilience plan should comprise measures for the implementation of reforms and public investment projects through a coherent recovery and resilience plan. In order for the reforms pursued to gather wide support, Member States wishing to benefit from the Facility should, as part of the process of drafting the recovery and resilience plans, consult regional and local authorities and municipalities and other stakeholders, including the social partners and civil society organisations, in line with the relevant provisions of the Code of Conduct on Partnership under cohesion policy, as well as national parliaments. The recovery and resilience plan should be consistent with the strategic autonomy of the Union, the UNSDGs, the Union’s commitments under the Paris Agreement and the ‘do no significant harm’ principle, and the country-specific challenges and priorities identified in the context of the European Semester, in particular those related to social and employment policies and taking into account specific social indicators identified for each Member State, with the national reform programmes, the national energy and climate plans, the just transition plans, and the partnership agreements and operational programmes adopted under the Union funds. The recovery and resilience plan should also contain specific social indicators to be achieved and a gender impact assessment consistent with the objectives of the European Gender Equality Strategy 2020-2025. To boost actions that fall within the
priorities of the European Green Deal and the Digital Agenda, the Child Guarantee, the Youth Guarantee and the principles of the EPSR, the plan should also set out measures that are relevant for and contribute directly to the six policy areas identified in this Regulation. The measures should enable a swift delivery of targets, objectives and contributions set out in national energy and climate plans and updates thereof. All supported activities should be pursued in full respect of the climate and environmental priorities of the Union. Member States should ensure that social partners are consulted when drafting the national recovery and resilience plans and are given the possibility to provide their input at early stage.

Amendment 18
Proposal for a regulation
Recital 18

Text proposed by the Commission

(18) To inform the preparation and the implementation of the recovery and resilience plans by Member States, the Council should be able to discuss, within the European Semester, the state of recovery, resilience and adjustment capacity in the Union. To ensure appropriate evidence, this discussion should be based on the Commission’s strategic and analytical information available in the context of the European Semester and, if available, on the basis of the information on the implementation of the plans in the preceding years.

Amendment

(18) To inform the preparation and the implementation of the recovery and resilience plans by Member States, the European Parliament and the Council should be able to discuss, within the European Semester, the state of recovery, resilience and adjustment capacity in the Union. To ensure appropriate evidence, this discussion should be based on the Commission’s strategic and analytical information available in the context of the European Semester and, if available, on the basis of the information on the implementation of the plans in the preceding years.

Amendment 19
Proposal for a regulation
Recital 21

*Text proposed by the Commission*

(21) In order to ensure the national ownership and a focus on relevant reforms and investments, Member States wishing to receive support should submit to the Commission a recovery and resilience plan that is duly reasoned and substantiated. The recovery and resilience plan should set out the detailed set of measures for its implementation, including targets and milestones, and the expected impact of the recovery and resilience plan on growth potential, job creation and economic and social resilience; it should also include measures that are relevant for the green and the digital transitions; it should also include an explanation of the consistency of the proposed recovery and resilience plan with the relevant country-specific challenges and priorities identified in the context of the European Semester. Close cooperation between the Commission and the Member States should be sought and achieved throughout the process.

*Amendment*

(21) In order to ensure the national ownership and a focus on relevant reforms and investments, Member States wishing to receive support should submit to the Commission a recovery and resilience plan that is duly reasoned and substantiated. The recovery and resilience plan should set out the detailed set of measures for its implementation, including targets and milestones, and the expected impact of the recovery and resilience plan on growth potential, job creation and economic and social resilience, *including the extent of the consultation of regional and local authorities and other stakeholders, including the social partners and civil society organisations, carried out before submission of the plan,* including targets and milestones, and the expected impact of the recovery and resilience plan on *the objectives of the European Green Deal, the principles of the EPSR and the UNSDGs,* in particular the sustainable growth potential, *quality, job creation and economic and social resilience,* as well as the social indicators to be improved, *in line with the principles of the EPSR and the UNSDGs;* it should also include measures that are relevant for and contribute directly to the green and the digital transitions, *and, where appropriate, an estimate of the impact of the green and digital transitions in terms of lost jobs and lack of social protection,* as well as *appropriate measures to address those problems;* it should also include an explanation of the consistency of the proposed recovery and resilience plan with the relevant country-specific challenges and priorities identified in the context of the European Semester and should also demonstrate how the plan is expected to contribute to gender equality and gender-balanced growth and job creation. Close cooperation between the Commission and the Member States should be sought and achieved throughout the process.
Amendment 20

Proposal for a regulation
Recital 22

Text proposed by the Commission

(22) The Commission should assess the recovery and resilience plan proposed by the Member States and should act in close cooperation with the Member State concerned. The Commission will fully respect the national ownership of the process and will therefore take into account the justification and elements provided by the Member State concerned and assess whether the recovery and resilience plan proposed by the Member State is expected to contribute to effectively address challenges identified in the relevant country-specific recommendation addressed to the Member State concerned or in other relevant documents officially adopted by the Commission in the European Semester; whether the plan contains measures that effectively contribute to the green and the digital transitions and to addressing the challenges resulting from them; whether the plan is expected to have a lasting impact in the Member State concerned; whether the plan is expected to effectively contribute to strengthen the growth potential, job creation and economic and social resilience of the Member State, mitigate the economic and social impact of the crisis and contribute to enhancing economic, social and territorial cohesion; whether the justification provided by the Member State of the estimated total costs of the recovery and resilience plan submitted is reasonable and plausible and is commensurate to the expected impact on the economy and employment; whether the proposed recovery and resilience plan contains measures for the implementation of reforms and public investment projects that represent coherent actions; and whether the arrangement proposed by the Member

Amendment

(22) The Commission should assess the recovery and resilience plan proposed by the Member States and should act in close cooperation with the Member State concerned and with the participation of the social partners and civil society organisations. The Commission will fully respect the national ownership of the process and will therefore take into account the justification and elements provided by the Member State concerned and assess whether the recovery and resilience plan proposed by the Member State is expected to contribute to effectively address challenges identified in the relevant country-specific recommendation addressed to the Member State concerned or in other relevant documents officially adopted by the Commission in the European Semester; whether the plan contains measures that effectively contribute to the green and the digital transitions and to addressing the challenges resulting from them; whether the plan is expected to have a lasting impact in the Member State concerned; whether the plan is expected to effectively contribute to strengthen the growth potential, quality job creation and economic and social resilience of the Member State, mitigate the economic and social impact of the crisis, in particular as regards vulnerable groups and young people and contribute to the implementation of the Union’s strategic autonomy and the Union’s and Member States’ commitments, in particular the Paris Agreement, the UNSDGs and the EPSR, enhancing economic, social and territorial cohesion and the reduction of the infrastructural gap; whether the justification provided by the Member State of the estimated total costs of the recovery
State concerned are expected to ensure effective implementation of the recovery and resilience plan, including the proposed milestones and targets, and the related indicators.

and resilience plan submitted is reasonable and plausible and is commensurate to the expected impact on the economy, employment and social progress; whether the proposed recovery and resilience plan contains measures for the implementation of reforms and public investment projects that represent coherent actions; and whether the arrangement proposed by the Member State concerned are expected to ensure effective implementation of the recovery and resilience plan, including the proposed milestones and targets, and the related indicators.

Amendment 21

Proposal for a regulation
Recital 24

Text proposed by the Commission

(24) In order to contribute to the preparation of high-quality plans and assist the Commission in the assessment of the recovery and resilience plans submitted by the Member States and in the assessment of the degree of their achievement, provision should be made for the use of expert advice and, at the Member State request, peer counselling.

Amendment

(24) In order to contribute to the preparation of high-quality plans and assist the Commission in the assessment of the recovery and resilience plans submitted by the Member States and in the assessment of the degree of their achievement, provision should be made for the use of expert advice and, at the Member State request, peer counselling. When such expertise concerns labour-related policies, social partners are informed and eventually involved. Technical assistance should not be requested in areas that entirely or partially fall into the remit of the social partners unless the social partners agree. Such activities cannot undermine the role of the social partners or threaten the autonomy of collective bargaining.

Amendment 22

Proposal for a regulation
Recital 29

Text proposed by the Commission

(29) The request for a loan should be justified by the financial needs linked to additional reforms and investments included in the recovery and resilience plan, notably relevant for the green and digital transitions, and by therefore, by a higher cost of the plan than the maximum financial contribution (to be) allocated via the non-repayable contribution. It should be possible to submit the request for a loan together with the submission of the plan. In case the request for loan is made at a different moment in time, it should be accompanied by a revised plan with additional milestones and targets. To ensure frontloading of resources, Member States should request a loan support at the latest by 31 August 2024. For the purposes of sound financial management, the total amount of all the loans granted under this Regulation should be capped. In addition, the maximum volume of the loan for each Member State should not exceed 4.7% of its Gross National Income. An increase of the capped amount should be possible in exceptional circumstances subject to available resources. For the same reasons of sound financial management, it should be possible to pay the loan in instalments against the fulfilment of results.

Amendment 23

Proposal for a regulation

Recital 32 a (new)

Text proposed by the Commission

(32a) Where the recovery and resilience plans, including relevant milestones and targets, are no longer achievable, either
partially or totally, including where the changes of the social and economic indicators significantly affect the initial plan submitted by the Member State concerned because of objective circumstances, the Member State concerned may make a reasoned request to the Commission to amend or replace its decision. To that end, the Member State should be able to propose amendments to the recovery and resilience plan and make use of the Technical Support Instrument.

Amendment 24
Proposal for a regulation
Recital 32 b (new)

Text proposed by the Commission  Amendment

(32b) If the Commission decides to suspend allocated funding to a Member State in the case of deficiency with regards to rule of law, regional and local level actions that are eligible should continue to benefit from the Facility.

Amendment 25
Proposal for a regulation
Recital 32 c (new)

Text proposed by the Commission  Amendment

(32c) Member States experiencing excessive imbalances, Member States whose currency is not the euro and Member States that are subject to significant structural development delay should be able to propose reforms, which address the problems that have led to such excessive imbalances, in their recovery and resilience plans.
Amendment 26
Proposal for a regulation
Recital 34 a (new)

Text proposed by the Commission

(34a) Member States should ensure that communication activities, in particular with regard to the obligation to make visibility of the support provided within the framework of the Facility are properly disseminated at the appropriate regional and local level on multiple outlets, in a non-discriminatory manner.

Amendment 27
Proposal for a regulation
Recital 39

Text proposed by the Commission

(39) The recovery and resilience plans to be implemented by the Member States and the corresponding financial contribution allocated to them should be established by the Commission by way of implementing act. In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission. The implementing powers relating to the adoption of the recovery and resilience plans and to the payment of the financial support upon fulfilment of the relevant milestones and targets should be exercised by the Commission in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council, under the examination procedure thereof. After the adoption of an implementing act, it should be possible for the Member State concerned and the Commission to agree on certain operational arrangements of a technical nature, detailing aspects of the implementation with respect to timelines, indicators for the milestones and targets, and access to underlying data. To allow the continuous relevance of the operational
with respect to timelines, indicators for the milestones and targets, and access to underlying data. To allow the continuous relevance of the operational arrangements in respect of the prevailing circumstances during the implementation of the recovery and resilience plan, it should be possible that the elements of such technical arrangements may be modified by mutual consent. Horizontal financial rules adopted by the European Parliament and the Council on the basis of Article 322 of the Treaty on the Functioning of the European Union apply to this Regulation. These rules are laid down in the Financial Regulation and determine in particular the procedure for establishing and implementing the budget through grants, procurement, prizes, indirect implementation, and provide for checks on the responsibility of financial actors. Rules adopted on the basis of Article 322 of the Treaty also concern the protection of the Union's budget in case of generalised deficiencies as regards the rule of law in the Member States, as the respect for the rule of law, an independent judiciary, media pluralism and media freedom are essential preconditions for sound financial management and effective Union funding.


Amendment 28

Proposal for a regulation
Article 3

Text proposed by the Commission

The scope of application of the Recovery

Amendment

The scope of application of the Recovery
and Resilience Facility established by this Regulation shall refer to policy areas related to economic, social and territorial cohesion, the green and digital transitions, health, competitiveness, resilience, productivity, education and skills, research and innovation, smart, sustainable and inclusive growth, jobs and investment, and the stability of the financial systems.

Amendment 29
Proposal for a regulation
Article 3 – point a (new)

Text proposed by the Commission

Amendment

(a) green transition, taking into account the objectives of the European Green Deal;

Amendment 30
Proposal for a regulation
Article 3 – point b (new)

Text proposed by the Commission

Amendment

(b) digital transformation, taking into account the objectives of the Digital Agenda;

Amendment 31
Proposal for a regulation
Article 3 – point c (new)

Text proposed by the Commission

Amendment

(c) economic cohesion, productivity and competitiveness, taking into account the objectives of the Union strategies on industry and SMEs;
Amendment 32
Proposal for a regulation
Article 3 – point d (new)

Text proposed by the Commission

Amendment
(d) social cohesion, taking into account the objectives of the EPSR;

Amendment 33
Proposal for a regulation
Article 3 – point e (new)

Text proposed by the Commission

Amendment
(e) institutional resilience and capacity building;

Amendment 34
Proposal for a regulation
Article 3 – point f (new)

Text proposed by the Commission

Amendment
(f) policies for the Next Generation, taking into account the objectives of the Youth Guarantee and Child Guarantee.

Amendment 35
Proposal for a regulation
Article 3 a (new)

Text proposed by the Commission

Amendment

Article 3a
1. The application of this Regulation fully observes Article 152 of the Treaty, and the national recovery and resilience plans issued under this Regulation respect national practices and institutions for wage formation. This Regulation respects
Article 28 of the Charter of Fundamental Rights of the European Union, and accordingly does not affect the right to negotiate, conclude or enforce collective agreements or to take collective action in accordance with national law and practices.

Amendment 36

Proposal for a regulation
Article 4 – paragraph 1

Text proposed by the Commission

1. The general objective of the Recovery and Resilience Facility shall be to promote the Union’s economic, social and territorial cohesion by improving the resilience and adjustment capacity of the Member States, mitigating the social and economic impact of the crisis, and supporting the green and digital transitions, thereby contributing to restoring the growth potential of the economies of the Union, fostering employment creation in the aftermath of the COVID-19 crisis, and promoting sustainable growth.

Amendment

1. The general objective of the Recovery and Resilience Facility shall be to contribute to addressing the challenges of the six policy areas referred to in Article 3, thereby promoting the Union’s economic, social and territorial cohesion by improving the resilience and adjustment capacity of the Member States, mitigating the social and economic impact of the crisis, supporting the green and digital transitions, contributing to restoring the growth potential of the economies of the Union, fostering employment creation in the aftermath of the COVID-19 crisis, promoting sustainable growth and generating European added value.

Amendment 37

Proposal for a regulation
Article 4 – paragraph 1 a (new)

Text proposed by the Commission

1a. The Facility shall contribute to the objectives of Union policies the Union’s commitments under the Paris Agreement and the strengthening of the internal market, the EPSR, the UNSDGs, through the implementation of measures, such as those:
Amendment 38
Proposal for a regulation
Article 4 – paragraph 1 a (new) – point a (new)

Text proposed by the Commission

(a) for the transition to a climate-neutral Union by 2050, a just transition with support for the most affected regions, sustainable mobility and infrastructure, tackling energy poverty, promoting energy and resource efficiency, renewable energy sources, achieving energy diversification and ensuring energy security, measures for the agricultural sector, fisheries and the sustainable development of rural and cross-border areas;

Amendment 39
Proposal for a regulation
Article 4 – paragraph 1 a (new) – point b (new)

Text proposed by the Commission

(b) for the digitisation and expansion of the role of public employment services, and which foster digital infrastructure, improve access to digital working and promote digital skills development;

Amendment 40
Proposal for a regulation
Article 4 – paragraph 1 a (new) – point c (new)

Text proposed by the Commission

(c) for the building of resilient labour markets with decent working conditions, strengthening the internal, fostering investment and supporting the process of upward economic and social convergence, measures for boosting entrepreneurship
opportunities and skills, creating a favourable environment for investment and SMEs, including for innovative and sustainable re-industrialisation, investments in the industry sector, consolidating the productive and strategic capacity of the Union, development of industrial ecosystems and supporting Member States whose currency is not the euro in their efforts to adopt the single currency;

Amendment 41
Proposal for a regulation
Article 4 – paragraph 1 a (new) – point d (new)

Text proposed by the Commission

Amendment

(d) for social inclusion, strengthening social security and social welfare and protection systems, social dialogue, the development of social infrastructure, quality jobs, the inclusion of people with disabilities, gender equality, tackling poverty and inequalities, the gender pay gap, suitable family leave and flexible working arrangements and increasing labour market participation of women, including through ensuring equal opportunities and career progression;

Amendment 42
Proposal for a regulation
Article 4 – paragraph 1 a (new) – point e (new)

Text proposed by the Commission

Amendment

(e) for the strengthening of the administrative and institutional capacity of the Member States and their respective regional and local authorities in relation to challenges faced by institutions, governance, public administration, and economic and social sectors, to improve public health and healthcare systems,
including better crisis response capacity, development of quality and affordable care and home care services, safer, higher quality and more accessible nursing homes and care centres, medical equipment and accessible medical services for all citizens, measures to improve the capacity of public institutions to guarantee mobile and cross-border workers’ rights, including that they enjoy safe and equal working conditions, wages in accordance with the law and all necessary information, for the stability of the financial systems, strengthening efficient and independent judicial systems, promoting media pluralism and media freedom;

Amendment 43

Proposal for a regulation
Article 4 – paragraph 1 a (new) – point f (new)

Text proposed by the Commission

(f) to address demographic challenges, and for culture, education, life-long learning and VET, including the development of national and regional up- and re-skilling strategies and actions, better forecasting of labour market evolutions, children and youth policies, equal opportunities and access for all, pension reforms, with a focus on the sustainability and adequacy of pension systems for workers and the self-employed, as well as equal opportunities for women and men to acquire pension rights.

Amendment 44

Proposal for a regulation
Article 4 – paragraph 2

Text proposed by the Commission

2. To achieve that general objective, the specific objective of the Recovery and Resilience Facility shall be to provide Member States with financial support with a view to achieving the milestones and targets of reforms and investments as set out in their recovery and resilience plans. That specific objective shall be pursued in close cooperation with the Member States concerned.

Amendment

2. To achieve that general objective, the specific objective of the Recovery and Resilience Facility shall be to provide Member States with financial support with a view to achieving the milestones and targets of reforms and investments as set out in their recovery and resilience plans, while taking into consideration that economic disparities, social inequality and poor social protection have spill over effects that undermine the overall stability of the Union. That specific objective shall be pursued in close cooperation with the Member States concerned.

Amendment 45

Proposal for a regulation
Article 4 – paragraph 2 a (new)

Text proposed by the Commission

2a. Member States whose currency is not the euro, which are subject to significant structural development delay may propose recovery and resilience plans that address their problems.

Amendment

2a. Reforms and investments initiated by the Member States after 1 February 2020 are eligible under the Recovery and Resilience Facility.
Amendment 47
Proposal for a regulation
Article 5 – paragraph 2

Text proposed by the Commission

2. The amounts referred to in paragraph 1(a) may also cover expenses pertaining to preparatory, monitoring, control, audit and evaluation activities, which are required for the management of each instrument and the achievement of its objectives, in particular studies, meetings of experts, information and communication actions, including corporate communication of the political priorities of the Union, in so far as they are related to the objectives of this Regulation, and provided they are not eligible actions for technical support pursuant to Article 7 of Regulation ...[on a Technical Support Instrument, 2020/0103 (COD)]. Where a Member State does not make use of the allocated funding, that funding may be made available by the Commission for proposals drafted after consulting regional and local authorities and other stakeholders, including the social partners and civil society organisations, in order to promote an open debate to support actions to stimulate research, public debate and disseminate information regarding the reforms necessary to address the negative consequences of the COVID-19 crisis.

Amendment

2. The amounts referred to in paragraph 1(a) may also cover expenses pertaining to preparatory, monitoring, control, audit and evaluation activities, which are required for the management of each instrument and the achievement of its objectives, in so far as they are related to the objectives of this Regulation, and provided they are not eligible actions for technical support pursuant to Article 7 of Regulation ...[on a Technical Support Instrument, 2020/0103 (COD)]. Where a Member State does not make use of the allocated funding, that funding may be made available by the Commission for proposals drafted after consulting regional and local authorities and other stakeholders, including the social partners and civil society organisations, in order to promote an open debate to support actions to stimulate research, public debate and disseminate information regarding the reforms necessary to address the negative consequences of the COVID-19 crisis.

Amendment 48
Proposal for a regulation
Article 9 – paragraph 1

Text proposed by the Commission

1. In the event of significant non-compliance in relation to any of the cases laid down in Article 15(7) of the Regulation laying down common provisions on the [...][[CPR], the Council shall, on a proposal from the Commission, adopt a decision by means of an

Amendment

1. In the event of significant non-compliance in relation to any of the cases laid down in Article 15(7) of the Regulation laying down common provisions on the [...][[CPR], the Commission shall adopt a delegated act in accordance with Article 27a concerning a
implementing act to suspend the time period for the adoption of the decisions referred to in Articles 17(1) and 17(2) or to suspend payments under the Recovery and Resilience Facility.

decision to suspend the time period for the adoption of the decisions referred to in Articles 17(1) and 17(2) or to suspend payments, partially or totally under the Recovery and Resilience Facility.

Amendment 49

Proposal for a regulation
Article 9 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. The decision to suspend payments referred to in paragraph 1 shall apply to payment applications submitted after the date of the decision to suspend.

Amendment 50

Proposal for a regulation
Article 9 – paragraph 1 b (new)

Text proposed by the Commission

Amendment

1b. The suspension of the time period referred to in Article 17 shall apply from the day after the adoption of the decision referred to in paragraph 1 of this Article.

Amendment 51

Proposal for a regulation
Article 9 – paragraph 1 c (new)

Text proposed by the Commission

Amendment

1c. The decision to suspend payments referred to in paragraph 1 shall not apply provided that the general escape clause is active.
Amendment 52
Proposal for a regulation
Article 9 – paragraph 2

Text proposed by the Commission

2. In the event of occurrence of any of the cases referred to in Article 15(11) of the Regulation laying down common provisions on the […], the Council shall, on a proposal from the Commission, adopt a decision by means of an implementing act to lift the suspension of the time period or of payments referred to in the previous paragraph.

Amendment

2. In the event of occurrence of any of the cases referred to in Article 15(11) of the Regulation laying down common provisions on the […], the Commission shall adopt a delegated act in accordance with Article 27a concerning the decision to lift the suspension of the time period or of payments referred to in the previous paragraph. The relevant procedures or payments shall resume the day after the lifting of the suspension.

Amendment 53
Proposal for a regulation
Article 9 – paragraph 2 a (new)

Text proposed by the Commission

2a. In the event that the Commission decides to suspend allocated funding to the Member State because of deficiency with regards to rule of law, regional and local level actions that are eligible shall continue to benefit from the Facility.

Amendment

2a. In the event that the Commission decides to suspend allocated funding to the Member State because of deficiency with regards to rule of law, regional and local level actions that are eligible shall continue to benefit from the Facility.

Amendment 54
Proposal for a regulation
Article 12 – paragraph 4

Text proposed by the Commission

4. The loan support to the recovery and resilience plan of the Member State concerned shall not be higher than the difference between the total cost of the recovery and resilience plan, as revised where relevant, and the maximum financial contribution referred to in Article 10. The

Amendment

4. The loan support to the recovery and resilience plan of the Member State concerned shall not be higher than the difference between the total cost of the recovery and resilience plan, as revised where relevant, and the maximum financial contribution referred to in Article 10. The
maximum volume of the loan for each Member State shall not exceed 4.7 % of its Gross National Income.

maximum volume of the loan for each Member State shall not exceed 6.8 % of its Gross National Income.

Amendment 55

Proposal for a regulation
Article 13 – paragraph 1 – point b a (new)

Text proposed by the Commission

Amendment

(ba) an explanation of how the measures in the plan are expected to address deficiencies as regards the values enshrined in Article 2 of the Treaty on European Union;

Amendment 56

Proposal for a regulation
Article 13 – paragraph 1 – point b b (new)

Text proposed by the Commission

Amendment

(bb) an explanation of how the measures in the plan take into account the positions received from non-profit civil society organisations and local or regional authorities in the Member State.

Amendment 57

Proposal for a regulation
Article 14 – paragraph 1

Text proposed by the Commission

Amendment

1. In pursuance of the objectives set out in Article 4, Member States shall prepare national recovery and resilience plans. These plans shall set out the reform and investment agenda of the Member State concerned for the subsequent four years. Recovery and resilience plans eligible for financing under this instrument shall comprise measures for the
implementation of reforms and public investment projects through a coherent package. For the preparation of the recovery and resilience plans, Member States may make use of the Technical Support Instrument in accordance with Regulation XX/YYYY [establishing Technical Support Instrument].

Amendment 58
Proposal for a regulation
Article 14 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. Reflecting the European Green Deal as Europe’s sustainable growth strategy and the translation of the Union’s commitments to implement the Paris Agreement and the UNSDGs, at least 37% of the amount of each recovery and resilience plan shall contribute to mainstreaming climate and biodiversity actions and environmental sustainability objectives. By means of a delegated act, the Commission shall adopt the relevant methodology to help the Member States to fulfil that requirement.

Amendment 59
Proposal for a regulation
Article 14 – paragraph 1 b (new)

Text proposed by the Commission

Amendment

1b. Reflecting the EPSR as Europe’s strategy for social progress, a significant part of the amount of each recovery and resilience plan shall contribute to the implementation of the EPSR objectives. By means of a delegated act, the Commission shall adopt the relevant methodology to help Member States to fulfil that requirement.
Amendment 60
Proposal for a regulation
Article 14 – paragraph 1 c (new)

Text proposed by the Commission

Amendment

1c. Reflecting the future-oriented character of the Next Generation EU recovery instrument and acknowledging the importance of the Digital Skills Agenda, the Child Guarantee and the Youth Guarantee, each recovery and resilience plan shall contribute to tackling the risk of long-lasting damage to young people’s labour market prospects and to their overall well-being through quality employment, education and qualification solutions and responses targeting young people.

Amendment 61
Proposal for a regulation
Article 14 – paragraph 2

Text proposed by the Commission

Amendment

2. The recovery and resilience plans shall be consistent with the relevant country-specific challenges and priorities identified in the context of the European Semester, in particular those relevant for or resulting from the green and digital transition. The recovery and resilience plans shall also be consistent with the information included by the Member States in their national energy and climate plans and updates thereof under the Regulation (EU)2018/1999, in the territorial just transition plans under the Just Transition Fund, and in the partnership agreements and operational programmes under the Union funds.
the Member States in the national reform programmes under the European Semester, in their national energy and climate plans and updates thereof under the Regulation (EU)2018/1999\(^{21}\), in the territorial just transition plans under the Just Transition Fund\(^{22}\), and in the partnership agreements and operational programmes under the Union funds.


\(^{22}\) […]

Amendment 62

Proposal for a regulation
Article 14 – paragraph 2 a (new)

*Text proposed by the Commission*

2a. The recovery and resilience plans shall be drawn up after consulting regional and local authorities and other stakeholders, including the social partners and civil society organisations, in accordance with Article 6 of Regulation (EU)XX/xx of the European Parliament and of the Council\(^{1a}\);  

Amendment 63

Proposal for a regulation
Article 14 – paragraph 2 b (new)

Text proposed by the Commission

2b. Taking into account technological developments, the Facility may contribute to the adoption of integrated investment plans in digital infrastructures and skills as well as the establishment of an effective funding framework in order to ensure the highest possible competitiveness of regions in the Union.

Amendment 64

Proposal for a regulation
Article 15 – paragraph 2

2. The recovery and resilience plan presented by the Member State concerned shall constitute an annex to its National Reform Programme and shall 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.

Such draft plans shall be submitted to the social partners for consultation no later than in February before the April deadline for officially submitting the plan to the Commission, allowing the social partners at least 30 days to react in writing.

Amendment 65

Proposal for a regulation
Article 15 – paragraph 3 – point a

(a) an explanation of the way the

(a) an explanation of how the
relevant country-specific challenges and priorities identified in the context of the European Semester are expected to be addressed;

challenges and priorities identified in the framework of the European Semester are likely to be addressed, in particular those related to social and employment policies;

Amendment 66

Proposal for a regulation
Article 15 – paragraph 3 – point b

Text proposed by the Commission

(b) an explanation of how the plan strengthens the growth potential, job creation and economic and social resilience of the Member State concerned, mitigates the economic and social impact of the crisis, and its contribution to enhance economic, social and territorial cohesion and convergence;

Amendment

(b) an explanation of how the plan strengthens the growth potential, quality job creation, social progress and economic and social resilience of the Member State concerned, reduces the infrastructural gap, mitigates the economic and social impact of the crisis, in connection with the most vulnerable groups and youth and the economic impact of the SMEs, and its contribution to enhance economic, social and territorial cohesion and convergence, as well as the strategic autonomy of the Union;

Amendment 67

Proposal for a regulation
Article 15 – paragraph 3 – point b a (new)

Text proposed by the Commission

(ba) the extent of the consultation of regional and local authorities and other stakeholders, including of the social partners and civil society organisations, carried out prior to submission of the recovery and resilience plan; the social partners’ written contribution shall be submitted in addition to the plan;

Amendment

Amendment 68

Proposal for a regulation
Article 15 – paragraph 3 – point c

Text proposed by the Commission

(c) an explanation of how the measures in the plan are expected to contribute to the green and the digital transitions or to the challenges resulting from them;

Amendment

(c) an explanation of how the measures in the plan are expected to contribute to the six pillars set out in Article 3;

Amendment 69

Proposal for a regulation
Article 15 – paragraph 3 – point c a (new)

Text proposed by the Commission

(ca) the social indicators to be achieved by the proposed recovery and resilience plan and the contribution made towards implementation of the EPSR and the achievement of the UNSDGs;

Amendment

Amendment 70

Proposal for a regulation
Article 15 – paragraph 3 – point c b (new)

Text proposed by the Commission

(cb) an estimate, where appropriate, of the impact of the green and digital transitions in terms of jobs lost or jobs create, as well as of appropriate measures to address those problems, in particular in regions that will undergo significant energy transitions;

Amendment 71

Proposal for a regulation
Article 15 – paragraph 3 – point c c (new)

Text proposed by the Commission

(cc) an explanation of how the measures respect the principles of
interoperability, energy efficiency, data protection, the promotion of digital equality, digital accessibility, open software and open hardware solutions and personal data;

Amendment 72
Proposal for a regulation
Article 15 – paragraph 3 – point c d (new)

Text proposed by the Commission

Amendment

(cd) an explanation of the coherence of the plan with the relevant documents adopted in the context of the latest European Semester;

Amendment 73
Proposal for a regulation
Article 15 – paragraph 3 – point c e (new)

Text proposed by the Commission

Amendment

(ce) a detailed explanation of how the measures are expected to ensure that at least 37 % of the amount requested for the recovery and resilience plan contribute to mainstreaming climate and biodiversity actions and environmental sustainability objectives based on the methodology provided by the Commission in accordance with Article14(1);

Amendment 74
Proposal for a regulation
Article 15 – paragraph 3 – point c f (new)

Text proposed by the Commission

Amendment

(cf) a detailed explanation of how the measures are expected to ensure that a significant part of the amount requested for the recovery and resilience plan
contribute to the implementation of the EPSR objectives based on the methodology provided by the Commission in accordance with Article 14(1);

Amendment 75
Proposal for a regulation
Article 15 – paragraph 3 – point c g (new)

Text proposed by the Commission

Amendment

(cg) a gender impact assessment of the plan, in-line with the objectives outlined in the Gender Equality Strategy, to effectively address the negative impact of the crisis on gender equality, in particular by ensuring quality job creation for women, the reduction of the gender pay gap and access to credit for women entrepreneurs, and through measures to prevent and combat gender-based violence and sexual harassment;

Amendment 76
Proposal for a regulation
Article 15 – paragraph 3 – point c h (new)

Text proposed by the Commission

Amendment

(ch) an assurance of the absence of any conflict of interest in relation to the implementation of the Union budget for all public investments measures contained in the plan;

Amendment 77
Proposal for a regulation
Article 15 – paragraph 3 – point c i (new)

Text proposed by the Commission

Amendment

(ci) a demonstration that the envisaged reforms and investments included in the
plan comply with the 'do no significant harm' principle;

Amendment 78
Proposal for a regulation
Article 15 – paragraph 3 – point j

Text proposed by the Commission
(j) the arrangements for the effective implementation of the recovery and resilience plan by the Member State concerned, including the proposed milestones and targets, and the related indicators;

Amendment
(j) the arrangements for the effective implementation of the recovery and resilience plan by the Member State concerned, including the proposed milestones and targets, and the related indicators, including how the plan improve the country-based performance under the Social Scoreboard;

Amendment 79
Proposal for a regulation
Article 15 – paragraph 3 – point j a (new)

Text proposed by the Commission
(ja) an assurance that financial assistance is only provided to undertakings that respect applicable collective agreements and who are not based in a jurisdiction referred to in Annex I to the Council conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes,

Amendment

Amendment 80
Proposal for a regulation
Article 15 – paragraph 4

Text proposed by the Commission
4. In the preparation of proposals for their recovery and resilience plan, Member States may request the Commission to organise an exchange of good practices in

Amendment
4. In the preparation of proposals for their recovery and resilience plan, Member States may request the Commission to organise an exchange of good practices in
order to allow the requesting Member States to benefit from the experience of other Member States. Member States may also request technical support under the Technical Support Instrument in accordance with the regulation thereof.

Technical support shall fully respect national rules and practices concerning collective bargaining. Technical support activities cannot undermine the role of social partners or threaten the autonomy of collective bargaining. Technical assistance cannot be requested in areas that entirely or partially fall into the remit of the social partners unless social partners provide their consensus.

Amendment 81

Proposal for a regulation
Article 16 – paragraph 3

*Text proposed by the Commission*

3. The Commission shall assess the importance and coherence of the recovery and resilience plan and its contribution to the green and digital transitions, and for that purpose, shall take into account the following criteria:

*Amendment*

3. The Commission shall assess the relevance and coherence of the recovery and resilience plan and its contribution to economic, social and health needs. To this end, it shall take into account the following criteria:

Amendment 82

Proposal for a regulation
Article 16 – paragraph 3 – point a

*Text proposed by the Commission*

(a) whether the recovery and resilience plan is expected to contribute to effectively address challenges identified in the relevant country-specific recommendations addressed to the Member State concerned or in other relevant documents officially adopted by the Commission in the European Semester;

*Amendment*

(a) whether the recovery and resilience plan is expected to contribute to effectively address challenges identified in the relevant country-specific recommendations addressed to the Member State concerned, especially those linked to social and employment policies or in other relevant documents officially adopted by the
Amendment 83

Proposal for a regulation
Article 16 – paragraph 3 – point b

Text proposed by the Commission

(b) whether the plan contains measures that effectively contribute to the green and the digital transitions or to addressing the challenges resulting from them;

Amendment

deleted

Amendment 84

Proposal for a regulation
Article 16 – paragraph 3 – point b a (new)

Text proposed by the Commission

(ba) whether the recovery and resilience plan contributes to the achievement of the commitments of the Union and of its Members States, in particular the Union's climate objectives to achieve a climate-neutral Union by 2050, including its commitments under the Paris Agreement, the European Green Deal, as well as to the implementation of the principles of the EPSR, the European Gender Equality Strategy and the UNSDGs;

Amendment

(c) whether the recovery and resilience plan is expected to have a lasting impact on the Member State concerned;

(c) whether the recovery and resilience plan is expected to have a lasting impact on the Member State concerned and if 37 % of the recovery and resilience plan...
contributes to tackling the climate change.

Amendment 86
Proposal for a regulation
Article 16 – paragraph 3 – point d

Text proposed by the Commission

(d) whether the recovery and resilience plan is expected to effectively contribute to strengthen the growth potential, job creation, and economic and social resilience of the Member State, mitigate the economic and social impact of the crisis, and contribute to enhance economic, social and territorial cohesion;

Amendment

(d) whether the recovery and resilience plan is expected to effectively contribute to the scope and objectives set out in Articles 3 and 4;

Amendment 87
Proposal for a regulation
Article 16 – paragraph 3 – point e

Text proposed by the Commission

(e) whether the justification provided by the Member State on the amount of the estimated total costs of the recovery and resilience plan submitted is reasonable and plausible and is commensurate to the expected impact on the economy and employment;

Amendment

(e) whether the justification provided by the Member State on the amount of the estimated total costs of the recovery and resilience plan submitted is reasonable and plausible and is commensurate to the expected impact on the economy, employment and social cohesion;

Amendment 88
Proposal for a regulation
Article 16 – paragraph 3 – point f

Text proposed by the Commission

(f) whether the recovery and resilience plan contains measures for the implementation of reforms and public investments projects that represent

Amendment

(f) whether the recovery and resilience plan contains coherent measures for the implementation of reforms and public investments projects that represent
coherent actions; coherent actions;

Amendment 89

Proposal for a regulation
Article 16 – paragraph 3 – point g

Text proposed by the Commission
(g) whether the arrangements proposed by the Member States concerned are expected to ensure an effective implementation of the recovery and resilience plan, including the envisaged timetable, milestones and targets, and the related indicators.

Amendment
(g) whether the arrangements proposed by the Member States concerned are expected to ensure an effective implementation of the recovery and resilience plan, including the envisaged timetable, milestones and targets, and the related indicators, which shall include progress in the areas covered by the social scoreboard;

Amendment 90

Proposal for a regulation
Article 16 – paragraph 3 – point g a (new)

Text proposed by the Commission
(ga) whether the recovery and resilience plan contributes to key infrastructure development, especially in Member States where GDP per capita is below the EU average and the level of public debt is sustainable;

Amendment
(ga) whether the recovery and resilience plan contributes to key infrastructure development, especially in Member States where GDP per capita is below the EU average and the level of public debt is sustainable;

Amendment 91

Proposal for a regulation
Article 16 – paragraph 3 – point g b (new)

Text proposed by the Commission
(gb) whether a significant part of the amount requested for the recovery and resilience plan contribute to the implementation of the EPSR objectives based on the methodology provided by the Commission in accordance with Article
Amendment 92
Proposal for a regulation
Article 17 – paragraph 1

Text proposed by the Commission

1. The Commission shall adopt a decision within four months of the official submission of the recovery and resilience plan by the Member State, by means of an implementing act. In the event that the Commission gives a positive assessment to a recovery and resilience plan, that decision shall set out the reforms and investment projects to be implemented by the Member State, including the milestones and targets, and the financial contribution allocated in accordance with Article 11.

Amendment

1. Within two months of the official submission of the recovery and resilience plan by the Member State, the Commission shall adopt a decision by means of a delegated act in accordance with Article 27a assessing the recovery and resilience plan. In the event that the Commission gives a positive assessment to a recovery and resilience plan, that decision shall set out the reforms and investment projects to be implemented by the Member State, including the milestones and targets, and the financial contribution allocated in accordance with Article 11.

Amendment 93
Proposal for a regulation
Article 17 – paragraph 2

Text proposed by the Commission

2. In case the Member State concerned requests a loan support, the decision shall also set out the amount of the loan support as referred to in Article 12(4) and (5) and the additional reforms and investment projects to be implemented by the Member State covered by that loan support, including the additional milestones and targets.

Amendment

2. In case the Member State concerned requests a loan support, the Commission decision shall also set out the amount of the loan support as referred to in Article 12(4) and (5) and the additional reforms and investment projects to be implemented by the Member State covered by that loan support, including the additional milestones and targets.

Amendment 94
Proposal for a regulation
Article 17 – paragraph 7

*Text proposed by the Commission*

7. The implementing acts referred to in paragraphs 1 and 2 shall be adopted in accordance with the examination procedure referred to in Article 27(2).

**Amendment 95**

Proposal for a regulation
Article 18 – paragraph 1

*Text proposed by the Commission*

1. Where the recovery and resilience plan including relevant milestones and targets, is no longer achievable, either partially or totally, by the Member State concerned because of objective circumstances, the Member State concerned may make a reasoned request to the Commission to amend or replace the decisions referred to in Article 17(1) and 17(2). To that effect, the Member State may propose a modified or a new recovery and resilience plan.

**Amendment 96**

Proposal for a regulation
Article 19 – paragraph 3

*Text proposed by the Commission*

3. Upon completion of the relevant agreed milestones and targets indicated in
the recovery and resilience plan as approved in the implementing act of the Commission, the Member State concerned shall submit to the Commission a duly justified request for payment of the financial contribution and, where relevant, of the loan tranche. Such requests for payment may be submitted by the Member States to the Commission on a biannual basis. The Commission shall assess, within two months of receiving the request, whether the relevant milestones and targets set out in the decision referred to in Article 17(1) have been satisfactorily implemented. For the purpose of the assessment, the operational arrangement referred to in Article 17(6) shall also be taken into account. The Commission may be assisted by experts.

Amendment 97

Proposal for a regulation

Article 19 – paragraph 6

Text proposed by the Commission

6. Where the Member State concerned has not taken the necessary measures within a period of six months from the suspension, the Commission shall cancel the amount of the financial contribution pursuant to Article 14(1) of the Financial Regulation after having given the Member State concerned the possibility to present its observations within two months from the communication of its conclusions.

Amendment

6. Where the Member State concerned has not taken the necessary measures within a period of six months from the suspension, the amount of the financial contribution may be made available by the Commission for regional and local authorities and other stakeholders, including social partners and civil society organisations that contribute to addressing the challenges identified in the recovery and resilience plan, after having given the Member State concerned the possibility to present its observations within two months from the communication of its conclusions.
Amendment 98

Proposal for a regulation
Article 19 – paragraph 6 a (new)

Text proposed by the Commission

Amendment

6a. In the event of a suspension of funds on the ground of deficiency with regards to rule of law, the Commission shall ensure that eligible regional and local authorities and other stakeholders, including the social partners and civil society organisations, continue to benefit from the Facility.

Amendment 99

Proposal for a regulation
Article 19 – paragraph 7

Text proposed by the Commission

Amendment

7. Where, within eighteen months of the date of the adoption the decision referred to in Article 17(1), no tangible progress has been made in respect of any relevant milestones and targets by the Member State concerned, the amount of the financial contribution shall be made available for regional and local authorities and other stakeholders, including the social partners and civil society organisations that contribute to addressing the challenges identified in the recovery and resilience plan.

Amendment 100

Proposal for a regulation
Article 19 – paragraph 7 – subparagraph 1

Text proposed by the Commission

Amendment

The Commission shall take a decision on the cancellation of the financial contribution after having given the Member State concerned the possibility to present its observations within a period of two months of the
*Member State* concerned the possibility to present its observations within a period of two months of the communication of its assessment as to whether no tangible progress has been made.

Amendment 101

Proposal for a regulation
Article 20

*Text proposed by the Commission*

The Member State concerned shall report on a *quarterly* basis within the European Semester process on the progress made in the achievement of the recovery and resilience plans, including the operational arrangement referred to in Article 17(6).

To that effect, the *quarterly* reports of the Member States shall be appropriately reflected in the National Reform Programmes, which shall be used as a tool for reporting on progress towards completion of the recovery and resilience plans.

*Amendment*

The Member State concerned shall report on a *biannual* basis within the European Semester process on the progress made in the achievement of the recovery and resilience plans, including the operational arrangement referred to in Article 17(6).

To that effect, the *biannual* reports of the Member States shall be appropriately reflected in the National Reform Programmes, which shall be used as a tool for reporting on progress towards completion of the recovery and resilience plans, *including on the measures taken to ensure coordination between the Facility, the European Structural and Investment Funds and other Union-funded programmes. The report shall be transmitted simultaneously to the European Parliament and the Council without undue delay.*

Amendment 102

Proposal for a regulation
Article 21 – paragraph 1

*Text proposed by the Commission*

1. The Commission shall transmit the recovery and resilience plans as approved in the implementing act of the Commission in accordance with Article 17 to the European Parliament and the Council without undue delay. *The Member State*

*Amendment*

1. The Commission shall transmit the recovery and resilience plans as approved *and their assessment* in the delegated act of the Commission in accordance with Article 17 *simultaneously* to the European Parliament and the Council without undue delay.
concerned may request the Commission to redact sensitive or confidential information, the disclosure of which would jeopardise public interests of the Member State.

delay.

Amendment 103

Proposal for a regulation
Article 21 – paragraph 2 a (new)

Text proposed by the Commission

Amendment

2a. Member States shall ensure that the Commission’s communication activities referred to in paragraph 2, in particular with regard to the obligation to make use of the support provided within the framework of the Facility, are properly disseminated at the appropriate regional and local levels.

Amendment 104

Proposal for a regulation
Article 21 a (new)

Text proposed by the Commission

Amendment

Article 21a

Recovery and resilience scoreboard
1. The Commission shall establish a recovery and resilience scoreboard (the ‘Scoreboard’) displaying the status of implementation of the agreed reforms and investments through the recovery and resilience plans of each Member State.

2. The Scoreboard shall include key indicators, such as social, economic and environmental indicators, that evaluate the progress registered by the recovery and resilience plans in each of the six areas that define the scope of this Regulation.
3. The Scoreboard shall indicate the degree of fulfilment of the relevant milestones of the recovery and resilience plans and the identified shortcomings in their implementation, as well as the recommendations of the Commission to address the respective shortcomings.

4. The Scoreboard shall also summarise the main recommendations addressed to the Member States as regards their recovery and resilience plans. For the social progress plans, the Scoreboard shall be based and be complementary to the Social Scoreboard of the Semester process.

5. The Scoreboard shall serve as a basis for a permanent exchange of best practices between Member States which is to materialise in the form of a structured dialogue organised on a regular basis.

6. The Scoreboard shall be constantly updated and shall be publicly available on the Commission’s website. It shall indicate the status of payment claims, payments, suspensions and cancellations of financial contributions.

7. The Commission shall present the Scoreboard at a hearing organised by the competent committees of the European Parliament.

Amendment 105
Proposal for a regulation
Article 24 – title

Text proposed by the Commission

Amendment

Annual report
Quarterly report

Amendment 106
Proposal for a regulation
Article 24 – paragraph 1

Text proposed by the Commission

1. The Commission shall provide an annual report to the European Parliament and the Council on the implementation of the Facility set out in this Regulation.

Amendment

1. The Commission shall provide a quarterly report simultaneously to the European Parliament and the Council on the implementation of the Facility set out in this Regulation.

Amendment 107

Proposal for a regulation
Article 24 – paragraph 2

Text proposed by the Commission

2. The annual report shall include information on the progress made with the recovery and resilience plans of the Member States concerned under the Facility.

Amendment

2. The quarterly report shall include information on the progress made with the recovery and resilience plans of the Member States concerned under the Facility.

Amendment 108

Proposal for a regulation
Article 24 – paragraph 3

Text proposed by the Commission

3. The annual report shall also include the following information:

Amendment

3. The quarterly report shall also include the following information:

Amendment 109

Proposal for a regulation
Article 24 – paragraph 3 – point b a (new)

Text proposed by the Commission

(ba) the use of the Technical Support Instrument for the drafting, implementation, revision and improvement of the recovery and resilience plans;

Amendment
Amendment 110

Proposal for a regulation
Article 24 – paragraph 3 – point b b (new)

Text proposed by the Commission

Amendment

(bb) information about the extent of the consultation of regional and local authorities and other stakeholders, including the social partners and civil society organisations, prior to the submission of the recovery and resilience plans;

Amendment 111

Proposal for a regulation
Article 24 – paragraph 3 – point b c (new)

Text proposed by the Commission

Amendment

(bc) the extent to which the provisions in point (ba) of Article 16(3) have been fulfilled.

Amendment 112

Proposal for a regulation
Article 25 – paragraph 1

Text proposed by the Commission

Amendment

1. Four years after the entry into force of this Regulation, the Commission shall provide the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions with an independent evaluation report on its implementation and with an independent ex post evaluation report no later than three years after the end of 2027.

1. Four years after the entry into force of this Regulation, the Commission shall simultaneously provide the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions with an independent evaluation report on its implementation and with an independent ex post gender impact assessment no later than three years after the end of 2027.
Amendment 113

Proposal for a regulation
Article 25 – paragraph 4

Text proposed by the Commission

4. The ex-post evaluation report shall consist of a global assessment of the instruments established by this Regulation and shall include information on its impact in the long-term.

Amendment

4. The ex-post evaluation report shall consist of a global assessment of the instruments established by this Regulation and shall include information on its impact in the long-term, including on equality between women and men.

Amendment 114

Proposal for a regulation
Article 26 – paragraph 1

Text proposed by the Commission

1. The recipients of Union funding shall acknowledge the origin and ensure the visibility of the Union funding, in particular when promoting the actions and their results, by providing coherent, effective and proportionate targeted information to multiple audiences, including the media and the public.

Amendment

1. The recipients of Union funding shall acknowledge the origin and ensure the visibility of the Union funding, in particular when promoting the actions and their results, by providing coherent, effective and proportionate targeted information to the public, including through the media on a non-discriminatory basis.

Amendment 115

Proposal for a regulation
Article 26 – paragraph 1 – subparagraph 1 a (new)

Text proposed by the Commission

Member States shall ensure that the Commission’s information and communication actions referred to in paragraph 2, in particular with regard to the obligation to make use of the support provided within the framework of the Facility, are properly disseminated at the appropriate regional and local levels.
Amendment 116

Proposal for a regulation
Article 27

Text proposed by the Commission  Amendment

Article 27  deleted

Committee procedure

1. The Commission shall be assisted by a committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.

2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

Amendment 117

Proposal for a regulation
Article 27 a (new)

Text proposed by the Commission  Amendment

Article 27a

Exercise of delegation

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.

2. The power to adopt delegated acts referred to in Article 9(1) and (2) and Article 17(1) shall be conferred on the Commission for a period of seven years from … [date of entry into force of this Regulation]. The Commission shall draw up a report in respect of the delegation of power not later than nine months before the end of the seven-year period. The delegation of power shall be tacitly extended for periods of an identical duration, unless the European Parliament or the Council opposes such extension not later than three months before the end of
3. The delegation of power referred to in Article 9(1) and (2) and in Article 17(1) may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

4. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.

5. A delegated act adopted pursuant to Article 9(1) and (2) and Article 17(1) shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council.

Amendment 118

Proposal for a regulation
Annex II – point 2 – paragraph 1 – point g a (new)

Text proposed by the Commission

<table>
<thead>
<tr>
<th>Amendment</th>
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<tr>
<td>(ga) whether the recovery and resilience plan contributes to key infrastructure development, especially in Member States where GDP/capita is below the Union average and the level of public debt is sustainable.</td>
</tr>
</tbody>
</table>
Amendment 119
Proposal for a regulation
Annex II – point 2.4 – indent 1 a (new)

Text proposed by the Commission

Amendment
- the recovery and resilience plan contributes towards implementing the principles of the EPSR and achieving the UNSDGs,

Amendment 120
Proposal for a regulation
Annex II – point 2.4 – indent 1 b (new)

Text proposed by the Commission

Amendment
- the recovery and resilience plan contributes to a better future for the next generation,

Amendment 121
Proposal for a regulation
Annex II – point 2.4 – indent 1 c (new)

Text proposed by the Commission

Amendment
- the recovery and resilience plan contributes to the adoption of integrated investment plans in digital infrastructures and skills as well as to the creation of an effective funding framework for them which should ensure the highest possible competitiveness of regions in the Union,
## PROCEDURE – COMMITTEE ASKED FOR OPINION

<table>
<thead>
<tr>
<th>Title</th>
<th>Establishing a Recovery and Resilience Facility</th>
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<tr>
<td><strong>References</strong></td>
<td>COM(2020)0408 – C9-0150/2020 – 2020/0104(COD)</td>
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<td><strong>Committees responsible</strong></td>
<td>BUDG 17.6.2020, ECON 17.6.2020</td>
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<td><strong>Opinion by</strong></td>
<td>EMPL 17.6.2020</td>
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<td><strong>Associated committees - date announced in plenary</strong></td>
<td>23.7.2020</td>
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<tr>
<td><strong>Rapporteur</strong></td>
<td>Dragoș Pîslaru 25.6.2020</td>
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<td><strong>Rule 58 – Joint committee procedure</strong></td>
<td>23.7.2020</td>
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<td><strong>Discussed in committee</strong></td>
<td>7.9.2020, 1.10.2020</td>
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<tr>
<td><strong>Date adopted</strong></td>
<td>16.10.2020</td>
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<td><strong>Result of final vote</strong></td>
<td>+: 38, -: 8, 0: 9</td>
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<td><strong>Members present for the final vote</strong></td>
<td>Atidzhe Alieva-Veli, Abir Al-Sahlni, Marc Angel, Dominique Bilde, Gabriele Bischoff, Vilia Blinkevičiūtė, Milan Brglez, Sylvie Brunet, David Casa, Leila Chaibi, Margarita de la Pisa Carrión, Klára Dobeť, Jaroslav Duda, Estrella Durá Ferrandis, Lucia Ďuriš Nicholsonová, Rosa Estaràs Ferragut, Nicolaus Fest, Loucas Fourlas, Cindy Franssen, Heléne Fritzon, Helmut Geuking, Elisabetta Gualmini, Alicia Homs Ginel, France Jamet, Agnes Jongerius, Radan Kaney, Ádám Kósa, Stelios Kympouropoulos, Katrin Langensiepen, Miriam Lexmann, Elena Lippi, Radka Maxová, Sandra Pereira, Kira Marie Peter-Hansen, Dragoș Pîslaru, Manuel Pizarro, Dennis Radtke, Elżbieta Rafalska, Guido Reil, Daniela Rondinelli, Mourir Satouri, Monica Semedo, Beata Szydło, Eugen Tomac, Romana Tome, Yana Toom, Marie-Pierre Vedrenne, Nikolaj Villumsen, Marianne Vind, Maria Walsh, Stefania Zambelli, Tatjana Ždanoka, Tomáš Zdechovský</td>
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<td><strong>Substitutes present for the final vote</strong></td>
<td>Konstantinos Arvanitis, José Manuel Fernandes</td>
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<td>Abir Al-Sahlani</td>
</tr>
<tr>
<td>S&amp;D</td>
<td>Marianne Vind</td>
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Key to symbols:
+ : in favour
- : against
0 : abstention
14.10.2020

OPINION OF THE COMMITTEE ON THE ENVIRONMENT, PUBLIC HEALTH AND FOOD SAFETY

for the Committee on Budgets and the Committee on Economic and Monetary Affairs


(COM(2020)0408 – C9-0150/2020 – 2020/0104(COD))

Rapporteur for opinion(*): Pascal Canfin

(*) Associated committee – Rule 57 of the Rules of Procedure

AMENDMENTS

The Committee on the Environment, Public Health and Food Safety calls on the Committee on Budgets and the Committee on Economic and Monetary Affairs, as the committees responsible, to take into account the following amendments:

Amendment 1

Proposal for a regulation
Recital 2 a (new)

Text proposed by the Commission

(2a) While taking into account the economic and social development of the Union as a whole and the balanced development of its regions, the Union should pursue the following objectives in Article 191 of the Treaty: preserving, protecting and improving the quality of the environment, protecting human health and prudent and rational utilisation of natural resources.

Amendment 2
Proposal for a regulation
Recital 2 b (new)

Text proposed by the Commission

(2b) Deeply regrets the European Council conclusion of 21 July 2020 that significantly cut funding directed to recovery and resilience through Union programmes and financing instruments from the recovery and resilience package.

Amendment

Proposal for a regulation
Recital 3

Text proposed by the Commission

(3) At Union level, the European Semester of economic policy coordination (‘European Semester’), including the principles of the European Pillar of Social Rights, is the framework to identify national reform priorities and monitor their implementation. Member States develop their own national multiannual investment strategies in support of those reforms. Those strategies should be presented alongside the yearly National Reform Programmes as a way to outline and coordinate priority investment projects to be supported by national and/or Union funding.

Amendment

(3) At Union level, the European Semester of economic policy coordination (‘European Semester’), including the principles of the European Pillar of Social Rights, is the framework to identify national reform priorities and monitor their implementation. In order to provide guidance to Member States on where structural reforms and investments to support the transition towards an European climate neutral economy are most needed, the European Semester requires to be progressively updated through the use of harmonised indicators, in order to include all the United Nations’ Sustainable Development Goals (UNSDGs) and the objectives of the European Green Deal in its evaluation. Member States develop their own national multiannual investment strategies in support of those reforms. Those strategies should be presented alongside the yearly National Reform Programmes as a way to outline and coordinate priority investment projects to be supported by national and/or Union funding.
Amendment 4
Proposal for a regulation
Recital 3 a (new)

Text proposed by the Commission

(3a) The atmosphere is warming and the climate is changing with each passing year. One million of the eight million species on the planet are at risk of being lost. Forests and oceans are being polluted and destroyed. The response to these challenges is the European Green Deal\textsuperscript{1a}. It aims to protect, conserve and enhance the Union's natural capital, and protect the health and well-being of citizens from environment-related risks and impacts. Its effective implementation will require public spending and private investments channelled at ever greater rate towards smart solutions for both climate and environment and the economy of the Union.

\textsuperscript{1a} COM(2019) 640 final

Amendment 5
Proposal for a regulation
Recital 4

Text proposed by the Commission

(4) 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. The challenges linked to the demographic context have been amplified by COVID-19. The current COVID-19 pandemic as well as the previous economic and financial crisis have shown that developing sound and resilient economies...
and financial systems built on strong economic and social structures helps Member States to respond more efficiently to shocks and recover more swiftly from them. The medium and long-term consequences of the COVID-19 crisis will critically depend on how quickly Member States’ economies will recover from the crisis, which in turn depends on the fiscal space Member States have available to take measures to mitigate the social and economic impact of the crisis, and on the resilience of their economies. Reforms and investments to address structural weaknesses of the economies and strengthen their resilience will therefore be essential to set the economies back on a sustainable recovery path and avoid further widening of the divergences in the Union.

Amendment 6
Proposal for a regulation
Recital 5

_Text proposed by the Commission_

(5) The implementation of reforms contributing to achieve a high degree of resilience of domestic economies, strengthening adjustment capacity and unlocking growth potential are among the Union’s policy priorities. They are therefore crucial to set the recovery on a sustainable path and support the process of upward economic and social convergence. This is even more necessary in the aftermath of the pandemic crisis to pave the way for a swift recovery.

_Amendment_

(5) The implementation of reforms contributing to achieve a high degree of _environmental, social and economic_ resilience of domestic economies, strengthening adjustment, _climate mitigation_ capacity, _circular and green transition_ and unlocking growth potential and _achieving the European Green Deal_ are among the Union’s policy priorities. They are therefore crucial to set the recovery on a sustainable path and support the process of upward economic and social convergence and _environmentally sustainable recovery_. This is even more necessary in the aftermath of the pandemic crisis to pave the way for a swift _and sustainable_ recovery. _Welcomes the five high-level principles for recovery and_
resilience introduced by the EU Technical Expert Group on Sustainable Finance (TEG)\textsuperscript{1a}.


Amendment 7

Proposal for a regulation
Recital 6

\textit{Text proposed by the Commission}

(6) Past experiences have shown that investment is often drastically cut during crises. \textit{However}, it is essential to support investment in this particular situation to speed up the recovery and strengthen long-term growth potential. Investing in \textit{green} and digital technologies, capacities and processes aimed at assisting clean energy transition, boosting energy \textit{efficiency in housing} and other key sectors of the economic are important to achieve sustainable growth and help create jobs. It will also help make the Union more resilient and less dependent by diversifying key supply chains.

\textit{Amendment}

(6) Past experiences have shown that investment is often drastically cut during crises. \textit{Therefore}, it is essential to support investment in this particular situation to speed up the recovery and strengthen long-term \textit{sustainable} growth potential. Investing in \textit{sustainable, circular, climate-neutral} and digital technologies, capacities and processes aimed at \textit{achieving the Union net-zero greenhouse gas emissions objectives by 2050} assisting clean energy transition, boosting energy, the \textit{development of circular economy models} and other key sectors of the economic are important to achieve sustainable growth and help create jobs. It will also help make the Union more resilient and less dependent by diversifying key supply chains.

Amendment 8

Proposal for a regulation
Recital 6 a (new)

\textit{Text proposed by the Commission}

Amendment

(6) Past experiences have shown that investment is often drastically cut during crises. Therefore, it is essential to support investment in this particular situation to speed up the recovery and strengthen long-term sustainable growth potential. Investing in sustainable, circular, climate-neutral and digital technologies, capacities and processes aimed at achieving the Union net-zero greenhouse gas emissions objectives by 2050 assisting clean energy transition, boosting energy, the development of circular economy models and other key sectors of the economic are important to achieve sustainable growth and help create jobs. It will also help make the Union more resilient and less dependent by diversifying key supply chains.
(6a) Investing in strengthening the resilience of healthcare and health systems in preparation for future pandemics, including the performance of stress tests of national and regional healthcare systems, and with a view to improving general health in societies, resulting in a healthier population which is less susceptible to health threats and boosting the creation of the European health Union, are important to achieve sustainable growth and to promote an economic, social and territorial cohesion.

Amendment 9
Proposal for a regulation
Recital 7

Text proposed by the Commission

(7) Currently, no instrument foresees direct financial support linked to the achievement of results and to implementation of reforms and public investments of the Member States in response to challenges identified in the European Semester, and with a view to having a lasting impact on the productivity and resilience of the economy of the Member States.

Amendment

(7) Currently, no instrument foresees direct financial support linked to the achievement of results and to implementation of reforms and public investments of the Member States in response to challenges identified in the European Semester, and with a view to having a lasting impact on the productivity, sustainability and resilience of the economy of the Member States.

Amendment 10
Proposal for a regulation
Recital 8

Text proposed by the Commission

(8) Against this background, it is necessary to strengthen the current framework for the provision of support to Member States and provide direct financial support to Member States through an innovative tool. To that end, a Recovery and Resilience Facility (the ‘Facility’) should be established under this Regulation

Amendment

(8) Against this background, it is necessary to strengthen the current framework for the provision of support to Member States and provide direct financial support to Member States through an innovative tool. To that end, a Recovery and Resilience Facility (the ‘Facility’) should be established under this Regulation
to provide effective financial and significant support to step up the implementation of reforms and related public investments in the Member States. The Facility should be comprehensive and should also benefit from the experience gained by the Commission and the Member States from the use of the other instruments and programmes. The Facility should be comprehensive and should also benefit from the experience gained by the Commission and the Member States from the use of the other instruments and programmes.

Amendment 11
Proposal for a regulation
Recital 10

Text proposed by the Commission

(10) In accordance with Regulation [European Union Recovery Instrument] and within the limits of resources allocated therein, recovery and resilience measures under the Recovery and Resilience Facility should be carried out to address the unprecedented impact of the COVID-19 crisis. Such additional resources should be used in such a way as to ensure compliance with the time limits provided for in Regulation [EURI].

Amendment

(10) In accordance with Regulation [European Union Recovery Instrument] and within the limits of resources allocated therein, recovery and resilience measures under the Recovery and Resilience Facility should be carried out to address the unprecedented impact of the COVID-19 crisis and to ensure sustainable and green recovery. Such additional resources should be used in such a way as to ensure compliance with the time limits provided for in Regulation [EURI].

Amendment 12
Proposal for a regulation
Recital 10 a (new)

Text proposed by the Commission

(10a) The Facility should support projects that respect the principle of additionality of Union funding and that generate a genuine European added value. The Facility should not be a substitute for recurring national expenditures and should not run counter
to the strategic and economic interests of the Union, and should therefore not finance investment plans of third countries.

Amendment 13
Proposal for a regulation
Recital 11

Text proposed by the Commission

(11) Reflecting the European Green Deal as Europe’s sustainable growth strategy and the translation of the Union's commitments to implement the Paris Agreement and the United Nations’ Sustainable Development Goals, the Facility established by this Regulation will contribute to mainstreaming climate actions and environmental sustainability and to the achievement of an overall target of 25% of the EU budget expenditures supporting climate objectives.

Amendment

(11) Reflecting the European Green Deal as Europe’s sustainable growth strategy and the translation of the Union's commitments to implement the Paris Agreement and the United Nations’ Sustainable Development Goals, the Facility established by this Regulation will contribute to mainstreaming climate actions and environmental sustainability, including biodiversity, and to the achievement of a climate-related spending target of 30% and a biodiversity-related spending target of 10% of the EU budget expenditures. As a general principle, all Union expenditures should be consistent with the objectives of Paris agreement. The EU taxonomy established by Regulation (EU) 2020/852 of the European Parliament and of the Council 1a should be used to track the implementation of those objectives.


Amendment 14
Proposal for a regulation
Recital 12
(12) In order to implement these overall objectives, relevant actions will be identified during the Facility’s preparation and implementation, and reassessed in the context of the relevant evaluations and review processes. Also, due attention should be paid to the impact of the national plans submitted under this Regulation on fostering not only the green transition, but also the digital transformation. They will both play a priority role in relaunching and modernising our economy.

Amendment 15

Proposal for a regulation
Recital 13

(13) In order to enable measures to be taken that link the Facility to sound economic governance, with a view to ensuring uniform implementing conditions, the power should be conferred on the Council to suspend, on a proposal from the Commission and by means of implementing acts, the period of time for the adoption of decisions on proposals for recovery and resilience plans and to suspend payments under this Facility, in the event of significant non-compliance in relation to the relevant cases related to the economic governance process laid down in the Regulation (EU) No XXX/XX of the European Parliament and of the Council [CPR] (...). The power to lift those suspensions by means of implementing acts, on a proposal from the Commission, should also be conferred on the Council in relation to the same relevant cases.

deleted
Amendment 16
Proposal for a regulation
Recital 14

Text proposed by the Commission

(14) The Facility’s general objective should be the promotion of economic, social and territorial cohesion. For that purpose, it should contribute to improving the resilience and adjustment capacity of the Member States, mitigating the social and economic impact of the crisis, and supporting the green and digital transitions aimed at achieving a climate neutral Europe by 2050, thereby restoring the growth potential of the economies of the Union in the aftermath of the crisis, fostering employment creation and to promoting sustainable growth.

Amendment

(14) The Facility’s general objective should be to contribute to addressing the challenges of the policy areas identified under this Regulation through the promotion of economic, social and territorial cohesion and to contribute to the objectives of Union policies, the UNSDGs, the ‘European Pillar of Social Rights’, the Paris Agreement and to the strengthening of the Single Market. For that purpose, it should contribute to improving the resilience and adjustment capacity of the Member States, mitigating the social and economic impact of the crisis, foster the digital transition, and supporting the just and inclusive transition towards an environmentally sustainable, energy- and resource-efficient and circular economy, where there are no net greenhouse gas emissions by 2050 at the latest, thereby restoring the sustainable growth potential of the economies of the Union in the aftermath of the crisis, fostering gender balanced employment creation and to promoting sustainable growth.

Amendment 17
Proposal for a regulation
Recital 16

Text proposed by the Commission

(16) To ensure its contribution to the objectives of the Facility, the recovery and resilience plan should comprise measures for the implementation of reforms and public investment projects through a coherent recovery and resilience plan. The recovery and resilience plan should be consistent with the relevant country-specific challenges and priorities identified

Amendment

(16) To ensure its contribution to the objectives of the Facility, the recovery and resilience plan should comprise measures for the implementation of reforms and public investment projects through a coherent recovery and resilience plan. The recovery and resilience plan should be coherent with the relevant country-specific challenges and priorities identified in the
in the context of the European Semester, with the national reform programmes, the national energy and climate plans, the just transition plans, and the partnership agreements and operational programmes adopted under the Union funds. To boost actions that fall within the priorities of the European Green Deal and the Digital Agenda, the plan should also set out measures that are relevant for the green and digital transitions. The measures should enable a swift deliver of targets, objectives and contributions set out in national energy and climate plans and updates thereof. All supported activities should be pursued in full respect of the climate and environmental priorities of the Union.

Amendment 18

Proposal for a regulation
Recital 18

Text proposed by the Commission

(18) To inform the preparation and the implementation of the recovery and resilience plans by Member States, the Council should be able to discuss, within the European Semester, the state of recovery, resilience and adjustment capacity in the Union. To ensure appropriate evidence, this discussion should be based on the Commission’s strategic and analytical information available in the context of the European Semester and, if available, on the basis of the information on the implementation of the plans in the preceding years.

Amendment

(18) To inform the preparation and the implementation of the recovery and resilience plans by Member States, the Council, in close cooperation with the European Parliament, should be able to discuss, within the European Semester, the state of recovery, resilience, climate transition and adjustment capacity in the Union. To ensure appropriate evidence, this discussion should be based on the Commission’s strategic and analytical information available in the context of the European Semester and, if available, on the basis of the information on the implementation of the plans in the preceding years and the progress in the national transition plans.
Amendment 19

Proposal for a regulation
Recital 21

*Text proposed by the Commission*

(21) In order to ensure the national ownership and a focus on relevant reforms and investments, Member States wishing to receive support should submit to the Commission a recovery and resilience plan that is duly reasoned and substantiated. The recovery and resilience plan should set out the detailed set of measures for its implementation, including targets and milestones, and the expected impact of the recovery and resilience plan on growth potential, job creation and economic and social resilience; it should also include measures that are relevant for the green and the digital transitions; it should also include an explanation of the consistency of the proposed recovery and resilience plan with the relevant country-specific challenges and priorities identified in the context of the European Semester. Close cooperation between the Commission and the Member States should be sought and achieved throughout the process.

*Amendment*

(21) In order to ensure the national ownership and a focus on relevant reforms and investments, Member States wishing to receive support should submit to the Commission a recovery and resilience plan that is duly reasoned and substantiated. The recovery and resilience plan should set out the detailed set of measures for its implementation, including targets and milestones, and the expected impact of the recovery and resilience plan on the objectives of the European Green Deal, in particular sustainable growth potential, job creation and economic, social resilience and the support to the transition towards a sustainable and climate neutral European economy by 2050 at the latest and its digital transition; it should also include measures that are relevant for the green and the digital transitions; it should also include an explanation of the consistency of the proposed recovery and resilience plan with the relevant country-specific challenges and priorities identified in the context of the updated European Semester. Close cooperation between the Commission and the Member States should be sought and achieved throughout the process.

Amendment 20

Proposal for a regulation
Recital 21 a (new)

*Text proposed by the Commission*

(21a) In order to ensure that the Facility effectively contributes to the green transition, the national recovery and resilience plans prepared by Member...
States should be fully aligned with the objectives of the European Green Deal, in particular the over-arching goal of climate neutrality by 2050 at the latest, and abide by the "do no significant harm" principle referred to in Regulation (EU) 2020/852.

Amendment 21

Proposal for a regulation

Recital 22

Text proposed by the Commission

(22) The Commission should assess the recovery and resilience plan proposed by the Member States and should act in close cooperation with the Member State concerned. The Commission will fully respect the national ownership of the process and will therefore take into account the justification and elements provided by the Member State concerned and assess whether the recovery and resilience plan proposed by the Member State is expected to contribute to effectively address challenges identified in the relevant country-specific recommendation addressed to the Member State concerned or in other relevant documents officially adopted by the Commission in the European Semester; whether the plan contains measures that effectively contribute to the green and the digital transitions and to addressing the challenges resulting from them; whether the plan is expected to have a lasting impact in the Member State concerned; whether the plan is expected to effectively contribute to strengthen the growth potential, job creation and economic and social resilience of the Member State, mitigate the economic and social impact of the crisis and contribute to enhancing economic, social and territorial cohesion; whether the justification provided by the Member State of the estimated total costs of the recovery

Amendment

(22) The Commission should assess the recovery and resilience plan proposed by the Member States and should act in close cooperation with the Member State concerned. The Commission will fully respect the national ownership of the process and will therefore take into account the justification and elements provided by the Member State concerned and assess whether the recovery and resilience plan proposed by the Member State is expected effectively to strengthen the sustainable growth potential, job creation and economic and social resilience of the Member State, mitigate the economic and social impact of the crisis and contribute to enhancing economic, social and territorial cohesion and support the transition towards a sustainable and climate neutral European economy by 2050 at the latest and its digital transition, to addressing the challenges resulting from them; whether the recovery and resilience plan proposed by the Member State is expected to contribute to effectively address challenges identified in the relevant country-specific recommendation addressed to the Member State concerned or in other relevant documents officially adopted by the Commission in the updated European Semester; whether the plan is consistent with the Union's commitments under the
and resilience plan submitted is reasonable and plausible and is commensurate to the expected impact on the economy and employment; whether the proposed recovery and resilience plan contains measures for the implementation of reforms and public investment projects that represent coherent actions; and whether the arrangement proposed by the Member State concerned are expected to ensure effective implementation of the recovery and resilience plan, including the proposed milestones and targets, and the related indicators.

Paris Agreement, in particular the Union's climate objectives set out in [Regulation (EU) 2020/XXX establishing the framework for achieving climate neutrality and amending Regulation (EU) 2018/1999 (the ‘European Climate Law’)] and contains measures that effectively contribute to the green and the digital transitions and to addressing the challenges resulting from them; whether the plan is expected to have a lasting impact in the Member State concerned; whether the plan is expected to effectively contribute to strengthen the growth potential, job creation and economic and social resilience of the Member State, mitigate the economic and social impact of the crisis and contribute to enhancing economic, social and territorial cohesion; whether the justification provided by the Member State of the estimated total costs of the recovery and resilience plan submitted is reasonable and plausible and is commensurate to the expected impact on the economy and employment; whether the plan excludes activities that are not compliant with the 'do no significant harm' principle referred to in Regulation (EU) 2020/852; whether the proposed recovery and resilience plan contains measures for the implementation of reforms and public investment projects that represent coherent actions; and whether the arrangement proposed by the Member State concerned are expected to ensure effective implementation of the recovery and resilience plan, including the proposed milestones and targets, and the related indicators.

Amendment 22
Proposal for a regulation
Recital 23 a (new)

Text proposed by the Commission

Amendment

(23a) In order to assess whether the recovery and resilience plans presented by
Member States effectively serve the objectives of the European Green Deal, the EU taxonomy established by Regulation (EU) 2020/852 should be used. The positive evaluation by the Commission of a plan should be conditional on the plan’s effective contribution to the green transition.

Amendment 23
Proposal for a regulation
Recital 24

Text proposed by the Commission

(24) In order to contribute to the preparation of high-quality plans and assist the Commission in the assessment of the recovery and resilience plans submitted by the Member States and in the assessment of the degree of their achievement, provision should be made for the use of expert advice and, at the Member State request, peer counselling.

Amendment

(24) In order to contribute to the preparation of high-quality plans and assist the Commission in the assessment of the recovery and resilience plans submitted by the Member States and in the assessment of the degree of their achievement, provision should be made for the use of expert advice and, at the Member State request, peer counselling. The Recovery and Resilience Task Force of the Commission should assist Member States in the preparation and elaboration of their respective recovery and resilience plans and should ensure that they are aligned with the Union's priorities, in particular the objective of climate neutrality, using the tools provided by the EU taxonomy established by Regulation (EU) 2020/852.

Amendment 24
Proposal for a regulation
Recital 26

Text proposed by the Commission

(26) Provided that the recovery and resilience plan satisfactorily addresses the assessment criteria, the Member State concerned should be allocated the maximum financial contribution where the

Amendment

(26) Provided that the recovery and resilience plan satisfactorily addresses the assessment criteria, the Member State concerned should be allocated the maximum financial contribution where the
estimated total costs of the reform and investment included in the recovery and resilience plan is equal to, or higher than, the amount of the maximum financial contribution itself. The Member State concerned should instead be allocated an amount equal to the estimated total cost of the recovery and resilience plan where such estimated total cost is lower than the maximum financial contribution itself. No financial contribution should be awarded to the Member State if the recovery and resilience plan does not satisfactorily address the assessment criteria, including the EU taxonomy established by Regulation (EU) 2020/852 and the "do no significant harm" principle referred to in that Regulation.

Amendment 25
Proposal for a regulation
Recital 29

Text proposed by the Commission

(29) The request for a loan should be justified by the financial needs linked to additional reforms and investments included in the recovery and resilience plan, notably relevant for the green and digital transitions, and by therefore, by a higher cost of the plan than the maximum financial contribution (to be) allocated via the non-repayable contribution. It should be possible to submit the request for a loan together with the submission of the plan. In case the request for loan is made at a different moment in time, it should be accompanied by a revised plan with additional milestones and targets. To ensure frontloading of resources, Member States should request a loan support at the latest by 31 August 2024. For the purposes of sound financial management, the total amount of all the loans granted under this Regulation should be capped. In addition, the maximum volume of the loan for each

Amendment

(29) The request for a loan should be justified by the financial needs linked to additional reforms and investments included in the recovery and resilience plan, notably relevant for the transition towards a sustainable and climate neutral European economy by 2050 at the latest and its digital transition, and by therefore, by a higher cost of the plan than the maximum financial contribution (to be) allocated via the non-repayable contribution. It should be possible to submit the request for a loan together with the submission of the plan. In case the request for loan is made at a different moment in time, it should be accompanied by a revised plan with additional time-bound and science-based milestones and targets. To ensure frontloading of resources, Member States should request a loan support at the latest by 31 August 2024. For the purposes of sound financial
Member State should not exceed 4.7% of its Gross National Income. An increase of the capped amount should be possible in exceptional circumstances subject to available resources. For the same reasons of sound financial management, it should be possible to pay the loan in instalments against the fulfilment of results.

**Amendment 26**

**Proposal for a regulation**

**Recital 37**

*Text proposed by the Commission*

(37) It is opportune that the Commission provides an annual report to the European Parliament and the Council on the implementation of the Facility set out in this Regulation. This report should include information on the progress made by Member States under the recovery and resilience plans approved; it should also include information on the volume of the proceeds assigned to the Facility under the European Union Recovery Instrument in the previous year, broken down by budget line, and the contribution of the amounts raised through the European Union Recovery Instrument to the achievements of the objectives of the Facility.

*Amendment*

(37) It is opportune that the Commission provides an annual report to the European Parliament and the Council on the implementation of the Facility set out in this Regulation. This report should include information on the progress made by Member States under the recovery and resilience plans approved; it should also include information on the volume of the proceeds assigned to the Facility under the European Union Recovery Instrument in the previous year, broken down by budget line, and the contribution of the amounts raised through the European Union Recovery Instrument to the achievements of the objectives of the Facility. *It should also include the contribution of the Facility to meeting the Union climate and sustainability policy objectives, in particular the Union's climate objectives laid down in [Regulation (EU)2020/XXX establishing the framework for achieving climate neutrality and amending Regulation (EU) 2018/1999 (the 'European Climate law')] and the priorities set out in the national energy and climate plans(NECPs).*
Amendment 27
Proposal for a regulation
Recital 39

Text proposed by the Commission

(39) The recovery and resilience plans to be implemented by the Member States and the corresponding financial contribution allocated to them should be established by the Commission by way of implementing act. In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission. The implementing powers relating to the adoption of the recovery and resilience plans and to the payment of the financial support upon fulfilment of the relevant milestones and targets should be exercised by the Commission in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council, under the examination procedure thereof. After the adoption of an implementing act, it should be possible for the Member State concerned and the Commission to agree on certain operational arrangements of a technical nature, detailing aspects of the implementation with respect to timelines, indicators for the milestones and targets, and access to underlying data. To allow the continuous relevance of the operational arrangements in respect of the prevailing circumstances during the implementation of the recovery and resilience plan, it should be possible that the elements of such technical arrangements may be modified by mutual consent. Horizontal financial rules adopted by the European Parliament and the Council on the basis of Article 322 of the Treaty on the Functioning of the European Union apply to this Regulation. These rules are laid down in the Financial Regulation and determine in particular the procedure for

Amendment

(39) The recovery and resilience plans to be implemented by the Member States and the corresponding financial contribution allocated to them should be established by the Commission by way of delegated act. In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission. The implementing powers relating to the adoption of the recovery and resilience plans and to the payment of the financial support upon fulfilment of the relevant milestones and targets should be exercised by the Commission in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council, under the examination procedure thereof. After the adoption of a delegated act, it should be possible for the Member State concerned and the Commission to agree on certain operational arrangements of a technical nature, detailing aspects of the implementation with respect to timelines, indicators for the milestones and targets, and access to underlying data. To allow the continuous relevance of the operational arrangements in respect of the prevailing circumstances during the implementation of the recovery and resilience plan, it should be possible that the elements of such technical arrangements may be modified by mutual consent. Horizontal financial rules adopted by the European Parliament and the Council on the basis of Article 322 of the Treaty on the Functioning of the European Union apply to this Regulation. These rules are laid down in the Financial Regulation and determine in particular the procedure for
establishing and implementing the budget through grants, procurement, prizes, indirect implementation, and provide for checks on the responsibility of financial actors. Rules adopted on the basis of Article 322 TFEU also concern the protection of the Union's budget in case of generalised deficiencies as regards the rule of law in the Member States, as the respect for the rule of law is an essential precondition for sound financial management and effective EU funding.


Amendment 28

Proposal for a regulation
Article 3 – paragraph 1

Text proposed by the Commission

The scope of application of the Recovery and Resilience Facility established by this Regulation shall refer to policy areas related to economic, social and territorial cohesion, the green and digital transitions, health, competitiveness, resilience, productivity, education and skills, research and innovation, smart, sustainable and inclusive growth, jobs and investment, and the stability of the financial systems.

Amendment

The scope of application of the Recovery and Resilience Facility established by this Regulation shall refer to policy areas related to economic, social and territorial cohesion, the climate and environment objectives of the Union, notably the transition towards achieving the Union’s updated 2030 climate targets and complying with the objective of Union climate neutrality by 2050 in accordance with [Regulation 2020/XXX establishing the framework for achieving climate neutrality and amending Regulation (EU) 2018/1999 (the ‘European Climate Law’)], the digital transition, health, competitiveness, resilience, productivity, education and skills, research and innovation, smart, sustainable, gender balanced, and inclusive growth, jobs and
Amendment 29

Proposal for a regulation
Article 4 – paragraph 1

Text proposed by the Commission

1. The general objective of the Recovery and Resilience Facility shall be to promote the Union’s economic, social and territorial cohesion by improving the resilience and adjustment capacity of the Member States, mitigating the social and economic impact of the crisis, and supporting the green and digital transitions, thereby contributing to restoring the growth potential of the economies of the Union, fostering employment creation in the aftermath of the COVID-19 crisis, and promoting sustainable growth.

Amendment

1. The general objective of the Recovery and Resilience Facility shall be to promote the Union’s economic, social and territorial cohesion by improving the resilience and adjustment capacity of the Member States and contributing to the Union’s strategic autonomy, mitigating the social and economic impact of the crisis, and supporting the transition towards achieving the Union’s updated 2030 climate targets and complying with the objective of Union climate neutrality by 2050 at the latest and the digital transition, thereby contributing to restoring the growth potential of the economies of the Union, fostering employment creation in the aftermath of the COVID-19 crisis, and promoting sustainable growth.

All activities receiving support under the recovery and resilience plans shall respect the “do no significant harm” principle referred to in Article 17 of Regulation (EU) 2020/852. In addition, activities receiving support under the recovery and resilience plans that fall within the specific sectors of economic activities covered by Regulation (EU) 2020/852 shall be in line with the technical screening criteria referred to in Article 3 of that Regulation.

To contribute to, and be fully consistent with, the objectives of the Paris Agreement and the European Green Deal, at least 37% of the Facility shall be directed to finance climate actions. 10% of the Facility shall be directed to biodiversity actions, part of which may overlap with investments directed to investment, and the stability of the financial systems.
climate actions. The combination of climate and biodiversity related spending shall lead to an allocation of at least 40% of the total budget of the Facility.

Amendment 30
Proposal for a regulation
Article 4 – paragraph 2 a (new)

Text proposed by the Commission

Amendment

2a. The Facility shall not run counter to the strategic and economic interests of the Union. In this respect, support shall not be provided to projects that are part of the strategic investment plans of third countries.

Amendment 31
Proposal for a regulation
Article 9

Text proposed by the Commission

Amendment

Article 9 deleted

Measures linking the Facility to sound economic governance

1. In the event of significant non-compliance in relation to any of the cases laid down in Article 15(7) of the Regulation laying down common provisions on the […] CPR, the Council shall, on a proposal from the Commission, adopt a decision by means of an implementing act to suspend the time period for the adoption of the decisions referred to in Articles 17(1) and 17(2) or to suspend payments under the Recovery and Resilience Facility.

The decision to suspend payments referred to in paragraph 1 shall apply to payment applications submitted after the date of the decision to suspend.
The suspension of the time period referred to in Article 17 shall apply from the day after the adoption of the decision referred to in paragraph 1.

In case of suspension of payments Article 15(9) of Regulation laying down common provisions on the (...) shall apply.

2. In the event of occurrence of any of the cases referred to in Article 15(11) of the Regulation laying down common provisions on the [...], the Council shall, on a proposal from the Commission, adopt a decision by means of an implementing act to lift the suspension of the time period or of payments referred to in the previous paragraph.

The relevant procedures or payments shall resume the day after the lifting of the suspension.

Amendment 32

Proposal for a regulation

Article 14 – paragraph 2

Text proposed by the Commission

2. The recovery and resilience plans shall be consistent with the relevant country-specific challenges and priorities identified in the context of the European Semester, in particular those relevant for or resulting from the green and digital transition. The recovery and resilience plans shall also be consistent with the information included by the Member States in the national reform programmes under the European Semester, in their national energy and climate plans and updates thereof under the Regulation (EU)2018/1999, in the territorial just transition plans under the Just Transition Fund, and in the partnership agreements and operational programmes under the Union funds.

Amendment

2. The recovery and resilience plans shall be consistent with the general and specific objectives of the Facility as defined in Article 4 of this Regulation and contribute to the implementation of the relevant country-specific challenges and priorities identified in the context of the European Semester, in particular those relevant for or resulting from the climate and environment objectives of the Union, notably the transition towards achieving the Union’s updated 2030 climate targets and complying with the objective of Union climate neutrality by 2050 at the latest in accordance with Regulation 2020/XXX establishing the framework for achieving climate neutrality and amending Regulation (EU) 2018/1999 (the ‘European Climate Law’) and the digital
transition. The recovery and resilience plans shall also be consistent with the information included by the Member States in the national reform programmes under the European Semester, in their national energy and climate plans and updates thereof as well as their long-term strategies under the Regulation (EU) 2018/1999\textsuperscript{21}, in the territorial just transition plans under the Just Transition Fund\textsuperscript{22}, and in the partnership agreements and operational programmes under the Union funds.

The recovery and resilience plans shall be consistent with a pathway aiming at achieving the long-term temperature goal of the Paris Agreement taking into account the latest available scientific evidence, in particular the Intergovernmental Panel on Climate Change (IPCC) special report entitled ‘Global warming of 1.5°C’.

The recovery and resilience plans shall only support activities that do not cause significant harm in accordance with Article 4(1) of this Regulation. In addition, activities receiving support under the Recovery and Resilience Plans that fall within the specific sectors of economic activities covered by Regulation (EU) 2020/852 shall be in line with the technical screening criteria referred to in Article 3 of Regulation (EU) 2020/852.

To ensure that the recovery and resilience plans contribute to the achievement in the Member States of the objective of climate neutrality by 2050 at the latest, and be fully consistent with the objectives of the Paris Agreement and the European Green Deal, at least 37% of the amount of each recovery and resilience plan shall be directed to finance climate actions. 10% of the amount of each recovery and resilience plan shall be directed to biodiversity actions, part of which may overlap with investments directed to climate actions. The combination of
climate and biodiversity related spending shall lead to an allocation of at least 40% of the total amount of each recovery and resilience plan.


22. […]

Amendment 33
Proposal for a regulation
Article 14 – paragraph 2 a (new)

Text proposed by the Commission

Amendment

2a. The recovery and resilience plans shall include measures that effectively contribute to strengthening the resilience of healthcare and health systems in preparation for future pandemics, and with a view to improving general health in societies, to achieve a general objective of high level of protection of human health.

Amendment 34
Proposal for a regulation
Article 14 – paragraph 2 b (new)

Text proposed by the Commission

Amendment

2b. The Commission shall develop technical guidance notes on the practical application of the ‘do no significant harm’ criteria referred to in Article 17 of Regulation (EU) 2020/852, of the technical screening criteria referred to in Article 3 of that Regulation, and of the delegated acts adopted on the basis thereof to the Facility established by this Regulation.
Amendment 35
Proposal for a regulation
Article 14 – paragraph 2 c (new)

Text proposed by the Commission

Amendment

2c. The recovery and resilience plans shall not finance activities that lead to a lock-in in assets that undermine the achievement of the Union’s climate and environment objectives. In particular, they shall not include investments related to the production, processing, distribution, transport, storage or combustion of fossil fuels.

Amendment 36
Proposal for a regulation
Article 15 – paragraph 3 – introductory part

Text proposed by the Commission

Amendment

3. The recovery and resilience plan shall be duly reasoned and substantiated. It shall in particular set out the following elements;

Amendment 37
Proposal for a regulation
Article 15 – paragraph 3 – point b

Text proposed by the Commission

Amendment

(b) an explanation of how the plan strengthens the sustainable growth potential, job creation and economic and social resilience of the Member State concerned, mitigates the economic and social impact of the crisis, and its contribution to enhance economic, social and territorial cohesion and convergence; (b) an explanation of how the plan strengthens the sustainable growth potential, job creation and economic, environmental and social resilience of the Member State concerned, mitigates the economic and social impact of the crisis, its contribution to enhance economic, social and territorial cohesion and convergence, and how the plan will
significantly decrease the investment gap necessary to achieve the Union’s climate and environment targets. In the cases where the Facility is used to support a large company in a high carbon sector, Member States shall disclose how the company plans to align its business model with the Paris Agreement and associated Union climate goals, including through the publication of transition plans by the company.

Amendment 38
Proposal for a regulation
Article 15 – paragraph 3 – point c

Text proposed by the Commission

(c) an explanation of how the measures in the plan are expected to contribute to the green and the digital transitions or to the challenges resulting from them;

Amendment

(c) an explanation of how the measures in the plan are expected to contribute to the climate and environment objectives of the Union and in particular how they contribute to each of the following:

(i) the transition towards achieving the Union’s updated 2030 climate targets and complying with the objective of Union climate neutrality by 2050 in accordance with [Regulation (EU) 2020/XXX establishing the framework for achieving climate neutrality and amending Regulation (EU) 2018/1999 (the ‘European Climate Law’)];

(ii) the respect of the “do no significant harm” referred to in Article 17 of Regulation (EU) 2020/852 and the consistency with the technical screening criteria established in accordance with Article 3 of that Regulation;

(iii) the contribution to achieve the climate and biodiversity mainstreaming targets referred to in Article 14(2), fourth subparagraph, which shall be based on the criteria set out under Regulation (EU) 2020/852;
(iv) the significant decrease of the national investment gap necessary to achieve the Union’s climate and environment targets;

(v) the contribution to meeting the Union sustainability policy objectives taking into account the objectives set out in the NECPs; and

(vi) the contribution in addressing social, economic or environmental challenges deriving from the transition;

Amendment 39
Proposal for a regulation
Article 15 – paragraph 3 – point c a (new)

Text proposed by the Commission

Amendment

(ca) an explanation of how the measures in the plan are expected to contribute to the digital transition or to addressing the challenges resulting from it;

Amendment 40
Proposal for a regulation
Article 15 – paragraph 3 – point c b (new)

Text proposed by the Commission

Amendment

(cb) an explanation of how the measures in the plan are expected to contribute the implementation of the commitments of the Union and of its Member States, in particular the European Green Deal, the Paris Agreement, the NECPs and updates thereof under Regulation (EU) 2018/1999, the territorial just transition plans under the Just Transition Fund, the partnership agreements and operational programmes under other Union funds;
Amendment 41
Proposal for a regulation
Article 15 – paragraph 3 – point c c (new)

Text proposed by the Commission

Amendment

(cc) an explanation of how the measures in the plan will effectively contribute to strengthening the resilience of healthcare and health systems in preparation for future pandemics, and with a view to improving general health in societies to achieve the objective of a high level of protection of human health;

Amendment 42
Proposal for a regulation
Article 15 – paragraph 3 – point c d (new)

Text proposed by the Commission

Amendment

(cd) an explanation of how the measures in the plan are expected to bring European added-value;

Amendment 43
Proposal for a regulation
Article 16 – paragraph 2

Text proposed by the Commission

Amendment

2. When assessing the recovery and resilience plan and in the determination of the amount to be allocated to the Member State concerned, the Commission shall take into account the analytical information on the Member State concerned available in the context of the European Semester as well as the justification and the elements provided by the Member State concerned, as referred to in Article 15(3), and any other relevant information including, in particular, the one contained in the National Reform Programme and the

2. When assessing the recovery and resilience plan and in the determination of the amount to be allocated to the Member State concerned, the Commission shall take into account the analytical information on the Member State concerned available in the context of the European Semester as well as the justification and the elements provided by the Member State concerned, as referred to in Article 15(3), and any other relevant information including, in particular, the National Reform Programme, the just transition plan and
the National Energy and Climate Plan of the Member State concerned and, if relevant, information from technical support received via the Technical Support Instrument.

Amendment 44

Proposal for a regulation
Article 16 – paragraph 3 – point b

Text proposed by the Commission

(b) whether the plan contains measures that effectively contribute to the green and digital transitions or to addressing the challenges resulting from them;

Amendment

(b) whether the plan contains measures that effectively contribute to the climate and environment objectives of the Union and in particular how they contribute to each of the following:

(i) the transition towards achieving the Union’s updated 2030 climate targets and complying with the objective of Union climate neutrality by 2050 in accordance with [Regulation (EU) 2020/XXX establishing the framework for achieving climate neutrality and amending Regulation (EU) 2018/1999 (the 'European Climate Law')];

(ii) the respect of the “do no significant harm” referred to in Article 17 of Regulation (EU) 2020/852 and the consistency with the technical screening criteria established in accordance with Article 3 of that Regulation;

(iii) the contribution to achieve the climate and biodiversity mainstreaming targets referred to in Article 14(2) fourth subparagraph, which shall be based on the criteria set out under Regulation (EU) 2020/852;

(iv) the significant decrease of the national investment gap necessary to achieve the Union’s climate and environmental targets;

(v) the contribution to meeting the Union sustainability policy objectives taking into
account the objectives set out in the NECPs; and

(vi) the contribution in addressing social, economic or environmental challenges deriving from the transition;

Amendment 45
Proposal for a regulation
Article 16 – paragraph 3 – point b a (new)

Text proposed by the Commission

(ba) whether the plan contains measures that effectively contribute to the digital transition or to addressing the challenges resulting from it;

Amendment 46
Proposal for a regulation
Article 16 – paragraph 3 – point b b (new)

Text proposed by the Commission

(bb) whether the plan contains measures that effectively contribute to strengthening the resilience of healthcare and health systems in preparation for future pandemics, and with a view to improving general health in societies, to the end to achieve a high level of protection of human health;

Amendment 47
Proposal for a regulation
Article 16 – paragraph 3 – point f a (new)

Text proposed by the Commission

(fa) whether the consultations held for the preparation of the recovery and resilience plan and dialogues planned, in relation with the implementation of the Facility ensure that all relevant
stakeholders are given effective opportunities to participate in the preparation and the implementation of the recovery and resilience plans;

Amendment 48

Article 16 – paragraph 3 – point g a (new)

Text proposed by the Commission

Amendment

(ga) the Member State’s compliance with the Union values enshrined in Article 2 of the Treaty on European Union.

Amendment 49

Article 16 – paragraph 3 – subparagraph 1 a (new)

Text proposed by the Commission

Amendment

No later than... [six months after the date of entry into force of this Regulation], the Commission shall adopt a delegated act in accordance with Article 26a supplementing point b of this paragraph by establishing a methodology for identifying spending on mainstreaming climate actions and environment actions, including biodiversity actions as referred to in Article 4 of this Regulation. The methodology shall be based on the EU taxonomy established by Regulation (EU) 2020/852 and use the technical screening criteria established by the Commission pursuant to Articles 10(3) and 11(3) of that Regulation, as well as the principles laid down in Article 15(1) of Regulation (EU) 2020/852.

At the latest six months after the adoption of the delegated act referred to in Article 15(2) of Regulation (EU) 2020/852, the delegated act referred to in the first subparagraph of this paragraph shall be revised with a view to use the technical screening criteria laid down in the delegated acts adopted pursuant to Article
Amendment 50

Article 16 – paragraph 3 – subparagraph 1 b (new)

Text proposed by the Commission

Amendment

The Commission shall make public the assessments carried out pursuant to this Article.

Amendment 51

Proposal for a regulation
Article 17 – paragraph 1

Text proposed by the Commission

Amendment

1. The Commission shall adopt a decision within four months of the official submission of the recovery and resilience plan by the Member State, by means of an implementing act. In the event that the Commission gives a positive assessment to a recovery and resilience plan, that decision shall set out the reforms and investment projects to be implemented by the Member State, including the milestones and targets, and the financial contribution allocated in accordance with Article 11.

Amendment 52

Proposal for a regulation
Article 17 – paragraph 7

Text proposed by the Commission

Amendment

7. The implementing acts referred to in paragraphs 1 and 2 shall be adopted in accordance with the examination procedure referred to in Article 27(2).

Amendment 53
**Proposal for a regulation**  
**Article 19 – paragraph 3 – subparagraph 1**

**Text proposed by the Commission**

3. Upon completion of the relevant agreed milestones and targets indicated in the recovery and resilience plan as approved in the *implementing* act of the Commission, the Member State concerned shall submit to the Commission a duly justified request for payment of the financial contribution and, where relevant, of the loan tranche. Such requests for payment may be submitted by the Member States to the Commission on a biannual basis. The Commission shall assess, within two months of receiving the request, whether the relevant milestones and targets set out in the decision referred to in Article 17(1) have been satisfactorily implemented. For the purpose of the assessment, the operational arrangement referred to in Article 17(6) shall also be taken into account. The Commission may be assisted by experts.

**Amendment**

3. Upon completion of the relevant agreed milestones and targets indicated in the recovery and resilience plan as approved in the *delegated* act of the Commission, the Member State concerned shall submit to the Commission a duly justified request for payment of the financial contribution and, where relevant, of the loan tranche. Such requests for payment may be submitted by the Member States to the Commission on a biannual basis. The Commission shall assess, within two months of receiving the request, whether the relevant milestones and targets set out in the decision referred to in Article 17(1) have been satisfactorily implemented. For the purpose of the assessment, the operational arrangement referred to in Article 17(6) shall also be taken into account. The Commission may be assisted by experts.

**Amendment 54**

**Proposal for a regulation**  
**Article 21 – paragraph 1**

**Text proposed by the Commission**

1. The Commission shall transmit the recovery and resilience plans as approved in the *implementing* act of the Commission in accordance with Article 17 to the European Parliament and the Council without undue delay. The Member State concerned may request the Commission to redact sensitive or confidential information, the disclosure of which would jeopardise public interests of the Member State.

**Amendment**

1. The Commission shall transmit the recovery and resilience plans as approved in the *delegated* act of the Commission to the European Parliament and the Council without undue delay. The Member State concerned may request the Commission to redact sensitive or confidential information, the disclosure of which would jeopardise public interests of the Member State.
Amendment 55

Proposal for a regulation
Article 23 – paragraph 2

**Text proposed by the Commission**

2. The performance reporting system shall ensure that data for monitoring the implementation of the activities and results are collected efficiently, effectively, and in a timely manner. To that end, proportionate reporting requirements shall be imposed on recipients of Union funding.

**Amendment**

2. The performance reporting system shall ensure that data for monitoring the implementation of the activities and results are collected efficiently, reliably, independently, effectively, and in a timely manner, and made public. To that end, proportionate reporting requirements shall be imposed on recipients of Union funding.

Amendment 56

Proposal for a regulation
Article 26 – paragraph 1

**Text proposed by the Commission**

1. The recipients of Union funding shall acknowledge the origin and ensure the visibility of the Union funding, in particular when promoting the actions and their results, by providing coherent, effective and proportionate targeted information to multiple audiences, including the media and the public.

**Amendment**

1. The recipients of Union funding shall acknowledge the origin and ensure the visibility of the Union funding, in particular when promoting the actions and their results, by clearly labelling the funding as Union funding and providing coherent, effective and proportionate targeted information to multiple audiences, including the media and the public. The recipients shall ensure the visibility of spending under the Facility by clearly labelling the supported projects as “EU Recovery Initiative”.

Amendment 57

Article 26 a (new)

**Text proposed by the Commission**

**Amendment**

**Article 26a**

*Exercise of the delegation*

1. The power to adopt delegated acts
is conferred on the Commission subject to the conditions laid down in this Article.

2. The power to adopt delegated acts referred to in Articles 16(3) and 17(1) shall be conferred on the Commission for a period of seven years from [date of entry into force of this Regulation].

3. The delegation of power referred to in Articles 16(3) and 17(1) may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.

5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.

6. A delegated act adopted pursuant to Articles 16(3) and 17(1) shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of [two months] of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by [two months] at the initiative of the European Parliament or of the Council.
Proposal for a regulation  
Annex II – point 2 – paragraph 1 – point b

Text proposed by the Commission

(b) whether the plan contains measures that effectively contribute to the green and the digital transitions or to addressing the challenges resulting from them;

Amendment

(b) whether the plan contains measures that effectively contribute to the transition towards a sustainable and climate neutral European economy by 2050 at the latest in particular their contribution to meeting the Union sustainability policy objectives taking into account the objectives set out in the NECPs and the Union’s climate objectives laid down in Regulation (EU) 2020/XXX establishing the framework for achieving climate neutrality and amending Regulation (EU)2018/1999 (the ‘European Climate Law’) and their contribution in addressing social, economic or environmental challenges deriving from this transition.

Amendment 59

Proposal for a regulation  
Annex II – point 2 – paragraph 3 – point 2.2 – introductory part

Text proposed by the Commission

2.2 The plan contains measures that effectively contribute to the green and the digital transitions or to addressing the challenges resulting from them.

The Commission shall take into account the following elements for the assessment under this criterion:

Scope

Amendment

2.2 The plan contains measures that effectively contribute to the climate and environment objectives of the Union, or to the challenges resulting from them.

The Commission shall take into account all the following elements for the assessment under this criterion:

Amendment 60

Proposal for a regulation  
Annex II – point 2 – paragraph 3 – point 2.2 – paragraph 1 – subparagraph 1 – indent 1

Text proposed by the Commission

– the implementation of the

Amendment

– the implementation of the
envisaged measures is expected to significantly contribute to establishing climate- and environmental-friendly systems and to the greening of economic or social sectors with a view to contribute to the overall objective of a climate-neutral Europe by 2050;

envisaged measures is expected to significantly contribute to meeting the Union’s climate and environment objectives, notably the transition towards achieving the Union’s updated 2030 climate targets and complying with the objective of Union climate neutrality by 2050 at the latest in accordance with [Regulation 2020/XXX establishing the framework for achieving climate neutrality and amending Regulation (EU) 2018/1999 (the ‘European Climate Law’)] and taking into account the objectives set out in the NECPs and the criteria laid down in the EU taxonomy;

Amendment 61

Proposal for a regulation
Annex II – point 2 – paragraph 3 – point 2.2 – paragraph 1 – subparagraph 2 – indent 1

Text proposed by the Commission

Amendment

– the implementation of the envisaged measures is expected to significantly contribute to the digital transformation of economic or social sectors;

deleted

Amendment 62

Proposal for a regulation
Annex II – point 2 – paragraph 3 – point 2.2 – paragraph 1 – subparagraph 3 – indent 1

Text proposed by the Commission

Amendment

– the implementation of the envisaged measures is expected to significantly contribute to address the challenges resulting from the climate and environment objectives of the Union, notably the transition towards a sustainable climate neutral European economy by 2050 at the latest

– the implementation of the envisaged measures is expected to significantly contribute to address the challenges resulting from the green and/or digital transitions
Amendment 63
Proposal for a regulation
Annex II – point 2 – paragraph 3 – point 2.2 – paragraph 1 – subparagraph 3 – indent 1

Text proposed by the Commission

Amendment

— the implementation of the envisaged measures is consistent with a pathway aiming at achieving the long-term temperature goal of the Paris Agreement taking into account the latest available scientific evidence, in particular the IPCC special report entitled ‘Global warming of 1.5°C’

— the implementation of the envisaged measures is in line with the “do no significant harm” principle referred to in Article 17 of Regulation (EU) 2020/852

Amendment 64
Proposal for a regulation
Annex II – point 2 – paragraph 3 – point 2.2 – paragraph 1 – subparagraph 4 – indent 1

Text proposed by the Commission

Amendment

— the implementation of the envisaged measures is expected to have a lasting impact.

The Commission shall assess whether the measures proposed by the plan are likely to contribute to reach the objectives related to climate targets set out in Article 4.

Amendment 65
Proposal for a regulation
Annex II – point 2 – paragraph 3 – point 2.2 a (new)

Text proposed by the Commission

Amendment

2.2a The plan contains measures that effectively contribute to the digital
transition or to addressing the challenges resulting from it.

– the implementation of the envisaged measures is in line with the establishment of climate- and environmental-friendly systems and to the greening of our economy with a view to contribute to the overall objective of a climate-neutral Europe by 2050 at the latest;

and

– the implementation of the envisaged measures is expected to significantly contribute to the digital transformation of the European economy;

and

– the implementation of the envisaged measures is expected to address the challenges resulting from the digital transition

and

– the implementation of the envisaged measures is expected to have a lasting impact.

Amendment 66

Proposal for a regulation
Annex II – point 2 – paragraph 3 – point 2.4 – introductory part

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>Amendment</th>
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<tr>
<td>2.4 The recovery and resilience plan is expected to effectively contribute to strengthen the growth potential, job creation, and economic and social resilience of the Member State, mitigate the economic and social impact of the crisis, and contribute to enhance economic, social and territorial cohesion;</td>
<td>2.4 The recovery and resilience plan is expected to effectively contribute to strengthen the sustainable growth potential, job creation, and economic, environmental and social resilience of the Member State, mitigate the economic and social impact of the crisis, and contribute to enhance economic, social and territorial cohesion;</td>
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</table>
Amendment 67

Proposal for a regulation
Annex II – point 2 – paragraph 3 – point 2.4 – paragraph 1 – subparagraph 1 – indent 1

Text proposed by the Commission

– the recovery and resilience plan contains measures that aim at addressing weaknesses of the economy of the Member States and at boosting the growth potential of the economy of the Member State concerned, stimulating job creation and mitigating the adverse effects of the crisis, while avoiding adverse impacts of those measures on climate and environment.

Amendment

– the recovery and resilience plan contains measures that aim at addressing weaknesses of the economy of the Member States and at boosting the sustainable growth potential of the economy of the Member State concerned, in particular for SMEs, stimulating job creation and mitigating the adverse effects of the crisis, promote sustainable growth while avoiding adverse impacts of those measures on climate and environment, in line with the criteria laid down in the EU taxonomy.

Amendment 68

Proposal for a regulation
Annex II – point 2 – paragraph 3 – point 2.4 – paragraph 1 – subparagraph 2 – indent 1

Text proposed by the Commission

– the recovery and resilience plan is aimed at reducing the vulnerability of the economy of the Member State to shocks,

Amendment

– the recovery and resilience plan is aimed at reducing the vulnerability of the economy of the Member State to shocks, including those related to the adverse impacts of climate change or to any other environmental hazards,
PROCEDURE – COMMITTEE ASKED FOR OPINION

<table>
<thead>
<tr>
<th>Title</th>
<th>Establishing a Recovery and Resilience Facility</th>
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<td>Committees responsible</td>
<td>BUDG 17.6.2020  ECON 17.6.2020</td>
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<td>Opinion by</td>
<td>ENVI 17.6.2020</td>
</tr>
<tr>
<td>Associated committees - date announced in plenary</td>
<td>23.7.2020</td>
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<tr>
<td>Rapporteur</td>
<td>Pascal Canfin 10.6.2020</td>
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<tr>
<td>Rule 58 – Joint committee procedure</td>
<td>Date announced in plenary 23.7.2020</td>
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<tr>
<td>Date adopted</td>
<td>13.10.2020</td>
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<tr>
<td>Result of final vote</td>
<td>+: 62  –: 15  0: 3</td>
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<tr>
<td>Substitutes present for the final vote</td>
<td>Margarita de la Pisa Carrión, Kateřina Konečná</td>
</tr>
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## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

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<td>62</td>
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<td>PPE</td>
<td>Bartosz ARLUKOWICZ, Traian BĂSESCU, Alexander BERNHUBER, Nathalie COLIN-OESTERLÉ, Christian DOLESCHAL, Agnès EVREN, Adam JARUBAS, Ewa KOPACZ, Esther de LANGE, Peter LIESE, Fulvio MARTUSCIELLO, Liudas MAŽYLIS, Dolors MONTSERRAT, Dan-Ştefan MOTREANU, Ljudmila NOVAK, Stanislav POLČÁK, Jessica POLFJÄRD, Christine SCHNEIDER, Pernille WEISS, Michal WIEZIK</td>
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<td>S&amp;D</td>
<td>Nikos ANDROULAKIS, Marek Paweł BALT, Monika BEŇOVÁ, Simona BONAFÉ, Delara BURKHARDT, Sara CERDAS, Mohammed CHAHIM, Tudor CIUHODARU, Miriam DALLI, Jytte GUTELAND, Javi LOPEZ, César LUENA, Alessandra MORETTI, Sándor RONAI, Günther SIDL, Petar VITANOV, Tiemo WÖLKEN</td>
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<td>Renew</td>
<td>Pascal CANFIN, Fredrick FEDERLEY, Martin HOJSÍK, Frédérique RIES, Maria Soraya RODRÍGUEZ RAMOS, Nicolae ŞTEFĂNUŢĂ, Linea SØGAARD-LIDELL, Nils TORVALDS, Véronique TRILLET-LENOIR</td>
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<tr>
<td>ID</td>
<td>Luisa REGIMENTI</td>
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<td>Verts/ALE</td>
<td>Margrete AUKEN, Bas EICKHOUT, Pär HOLMGREN, Yannick JADOT, Tilly METZ, Ville NIINISTÖ, Grace OSULLIVAN, Jutta PAULUS</td>
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<td>NI</td>
<td>Eleonora EVI, Ivan Viibor SINČÍČ</td>
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<td>15</td>
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<td>ID</td>
<td>Simona BALDASSARRE, Aurelia BEIGNEUX, Marco DREOSTO, Catherine GRISSET, Teuvo HAKkarainen, Sylvia LIMMER, Joëlle MÉLIN, Silvia SARDENO</td>
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<td>Sergio BERLATO, Margarita DE LA PISA CARRIÓN, Pietro FIOCCHI, Joanna KOPCIŃSKA, Rob ROOKEN, Alexandr VONDRA, Anna ZALEWSKA</td>
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<td>Edina TÓTH</td>
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<tr>
<td>Renew</td>
<td>Andreas GLÜCK, Jan HUIJEMA</td>
</tr>
</tbody>
</table>

**Key to symbols:**

- **+**: in favour
- **-**: against
- **0**: abstention
19.10.2020

OPINION OF THE COMMITTEE ON INDUSTRY, RESEARCH AND ENERGY

for the Committee on Economic and Monetary Affairs and the Committee on Budgets

(COM(2020)0408 – C9-0150/2020 – 2020/0104(COD))

Rapporteur for opinion: François-Xavier Bellamy

SHORT JUSTIFICATION

Following the COVID 19 pandemic, the lockdown measures and the overwhelming economic crisis created by this situation, the European Council together with the European Commission, have decided to launch Next Generation EU (NGEU), a European recovery plan. This solution is in itself built on a problem: it is funded by a common debt, the EC being allowed for the first time to borrow important amounts on the financial markets; but this debt is issued without any concrete repayment scheme. The MFF is not fit for such a financial charge in the future, and no agreement has been found on other resources to repay this debt. In this consideration, the NGEU plan relies on the heavy burden and unsolved difficulties transmitted to the next generation.

Our role as a Parliament is now to ensure that, at least, the money that will be borrowed will be invested in creating future value and prosperity, so as to give the next generation the highest possible leverage to repay this debt. This would not be a necessity for any public spending, nor appear as an urgency at the eve of the biggest economic crisis since the second World War; but considering the financing scheme of this recovery plan, it is an absolute necessity to establish a clear commitment towards the future generations.

This is the reason why, as rapporteur in ITRE committee on the Recovery and Resilience Facility (RFF), laying down the rules for the spending of NGEU’s funds, I established this clear principle in the very definition of this tool: “the RFF is limited to investments designed to produce future income so as to give the future generation the capacity for its reimbursement.” In order to make sure that this financing will be oriented in relevant investments, our report mentions explicitly this point in all fields establishing criteria for the unlocking of the funds to the benefit of national recovery programs, as well as in the Annex that will set the operational guidelines for the European Commission in the concrete settlement of NGEU. In the same purpose, our report ensures that any unused part of the funds shall be fully oriented to reduce the global debt.
Other key points are also mentioned in this contribution. It appears essential to agree on what we understand through “resilience”, as it is the object of the facility. The COVID 19 crisis taught us how dependent we are on third countries, even in crucial fields for our security, our sovereignty and our ability to overcome shocks and crises. I propose that the definition of resilience should imply the capacity of European economy, industry and agriculture to produce the necessary goods and services to guarantee the stability of our nations and societies. This obliges us to significantly improve our strategic autonomy in the European Union ; this notion has been added as an essential guideline for the RRF.

To avoid any waste of public spending, we insisted on the necessary coherence between new programmes and already existing EU key strategies. The funds should also be securely engaged through a total transparency of the beneficiaries : this clear commitment is attached to the principle of democracy and owed to the citizens of our countries.

Finally, given the tight timeframe, the urgency of the situation, and in order to work efficiently with both responsible committees, I focused my work on articles in shared competence.
AMENDMENTS

The Committee on Industry, Research and Energy calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to take into account the following amendments:

Amendment 1

Proposal for a regulation
Recital 4

*Text proposed by the Commission*

(4) 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. The challenges linked to the demographic context have been amplified by COVID-19. The current COVID-19 pandemic as well as the previous economic and financial crisis have shown that developing sound and resilient economies and financial systems built on strong economic and social structures *helps* Member States to respond more efficiently to shocks and recover more swiftly from them. The medium and long-term consequences of the COVID-19 crisis will critically depend on how quickly Member States’ economies will recover from the crisis, which in turn depends on the fiscal space Member States have available to take measures to mitigate the social and economic impact of the crisis, and on the resilience of their economies. Reforms and investments to address structural weaknesses of the economies and strengthen their resilience will therefore be essential to set the economies back on a sustainable recovery path and avoid further widening of the divergences in the Union.

*Amendment*

(4) 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. The current COVID-19 pandemic as well as the previous economic and financial crisis have shown that developing sound and resilient economies and financial systems built on strong economic and social structures *help* Member States to respond more efficiently to shocks and recover more swiftly from them. The medium and long-term consequences of the COVID-19 crisis will critically depend on how quickly Member States’ economies will recover from the crisis, which in turn depends on the fiscal space Member States have available to take measures to mitigate the social and economic impact of the crisis, and on the resilience of their economies. Reforms and investments to address structural weaknesses of the economies and strengthen their resilience will therefore be essential to set the economies back on a sustainable recovery path and avoid further widening of the divergences in the Union, while ensuring the long-term strategic autonomy of the Union.
Amendment 2

Proposal for a regulation
Recital 6

_text proposed by the Commission_

(6) Past experiences have shown that investment is often drastically cut during crises. However, it is essential to support investment in this particular situation to speed up the recovery and strengthen long-term growth potential. **Investing** in green and digital technologies, capacities and processes aimed at assisting clean energy transition, boosting energy efficiency **in housing** and other key sectors of the **economic** are important to achieve sustainable growth and help create **jobs.** It will also help make the Union more resilient and less dependent by diversifying key supply chains.

 Amendement

(6) Past experiences have shown that investment is often drastically cut during crises. However, it is essential to support investment in this particular situation to speed up the recovery and strengthen long-term growth potential. **Investments** in green and digital technologies, innovation and research, capacities and processes, **as well as social investments,** aimed at assisting clean energy transition, boosting energy efficiency safety and indoor healthy environment in buildings, **including renovation and integration of innovative solutions,** and other key sectors of the **economy, as well as building a competitive and innovative European industry,** are important to achieve sustainable growth, **meet the Union’s climate neutrality objective in 2050** and help create quality **jobs within the Union.** Such investments will also help make the Union more resilient and less dependent by diversifying key supply chains.

Amendment 3

Proposal for a regulation
Recital 6 a (new)

_text proposed by the Commission_

(6a) The lockdown measures during the COVID-19 crisis highlighted the importance of digital transition, but they also exacerbated digital inequality and the problems faced by people with limited access to digital technology or with low digital skills. The post-pandemic recovery should include measures to rectify those
problems, notably fostering the development of digital skills, including upskilling and reskilling of workers, and to promote digital equality as well as to support open software and hardware solutions and to ensure personal data protection. Furthermore, digital transition should also be green: the growing demand for electricity, prompted by the growth of the digital sector, should be met in a sustainable manner, based on energy efficiency measures and renewable energy generation.

Amendment 4
Proposal for a regulation
Recital 7

Text proposed by the Commission

(7) Currently, no instrument foresees direct financial support linked to the achievement of results and to implementation of reforms and public investments of the Member States in response to challenges identified in the European Semester, and with a view to having a lasting impact on the productivity and resilience of the economy of the Member States.

Amendment

(7) Currently, no instrument foresees direct financial support linked to the achievement of results and to implementation of reforms and public investments by the Member States, including in response to challenges identified in the European Semester, capable of mobilising private investments as well, and with a view to having a lasting impact on the productivity and resilience of the economy of the Member States.

Amendment 5
Proposal for a regulation
Recital 8

Text proposed by the Commission

(8) Against this background, it is necessary to strengthen the current framework for the provision of support to Member States and provide direct financial support to Member States through an innovative tool. To that end, a Recovery

Amendment

(8) Against this background, it is necessary to strengthen the current framework for the provision of support to Member States and provide direct financial support to Member States through an innovative tool. To that end, a Recovery
and Resilience Facility (the ‘Facility’) should be established under this Regulation to provide effective financial and significant support to step up the implementation of reforms and related public investments in the Member States. The Facility should be comprehensive and should also benefit from the experience gained by the Commission and the Member States from the use of the other instruments and programmes.

Amendment 6
Proposal for a regulation
Recital 11

Text proposed by the Commission

(11) Reflecting the European Green Deal as Europe’s sustainable growth strategy and the translation of the Union's commitments to implement the Paris Agreement and the United Nations’ Sustainable Development Goals, the Facility established by this Regulation will contribute to mainstreaming climate actions and environmental sustainability and to the achievement of an overall target of 25 % of the EU budget expenditures supporting climate objectives.

Amendment

(11) Reflecting the European Green Deal as Europe’s sustainable growth strategy and the translation of the Union's commitments to implement the Paris Agreement and the United Nations’ Sustainable Development Goals, the Facility established by this Regulation will contribute to mainstreaming climate actions and environmental sustainability and to the achievement of an overall target of 30 % of the EU budget expenditures supporting climate objectives. To this effect, the measures supporting a just green transition and included in each Member State’s recovery and resilience plan should account for an amount that represents at least 37% of the plan’s allocation and the measures relating to the digital transition should account for an amount of at least 20% of the plan’s allocation. The EU Taxonomy criteria and framework should be used in tracking the implementation of the just green
Amendment 7

Proposal for a regulation
Recital 11 a (new)

Text proposed by the Commission

(11a) Member States should also ensure compliance of the other activities included in their recovery and resilience plans with the precautionary principle of “do no significant harm”, as referred to in Regulation (EU) 2020/852 of the European Parliament and of the Council.1a


Amendment 8

Proposal for a regulation
Recital 12

Text proposed by the Commission

(12) In order to implement these overall objectives, relevant actions will be identified during the Facility’s preparation and implementation, and reassessed in the context of the relevant evaluations and review processes. Also, due attention should be paid to the impact of the national plans submitted under this Regulation on fostering not only the green transition, but also the digital transformation. They will both play a priority role in relaunching and modernising our economy.

(12) In order to implement these overall objectives, relevant actions will be identified during the Facility’s preparation and implementation, and reassessed in the context of the relevant evaluations and review processes. Also, due attention should be paid to the impact of the national plans submitted under this Regulation on fostering just green transition and open, sustainable and inclusive digital transformation and supporting a solid SMEs strategy, including micro-
enterprises, and industrial strategy, that will play a priority role in relaunching, decarbonising, and modernising our economy and keeping it competitive.

Amendment 9
Proposal for a regulation
Recital 14

Text proposed by the Commission

(14) The Facility’s general objective should be the promotion of economic, social and territorial cohesion. For that purpose, it should contribute to improving the resilience and adjustment capacity of the Member States, mitigating the social and economic impact of the crisis, and supporting the green and digital transitions aimed at achieving a climate neutral Europe by 2050, thereby restoring the growth potential of the economies of the Union in the aftermath of the crisis, fostering employment creation and to promoting sustainable growth.

Amendment

(14) The Facility’s general objective should be the promotion of economic, social and territorial cohesion. For that purpose, it should contribute to improving the resilience and adjustment capacity of the Member States, mitigating the social and economic impact of the crisis, and supporting the just green transition and digital transformation aimed at achieving a climate neutral Europe by 2050, thereby restoring the growth potential of the economies of the Union in the aftermath of the crisis, fostering employment creation and to promoting sustainable and gender-balanced growth, while ensuring the level playing field of the Single Market and the strategic autonomy of the Union and increasing European global competitiveness.

Amendment 10
Proposal for a regulation
Recital 16

Text proposed by the Commission

(16) To ensure its contribution to the objectives of the Facility, the recovery and resilience plan should comprise measures for the implementation of reforms and public investment projects through a coherent recovery and resilience plan. The recovery and resilience plan should be

Amendment

(16) To ensure its contribution to the objectives of the Facility, each Member State’s recovery and resilience plan should comprise measures for the implementation of reforms and public investment projects through a coherent recovery and resilience plan capable of mobilising private
consistent with the relevant country-specific challenges and priorities identified in the context of the European Semester, with the national reform programmes, the national energy and climate plans, the just transition plans, and the partnership agreements and operational programmes adopted under the Union funds. To boost actions that fall within the priorities of the European Green Deal and the Digital Agenda, the plan should also set out measures that are relevant for the green and digital transitions. The measures should enable a swift deliver of targets, objectives and contributions set out in national energy and climate plans and updates thereof. All supported activities should be pursued in full respect of the climate and environmental priorities of the Union.

Amendment 11

Proposal for a regulation
Recital 20

Text proposed by the Commission

(20) It is necessary to establish a process for the submission of proposals for recovery and resilience plans by the Member States, and the content thereof. With a view to ensuring the expediency of procedures, a Member State should submit a recovery and resilience plan at the latest by 30 April, in the form of a separate annex of the National Reform Programme. To ensure a fast implementation, Member States should be able to submit a draft plan together with the draft budget of the forthcoming year, on 15 October of the

Amendment

(20) It is necessary to establish a process for the submission of proposals for recovery and resilience plans by the Member States, and the content thereof. With a view to ensuring the expediency of procedures, a Member State should submit a recovery and resilience plan at the latest by 30 April, jointly with the National Reform Programme. To ensure a fast implementation, Member States should be able to submit a draft plan together with the draft budget of the forthcoming year, on 15 October of the preceding year.
preceding year.

Amendment 12
Proposal for a regulation
Recital 21

(21) In order to ensure the national ownership and a focus on relevant reforms and investments, Member States wishing to receive support should submit to the Commission a recovery and resilience plan that is duly reasoned and substantiated. The recovery and resilience plan should set out the detailed set of measures for its implementation, including targets and milestones, and the expected impact of the recovery and resilience plan on growth potential, job creation and economic and social resilience; it should also include measures that are relevant for the green and digital transitions; it should also include an explanation of the consistency of the proposed recovery and resilience plan with the relevant country-specific challenges and priorities identified in the context of the European Semester. Close cooperation between the Commission and the Member States should be sought and achieved throughout the process.

Amendment 13
Proposal for a regulation
Recital 22

(22) The Commission should assess the recovery and resilience plan proposed by the Member States and should act in close cooperation with the Member State concerned. The Commission will fully
respect the national ownership of the process and will therefore take into account the justification and elements provided by the Member State concerned and assess whether the recovery and resilience plan proposed by the Member State is expected to contribute to effectively address challenges identified in the relevant country-specific recommendation addressed to the Member State concerned or in other relevant documents officially adopted by the Commission in the European Semester; whether the plan contains measures that effectively contribute to the green and digital transitions and to addressing the challenges resulting from them; whether the plan is expected to have a lasting impact in the Member State concerned; whether the plan is expected to effectively contribute to strengthen the growth potential, job creation and economic and social resilience of the Member State, mitigate the economic and social impact of the crisis and contribute to enhancing economic, social and territorial cohesion; whether the recovery and resilience plan contains measures for the implementation of reforms and public investment projects capable of mobilising private investments as well, that represent coherent actions; and whether the arrangement proposed by the Member State concerned are expected to ensure effective implementation of the recovery and resilience plan, including the proposed milestones and targets, and the related indicators.
Amendment 14
Proposal for a regulation
Recital 26

Text proposed by the Commission

(26) Provided that the recovery and resilience plan satisfactorily addresses the assessment criteria, the Member State concerned should be allocated the maximum financial contribution where the estimated total costs of the reform and investment included in the recovery and resilience plan is equal to, or higher than, the amount of the maximum financial contribution itself. The Member State concerned should instead be allocated an amount equal to the estimated total cost of the recovery and resilience plan where such estimated total cost is lower than the maximum financial contribution itself. No financial contribution should be awarded to the Member State if the recovery and resilience plan does not satisfactorily address the assessment criteria.

Amendment

(26) Provided that the recovery and resilience plan satisfactorily addresses the assessment criteria, the Member State concerned should be allocated the maximum financial contribution where the estimated total costs of the reform and investment included in the recovery and resilience plan is equal to, or higher than, the amount of the maximum financial contribution itself. The Member State concerned should instead be allocated an amount equal to the estimated total cost of the recovery and resilience plan where such estimated total cost is lower than the maximum financial contribution itself. No financial contribution should be awarded to the Member State if the recovery and resilience plan does not satisfactorily address any of the assessment criteria.

Amendment 15
Proposal for a regulation
Recital 29

Text proposed by the Commission

(29) The request for a loan should be justified by the financial needs linked to additional reforms and investments included in the recovery and resilience plan, notably relevant for the green and digital transitions, and by therefore, by a higher cost of the plan than the maximum financial contribution (to be) allocated via the non-repayable contribution. It should be possible to submit the request for a loan together with the submission of the plan. In case the request for loan is made at a different moment in time, it should be accompanied by a revised plan with

Amendment

(29) The request for a loan should be justified by the financial needs linked to additional reforms and investments included in the recovery and resilience plan, notably relevant for the just green transition and digital transformation, and therefore, by a higher cost of the plan than the maximum financial contribution (to be) allocated via the non-repayable contribution. It should be possible to submit the request for a loan together with the submission of the plan. In case the request for loan is made at a different moment in time, it should be accompanied
additional milestones and targets. To ensure frontloading of resources, Member States should request a loan support at the latest by 31 August 2024. For the purposes of sound financial management, the total amount of all the loans granted under this Regulation should be capped. In addition, the maximum volume of the loan for each Member State should not exceed 4.7% of its Gross National Income. An increase of the capped amount should be possible in exceptional circumstances subject to available resources. For the same reasons of sound financial management, it should be possible to pay the loan in instalments against the fulfilment of results.

Amendment 16

Proposal for a regulation
Recital 30

Text proposed by the Commission

(30) A Member State should have the possibility to make a reasoned request to amend the recovery and resilience plan within the period of implementation, where objective circumstances justify such a course of action. The Commission should assess the reasoned request and take a new decision within four months.

Amendment

(30) A Member State should have the possibility to make a reasoned request to amend its recovery and resilience plan within the period of implementation, where objective circumstances justify such a course of action. The Commission should assess the reasoned request and take a new decision within two months.

Amendment 17

Proposal for a regulation
Recital 34

Text proposed by the Commission

(34) For the purposes of transparency, the recovery and resilience plans adopted by the Commission should be communicated to the European Parliament and the Council and communication

Amendment

(34) For the purposes of transparency, the recovery and resilience plans adopted by the Commission should be communicated to the European Parliament and the Council and communication
activities should be carried out by the Commission as appropriate.

Amendment 18

Proposal for a regulation
Recital 39

Text proposed by the Commission

(39) The recovery and resilience plans to be implemented by the Member States and the corresponding financial contribution allocated to them should be established by the Commission by way of implementing act. In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission. The implementing powers relating to the adoption of the recovery and resilience plans and to the payment of the financial support upon fulfilment of the relevant milestones and targets should be exercised by the Commission in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council, under the examination procedure thereof. After the adoption of an implementing act, it should be possible for the Member State concerned and the Commission to agree on certain operational arrangements of a technical nature, detailing aspects of the implementation with respect to timelines, indicators for the milestones and targets, and access to underlying data. To allow the continuous relevance of the operational arrangements in respect of the prevailing circumstances during the implementation of the recovery and resilience plan, it should be possible that the elements of such technical arrangements may be modified by mutual consent. Horizontal financial rules adopted by the European Parliament and the Council on the basis of Article 322 of the Treaty on the Functioning of the European Union (TFEU) to supplement this Regulation in relation to the adoption of the recovery and resilience plans and to the payment of the financial support upon fulfilment of the relevant milestones and targets. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States’ experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated actions. After the adoption of a delegated act, it should be possible for the Member State concerned and the Commission to agree on certain operational arrangements of a technical nature, detailing aspects of the
Union apply to this Regulation. These rules are laid down in the Financial Regulation and determine in particular the procedure for establishing and implementing the budget through grants, procurement, prizes, indirect implementation, and provide for checks on the responsibility of financial actors. Rules adopted on the basis of Article 322 TFEU also concern the protection of the Union's budget in case of generalised deficiencies as regards the rule of law in the Member States, as the respect for the rule of law is an essential precondition for sound financial management and effective EU funding.

To allow the continuous relevance of the operational arrangements in respect of the prevailing circumstances during the implementation of the recovery and resilience plan, it should be possible that the elements of such technical arrangements may be modified by mutual consent. Horizontal financial rules adopted by the European Parliament and the Council on the basis of Article 322 of the Treaty on the Functioning of the European Union apply to this Regulation. These rules are laid down in the Financial Regulation and determine in particular the procedure for establishing and implementing the budget through grants, procurement, prizes, indirect implementation, and provide for checks on the responsibility of financial actors. Rules adopted on the basis of Article 322 TFEU also concern the protection of the Union's budget in case of generalised deficiencies as regards the rule of law in the Member States, as the respect for the rule of law is an essential precondition for sound financial management and effective EU funding.

Amendment 19

Proposal for a regulation
Article 2 – paragraph 1 – point 3 a (new)

Text proposed by the Commission

Amendment

3a. ‘Resilience’ means the ability to face economic, societal and ecological shocks and persistent structural changes deriving from any kind of crisis in a fair, sustainable and inclusive way, and to preserve societal well-being, by guaranteeing the strategic autonomy of the European Union on assets and technologies needed for the stability and security of European societies, to overcome crisis without compromising the heritage for future generations, while ensuring EU openness and strength on the global market.

Amendment 20

Proposal for a regulation
Article 2 – paragraph 1 – point 3 b (new)

Text proposed by the Commission

Amendment

3b. The “do no significant harm” principle means ensuring that no measure or investment included in the recovery and resilience plans causes a significant harm to any of the environmental objectives set out in Article 9 of Regulation (EU) No 2020/852 in accordance with Article 17 of that Regulation;

Amendment 21

Proposal for a regulation
Article 3 – paragraph 1

Text proposed by the Commission

Amendment

The scope of application of the Recovery and Resilience Facility established by this Regulation shall refer to policy areas related to economic, social and territorial...
cohesion, **the** green and digital **transitions**, health, competitiveness, resilience, productivity, **education** and skills, research and innovation, smart, sustainable and inclusive growth, jobs and investment, and the stability of the financial systems.

Amendment 22

Proposal for a regulation
Article 3 – paragraph 1 a (new)

**Text proposed by the Commission**

Amendment

**Investments financed through the Recovery and Resilience Facility shall have a positive long lasting impact on economic and social resilience, sustainability and long-term prosperity and competitiveness of Member States, in the interest of future generations, especially given that the Facility shall produce growth and income for Member States and the Union that will benefit from the European Recovery Instrument (‘Next Generation EU’) and its repayment schemes.**

Amendment 23

Proposal for a regulation
Article 4 – paragraph 1
1. The general objective of the Recovery and Resilience Facility shall be to promote the Union’s economic, social and territorial cohesion by improving the resilience and adjustment capacity of the Member States, mitigating the social and economic impact of the crisis, and supporting the green and digital transitions, thereby contributing to restoring the growth potential of the economies of the Union, fostering employment creation in the aftermath of the COVID-19 crisis, and promoting sustainable growth.

Amendment

1. The general objective of the Recovery and Resilience Facility shall be to ensure long-term sustainable economic prosperity of the Union, promote the Union’s economic, social and territorial cohesion and long-term competitiveness by improving the resilience and adjustment capacity of the Member States, mitigating the social and economic impact of the crisis, and supporting both just green transition and digital transformation, promoting digital autonomy, key strategies, namely on Important Projects of Common European Interest (IPCEIs), the industrial strategy for Europe, the strategy for European SMEs, circular economy, research and innovation, future oriented technologies.

The general objective of the Recovery and Resilience Facility shall thereby contribute to restoring the growth potential of the economies of the Union and of its industrial ecosystems and strategic value chains, fostering employment creation, in particular by enhancing youth employability and quality jobs, as well as reducing dependencies on third countries in strategic areas, including by smart reshoring and supporting industries proven to be critical in the aftermath of the COVID-19 crisis, preserving the stability of the financial systems, ensuring long-term added value of the financial support and keeping it within the Union, promoting long-term sustainable growth, exploiting the full potential of the single market while reducing dependencies on third countries in strategic areas.

Amendment 24

Proposal for a regulation
Article 4 – paragraph 1 a (new)
Text proposed by the Commission

Amendment

1a. The Recovery and Resilience Facility and related expenditures shall be consistent with the European Green Deal and the Paris climate Agreement and respect the ‘do no significant harm’ principle.

Amendment 25

Proposal for a regulation

Article 5 – paragraph 2

Text proposed by the Commission

2. The amounts referred to in paragraph 1(a) may also cover expenses pertaining to preparatory, monitoring, control, audit and evaluation activities, which are required for the management of each instrument and the achievement of its objectives, in particular studies, meetings of experts, information and communication actions, including corporate communication of the political priorities of the Union, in so far as they are related to the objectives of this Regulation, expenses linked to IT networks focusing on information processing and exchange, corporate information technology tools, and all other technical and administrative assistance expenses incurred by the Commission for the management of each instrument. Expenses may also cover the costs of other supporting activities such as quality control and monitoring of projects on the ground and the costs of peer counselling and experts for the assessment and implementation of reforms and investments.

Amendment 26
Proposal for a regulation  
Article 14 – paragraph 2

**Text proposed by the Commission**

2. The recovery and resilience plans shall be consistent with the relevant country-specific challenges and priorities identified in the context of the European Semester, in particular those relevant for or resulting from the green and digital transition. The recovery and resilience plans shall also be consistent with the information included by the Member States in the national reform programmes under the European Semester, in their national energy and climate plans and updates thereof under the Regulation (EU)2018/1999, in the territorial just transition plans under the Just Transition Fund, and in the partnership agreements and operational programmes under the Union funds.

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**Amendment**

2. The recovery and resilience plans shall be consistent with the relevant country-specific challenges and priorities identified in the context of the European Semester, in particular those relevant for or resulting from the industrial strategy of the Union and of Member States, in particular in support of SMEs and micro-enterprises, the just green transition to climate neutrality and digital transformation. The recovery and resilience plans shall also be consistent with the information included by the Member States in the national reform programmes under the European Semester, in their national energy and climate plans and updates thereof under the Regulation (EU)2018/1999, in the territorial just transition plans under the Just Transition Fund, and in the partnership agreements and operational programmes under the Union funds, as well as with the relevant country-specific challenges and priorities identified in the context of the European Semester in particular those relevant for or resulting from the scope of this Regulation. The recovery and resilience plans shall also be consistent with the objective of enabling investments in future-oriented assets, technologies and infrastructures that ensure long-term resilience and competitiveness of the Union on global markets and strengthen the strategic autonomy of the Union and create synergies with all relevant Union funds and programmes.

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22 […]

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22 […]
### Amendment 27

**Proposal for a regulation**  
**Article 14 – paragraph 2 – subparagraph 1 a (new)**

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>Amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>In order to contribute to the just green transition and digital transformation, at least 37% of the recovery and resilience plan’s allocation shall contribute to measures supporting the just green transition, in accordance with the Taxonomy Regulation, and at least 20% of the plan’s allocation shall contribute to measures supporting the digital transformation.</td>
<td></td>
</tr>
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</table>

### Amendment 28

**Proposal for a regulation**  
**Article 15 – paragraph 3 – point a**

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>Amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) an explanation of the way the relevant country-specific challenges and priorities identified in the context of the European Semester are expected to be addressed;</td>
<td>Deleted</td>
</tr>
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### Amendment 29

**Proposal for a regulation**  
**Article 15 – paragraph 3 – point b**

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>Amendment</th>
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<tbody>
<tr>
<td>(b) an explanation of how the plan strengthens the growth potential, job creation and economic and social resilience of the Member State concerned, mitigates the economic and social impact of the crisis, and its contribution to enhance economic, social and territorial cohesion</td>
<td>(b) an explanation of how the plan contributes to the achievement of Union’s key strategies and strengthens the strategic autonomy of the Union and the competitiveness, growth potential, in particular for SMEs and micro-enterprises, industrial ecosystems and</td>
</tr>
</tbody>
</table>
and convergence; strategic value chains, quality of public services, quality of job creation, in particular the youth employability, and economic and social resilience of the Member State concerned, mitigates the economic and social impact of the crisis, and its contribution to enhance economic, social and territorial cohesion and convergence while ensuring the level playing field of the single market;

Amendment 30

Proposal for a regulation
Article 15 – paragraph 3 – point c

Text proposed by the Commission
(c) an explanation of how the measures in the plan are expected to contribute to the green and the digital transitions or to the challenges resulting from them;

Amendment
(c) an explanation of how the measures in the plan are expected to contribute to the just green transition and the EU’s climate neutrality objective and demonstrate their consistency with the National Climate and Energy plans (NECPs);

Amendment 31

Proposal for a regulation
Article 15 – paragraph 3 – point c a (new)

Text proposed by the Commission
(ca) an explanation of how the plan is expected to contribute to the just digital transformation and to the challenges resulting from the inclusion of digital accessibility with a focus on the Union’s industry including strategic ecosystems, supporting research and deployment of technology, in areas such as artificial intelligence, 5G, data economy, digital divide, the development of digital skills including upskilling and reskilling of workers;

Amendment
(ca) an explanation of how the plan is expected to contribute to the just digital transformation and to the challenges resulting from the inclusion of digital accessibility with a focus on the Union’s industry including strategic ecosystems, supporting research and deployment of technology, in areas such as artificial intelligence, 5G, data economy, digital divide, the development of digital skills including upskilling and reskilling of workers;
Amendment 32
Proposal for a regulation
Article 15 – paragraph 3 – point c b (new)

Text proposed by the Commission

Amendment

(cb) an explanation on how the plan strengthens the Union’s strategies on Important Projects of Common European Interest (IPCEIs), for European SMEs and micro-enterprises, for a circular economy, for research and innovation in key technologies, and for strategic sectors which may include inter alia renewable energy and energy efficiency technologies, and other future-oriented high technology sectors;

Amendment 33
Proposal for a regulation
Article 15 – paragraph 3 – point c c (new)

Text proposed by the Commission

Amendment

(cc) an explanation on how the plan is interlinked and coherent with key Union funds and programmes such as Horizon Europe, Digital Europe Programme, Just Transition Fund, Connecting Europe Facility, Structural Funds, Space programme, European Defence Fund, InvestEU;

Amendment 34
Proposal for a regulation
Article 15 – paragraph 3 – point c d (new)

Text proposed by the Commission

Amendment

(cd) an explanation on how the plan invests in long-term economic, social and environmental sustainable activities, technologies and industries creating
opportunities for future generations;

Amendment 35
Proposal for a regulation
Article 15 – paragraph 3 – point c e (new)

Text proposed by the Commission

(ce) an outline of measures that ensure visibility of Union funding and transparency of the beneficiaries in line with Article 26;

Amendment 36
Proposal for a regulation
Article 15 – paragraph 3 – point e a (new)

Text proposed by the Commission

(ea) an explanation of the way the relevant country-specific challenges and priorities identified in the context of the European Semester are expected to be addressed;

Amendment 37
Proposal for a regulation
Article 15 – paragraph 3 – point f

Text proposed by the Commission

(f) the estimated total cost of the reforms and investments covered by the recovery and resilience plan submitted (also referred as ‘estimated total cost of the recovery and resilience plan’) backed up by appropriate justification and how it is commensurate to the expected impact on the economy and employment;

(f) the estimated unit and total costs of the reforms and investments covered by the recovery and resilience plan submitted (also referred as ‘estimated costs of the recovery and resilience plan’) backed up by appropriate justification and how it is commensurate to the expected impact on the economy and employment;

Amendment 38
Proposal for a regulation
Article 16 – paragraph 3 – introductory part

Text proposed by the Commission

3. The Commission shall assess the importance and coherence of the recovery and resilience plan and its contribution to the green and digital transitions, and for that purpose, shall take into account the following criteria:

Amendment

3. The Commission shall assess the importance and coherence of the recovery and resilience plan and its contribution to the just green transition and digital transformation and for that purpose, shall take into account the following criteria:

Amendment 39

Proposal for a regulation
Article 16 – paragraph 3 – point -a (new)

Text proposed by the Commission

(-a) whether the measures proposed in the plan will contribute to reaching the general and specific objectives set out in Article 4, and whether the plan is consistent with the scope of this Regulation as stipulated in Article 3;

Amendment

(b) whether the plan contains measures that effectively contribute to the green and digital transitions or to addressing the challenges resulting from them;

Amendment 41

Proposal for a regulation
Article 16 – paragraph 3 – point b a (new)
Amendment 42

Proposal for a regulation
Article 16 – paragraph 3 – point b b (new)

Text proposed by the Commission

Amendment

(ba) whether the plan contributes to Union strategies referred to in point (cb) of Article 15;

Amendment 43

Proposal for a regulation
Article 16 – paragraph 3 – point b c (new)

Text proposed by the Commission

Amendment

(bb) whether the plan interlinks and is coherent with Union programmes referred to in point (cc) of Article 15;

Amendment 44

Proposal for a regulation
Article 16 – paragraph 3 – point b d (new)

Text proposed by the Commission

Amendment

(bc) whether the plan contains effective measures to ensure visibility of Union funding and transparency of the beneficiaries;

Amendment 45
Proposal for a regulation
Article 16 – paragraph 3 – point d

Text proposed by the Commission

(d) whether the recovery and resilience plan is expected to effectively contribute to strengthen the growth potential, job creation, and economic and social resilience of the Member State, mitigate the economic and social impact of the crisis, and contribute to enhance economic, social and territorial cohesion;

Amendment

(d) whether the recovery and resilience plan is expected to effectively contribute to strengthen the growth potential, quality job creation and economic and social resilience and strategic value chains of the Member State, mitigate the economic and social impact of the crisis, and contribute to enhance economic, social and territorial cohesion and the strategic autonomy of the Union;

Amendment 46

Proposal for a regulation
Article 16 – paragraph 3 – point f

Text proposed by the Commission

(f) whether the recovery and resilience plan contains measures for the implementation of reforms and public investments projects that represent coherent actions;

Amendment

(f) whether the recovery and resilience plan contains measures for the implementation of reforms and public investment projects that represent coherent actions;

Amendment 47

Proposal for a regulation
Article 17 – paragraph 1

Text proposed by the Commission

1. The Commission shall adopt a decision within four months of the official submission of the recovery and resilience plan by the Member State, by means of an implementing act. In the event that the Commission gives a positive assessment to a recovery and resilience plan, that decision shall set out the reforms and investment projects to be implemented by

Amendment

1. The Commission shall adopt a decision within two months of the official submission of the recovery and resilience plan by the Member State, by means of a delegated act in accordance with Article 27. In the event that the Commission gives a positive or partially positive assessment to a recovery and resilience plan, that decision shall set out the reforms and
the Member State, including the milestones and targets, and the financial contribution allocated in accordance with Article 11.

Amendment 48

Proposal for a regulation
Article 17 – paragraph 3 – point c

Text proposed by the Commission
(c) where the recovery and resilience plan does not comply satisfactorily with the criteria set out in Article 16(3), no financial contribution shall be allocated to the Member State concerned.

Amendment
(c) where the recovery and resilience plan does not comply satisfactorily with any of the criteria set out in Article 16(3), no financial contribution shall be allocated to the Member State concerned and paragraph 5 of this Article shall apply.

Amendment 49

Proposal for a regulation
Article 17 – paragraph 3 – point c a (new)

Text proposed by the Commission
(ca) when the recovery and resilience plan complies partially or only with some of the criteria referred to in Article 16(3), the financial contribution allocated to the Member State concerned shall be determined by the Commission up to the amount of the estimated costs of the reforms and investments that meet the criteria set out in Article 16(3).

Amendment
(b) the description of the reforms and of the investment projects under the
of the estimated total cost of the recovery and resilience plan; 

Amendment 51

Proposal for a regulation
Article 17 – paragraph 5

Text proposed by the Commission

5. Where the Commission gives a negative assessment to a recovery and resilience plan, it shall communicate a duly justified assessment within four months of the submission of the proposal by the Member State.

Amendment

5. Where the Commission gives a negative assessment to a recovery and resilience plan, the decision shall be accompanied by a duly justified assessment and communicated within two months of the submission by the Member State. The Member State concerned may submit another recovery and resilience plan and may also use the Technical Support Instrument.

Amendment 52

Proposal for a regulation
Article 17 – paragraph 7

Text proposed by the Commission

7. The implementing acts referred to in paragraphs 1 and 2 shall be adopted in accordance with the examination procedure referred to in Article 27(2).

Amendment

7. The delegated act referred to in paragraphs 1 and 2 shall be adopted in accordance with the procedure referred to in Article 27.

Amendment 53

Proposal for a regulation
Article 18 – paragraph 2

Text proposed by the Commission

2. Where the Commission considers that the reasons put forward by the Member State concerned justify an amendment of the relevant recovery and

Amendment

2. Where the Commission considers that the reasons put forward by the Member State concerned justify an amendment of the relevant recovery and
resilience plan, the Commission shall assess the new plan in accordance with the provisions of Article 16 and shall take a new decision in accordance with Article 17 within four months of the official submission of the request.

resilience plan, the Commission shall assess the new plan in accordance with the provisions of Article 16 and shall take a new decision in accordance with Article 17 within two months of the official submission of the request.

Amendment 54

Proposal for a regulation
Article 18 – paragraph 3

Text proposed by the Commission

3. Where the Commission considers that the reasons put forward by the Member State concerned do not justify an amendment of the relevant recovery and resilience plan, it shall reject the request within four months of its official submission, after having given the Member State concerned the possibility to present its observations within a period of one month of the communication of the Commission's conclusions.

Amendment

3. Where the Commission considers that the reasons put forward by the Member State concerned do not justify an amendment of the relevant recovery and resilience plan, it shall reject the request within two months of its official submission, after having given the Member State concerned the possibility to present its observations within a period of one month of the communication of the Commission's conclusions.

Amendment 55

Proposal for a regulation
Article 19 – paragraph 3 – subparagraph 1

Text proposed by the Commission

3. Upon completion of the relevant agreed milestones and targets indicated in the recovery and resilience plan as approved in the implementing act of the Commission, the Member State concerned shall submit to the Commission a duly justified request for payment of the financial contribution and, where relevant, of the loan tranche. Such requests for payment may be submitted by the Member States to the Commission on a biannual basis. The Commission shall assess, within two months of receiving the request,

Amendment

3. Upon completion of the relevant agreed milestones and targets indicated in the recovery and resilience plan as approved in the delegated act of the Commission, the Member State concerned shall submit to the Commission a duly justified request for payment of the financial contribution and, where relevant, of the loan tranche. Such requests for payment may be submitted by the Member States to the Commission on a quarterly basis. The Commission shall assess, within one month of receiving the request,
whether the relevant milestones and targets set out in the decision referred to in Article 17(1) have been satisfactorily implemented. For the purpose of the assessment, the operational arrangement referred to in Article 17(6) shall also be taken into account. The Commission may be assisted by experts.

**Amendment 56**

**Proposal for a regulation**

**Article 21 – paragraph 1**

*Text proposed by the Commission*

1. The Commission shall transmit the recovery and resilience plans as approved in the implementing act of the Commission in accordance with Article 17 to the European Parliament and the Council without undue delay. The Member State concerned may request the Commission to redact sensitive or confidential information, the disclosure of which would jeopardise public interests of the Member State.

*Amendment*

1. The Commission shall transmit the recovery and resilience plans as approved in the delegated act of the Commission in accordance with Article 17 to the European Parliament and the Council without undue delay. The Member State concerned may request the Commission to redact sensitive or confidential information, the disclosure of which would jeopardise public interests of the Member State.

**Amendment 57**

**Proposal for a regulation**

**Article 25 – paragraph 1 a (new)**

*Text proposed by the Commission*

1a. In order for the European Parliament to carry out an appropriate control of the effectiveness, efficiency and impact of the financial support under the Facility, the annual report shall be transmitted to the European Parliament and the Council as part of the Integrated Financial Accountability Reporting and shall be part of the annual discharge procedure as a separate chapter in the discharge report of the Commission.

*Amendment*

1a. In order for the European Parliament to carry out an appropriate control of the effectiveness, efficiency and impact of the financial support under the Facility, the annual report shall be transmitted to the European Parliament and the Council as part of the Integrated Financial Accountability Reporting and shall be part of the annual discharge procedure as a separate chapter in the discharge report of the Commission.
Amendment 58

Proposal for a regulation
Article 26 – paragraph 1

Text proposed by the Commission

1. The recipients of Union funding shall acknowledge the origin and ensure the visibility of the Union funding, in particular when promoting the actions and their results, by providing coherent, effective and proportionate targeted information to multiple audiences, including the media and the public.

Amendment

1. Member States and other recipients of Union funding shall acknowledge the origin and consistently ensure the visibility of the Union funding, in particular when promoting the actions and their results, by displaying the Union emblem together with the reference to the "Recovery and Resilience Facility" supporting the actions, both offline and online, and providing coherent, effective and proportionate targeted information to multiple audiences, including the media and the public.

Amendment 59

Proposal for a regulation
Article 26 – paragraph 2

Text proposed by the Commission

2. The Commission shall implement information and communication actions relating to the instruments established by this Regulation, its actions and its results. Financial resources allocated to the instruments established by this Regulation shall also contribute to the corporate communication of the political priorities of the Union, as far as they are related to the objectives referred to in Articles 4.

Amendment

2. The Commission shall implement information and communication actions in a user-friendly manner, in order to raise awareness among citizens, businesses, especially SMEs and public administrations about the financial resources provided through the instruments established by this Regulation, as well as its actions and its results. Financial resources allocated to the instruments established by this Regulation shall also contribute to the corporate communication of the political priorities of the Union, as far as they are related to the objectives referred to in Articles 4.
 Amendment 60

Proposal for a regulation
Article 26 – paragraph 2 – subparagraph 1 a (new)

**Text proposed by the Commission**

The Commission shall establish a digital monitoring system which ensures full public transparency via a searchable, easily accessible digital platform listing all beneficiaries of funding resulting from national recovery and resilience plans where Member States have to provide the necessary information for.

**Amendment**

Amendment 61

Proposal for a regulation
Article 27

**Text proposed by the Commission**

**Article 27**

Committee procedure

1. The Commission shall be assisted by a committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.

2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

**Amendment**

**Exercise of the delegation**

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.

2. The power to adopt delegated acts referred to in Article 17 and Article 19 shall be conferred on the Commission until 31 December 2027.

3. The delegation of power referred to in Article 17 and Article 19 may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.
4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.

5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.

6. A delegated act adopted pursuant to Article 17 and Article 19 shall enter into force if no objection has been expressed either by the European Parliament or by the Council within a period of three months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by three months at the initiative of the European Parliament or of the Council.

Amendment 62
Proposal for a regulation
Annex II – point 2 – paragraph 1 – point -a (new)

_text proposed by the Commission_  

Amendment

-a. whether the measures proposed in the plan will contribute to reaching the target set out in Article 4, and whether the plan is consistent with the scope of this Regulation as stipulated in Article 3;

Amendment 63
Proposal for a regulation
Annex II – point 2 – paragraph 1 – point a
(a) whether the recovery and resilience plan is expected to contribute to effectively address challenges identified in the relevant country-specific recommendations addressed to the Member State concerned or in other relevant documents officially adopted by the Commission in the European Semester;

Amendment 64

Proposal for a regulation
Annex II – point 2 – paragraph 1 – point b a (new)

(b a) whether the investments included in the plan respect the 'do no significant harm' principle and ‘minimum safeguards’ requirements;

Amendment 65

Proposal for a regulation
Annex II – point 2 – paragraph 1 – point d

(d) whether the recovery and resilience plan is expected to effectively contribute to strengthen the growth potential, job creation, and economic and social resilience of the Member State, mitigate the economic and social impact of the crisis, and contribute to enhance economic, social and territorial cohesion;

(d) whether the recovery and resilience plan is expected to effectively contribute to strengthen the growth potential, job creation, economic and social resilience, the industrial ecosystems and strategic value chains of the Member State, mitigate the economic and social impact of the crisis, and contribute to enhance economic, social and territorial cohesion, while ensuring the level playing field of the Single Market and the strategic autonomy of the Union;
Amendment 66

Proposal for a regulation
Annex II – point 2 – paragraph 1 – point f

Text proposed by the Commission

(f) whether the recovery and resilience plan contains measures for the implementation of reforms and public investment projects that represent coherent actions;

Amendment

(f) whether the recovery and resilience plan contains measures for the implementation of reforms and public investment projects that represent coherent actions, which are also consistent with the relevant country-specific recommendations addressed to the Member State concerned or in other relevant documents officially adopted by the Commission in the European Semester and that are capable of mobilising private investments as well;

Amendment 67

Proposal for a regulation
Annex II – point 2 – paragraph 1 – point g a (new)

Text proposed by the Commission

(ga) whether all relevant stakeholders are properly consulted as stipulated in Article 15;

Amendment

Amendment 68

Proposal for a regulation
Annex II – point 2 – paragraph 3 – point 2.2 – paragraph 1 – subparagraph 1 – indent 1

Text proposed by the Commission

— the implementation of the envisaged measures is expected to significantly contribute to establish climate- and environmental-friendly systems and to the greening of economic or social sectors with a view to contribute to the overall objective of a climate-neutral Europe by 2050;

Amendment

— the implementation of the envisaged measures is expected to significantly contribute to establish climate-neutral and environmental-friendly systems and to the greening of economic or social sectors and to the energy and resource efficiency of those sectors with a view to contribute to the
overall objective of a climate-neutral Europe by 2050, *while respecting technology neutrality*;

Amendment 69

Proposal for a regulation
Annex II – point 2 – paragraph 3 – point 2.2 – paragraph 1 – subparagraph 2 – introductory part

*Text proposed by the Commission*  
*Amendment*  
*or*  
*And*

Amendment 70

Proposal for a regulation
Annex II – point 2 – paragraph 3 – point 2.2 – paragraph 1 – subparagraph 2 – indent 1

*Text proposed by the Commission*  
*Amendment*  
— the implementation of the envisaged measures is expected to significantly contribute to the digital transformation of economic or social sectors;  
— the implementation of the envisaged measures is expected to significantly contribute to the digital transformation of economic or social sectors, *to support research and deployment of technology in areas such as artificial intelligence, 5G and data economy, to contribute to digital accessibility and to diminish the digital divide*;

Amendment 71

Proposal for a regulation
Annex II – point 2 – paragraph 3 – point 2.2 – paragraph 1 – subparagraph 3 – introductory part

*Text proposed by the Commission*  
*Amendment*  
*or*  
*and*

Amendment 72
Proposal for a regulation
Annex II – point 2 – paragraph 3 – point 2.2 – paragraph 1 – subparagraph 3 – indent 1

Text proposed by the Commission
— the implementation of the envisaged measures is expected to significantly contribute to address the challenges resulting from the green and/or digital transitions

Amendment
— the implementation of the envisaged measures is expected to significantly contribute to address the challenges resulting from the just green transition and digital transformation

Amendment 73

Proposal for a regulation
Annex II – point 2 – paragraph 3 – point 2.2 – paragraph 1 – subparagraph 4 – indent 1

Text proposed by the Commission
— the implementation of the envisaged measures is expected to have a lasting impact.

Amendment
— the implementation of the envisaged measures is expected to have a long lasting positive impact.

Amendment 74

Proposal for a regulation
Annex II – point 2 – paragraph 3 – point 2.4 – introductory part

Text proposed by the Commission
2.4 The recovery and resilience plan is expected to effectively contribute to strengthen the growth potential, job creation, and economic and social resilience of the Member State, mitigate the economic and social impact of the crisis, and contribute to enhance economic, social and territorial cohesion;

Amendment
2.4 The recovery and resilience plan is expected to effectively contribute to strengthen the growth potential, in particular for SMEs, job creation, the Union’s strategic autonomy and long-term competitiveness, the industrial ecosystems and strategic value chains and produce positive long-lasting impact on economic and social resilience sustainability and long-term growth of the Member State to create opportunities for future generations, mitigate the economic and social impact of the crisis, and contribute to enhance economic, social and territorial cohesion,
Amendment 75

Proposal for a regulation
Annex II – point 2 – paragraph 3 – point 2.4 – paragraph 1 – subparagraph 1 – indent 1

Text proposed by the Commission

— the recovery and resilience plan contains measures that aim at addressing weaknesses of the economy of the Member States and at boosting the growth potential of the economy of the Member State concerned, stimulating job creation and mitigating the adverse effects of the crisis, while avoiding adverse impacts of those measures on climate and environment.

Amendment

— the recovery and resilience plan contains measures that aim at addressing weaknesses of the economy of the Member States and at boosting the growth potential, in particular for SMEs, microentreprises and start-ups the strengthening of the industrial ecosystems and strategic value chains of the economy of the Member State concerned, stimulating job creation and mitigating the adverse effects of the crisis, while avoiding adverse impacts of those measures on climate and environment.

Amendment 76

Proposal for a regulation
Annex II – point 2 – paragraph 3 – point 2.4 – paragraph 1 – subparagraph 4 – indent 1

Text proposed by the Commission

- and

- the recovery and resilience plan targets the upcoming economic cycle and focus on the activities, the technologies and the industries that generate long-term benefits

Amendment

- and

Amendment 77

Proposal for a regulation
Annex II – point 2 – paragraph 3 – point 2.4 – paragraph 1 – subparagraph 4 – indent 1

Text proposed by the Commission

- and
the recovery and resilience plan is expected to contribute to strengthen the strategic autonomy of the Union in key value chains

Amendment 78

Proposal for a regulation
Annex II – point 2 – paragraph 3 – point 2.4 – paragraph 1 – subparagraph 4 – indent 1
c (new)

Text proposed by the Commission
- the recovery and resilience plan is expected to target investments in long-term projects that shall produce growth and income for Member States and the Union that will benefit from the European Recovery Instrument (‘Next Generation EU’) and its repayment schemes in the interest of future generations,

Amendment 79

Proposal for a regulation
Annex II – point 3 – paragraph 1 – point c a (new)

Text proposed by the Commission
(ca) where the recovery and resilience plan complies partially or only with some of the criteria referred to in Article 16(3), the financial contribution allocated to the Member State concerned shall not be higher than the total amount of the estimated costs of the reforms and investments that meet the criteria set out in Article 16(3).
**PROCEDURE – COMMITTEE ASKED FOR OPINION**

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<td><strong>Committees responsible</strong></td>
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<td><strong>Rapporteur</strong></td>
<td>Date appointed</td>
</tr>
<tr>
<td>Date appointed</td>
<td>François-Xavier Bellamy 6.7.2020</td>
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<td>15.10.2020</td>
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<td><strong>Substitutes present for the final vote</strong></td>
<td>Jakop G. Dalunde, Pietro Fiocchi, Sven Schulze, Jordi Solé</td>
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## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

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<td>François-Xavier Bellamy, Hildegard Bentele, Tom Berendsen, Vasile Blaga, Cristian-Silviu Bușoi, Jerzy Buzek, Maria Da Graça Carvalho, Pilar Del Castillo Vera, Christian Ehler, Seán Kelly, Andrius Kubilius, Eva Maydell, Angelika Niebler, Aldo Patriciello, Sven Schulze, Maria Spyrači, Riho Terras, Henna Virkkunen, Pernille Weiss</td>
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<td><strong>S&amp;D</strong></td>
<td>Carlo Calenda, Josianne Cutajar, Niels Fuglsang, Lina Gálvez Muñoz, Nicolás González Casares, Robert Hajšel, Ivo Hristov, Romana Jerkovič, Eva Kaili, Łukasz Kohut, Miapetra Kumpula-Natri, Dan Nica, Tsvetelina Penkova, Patrizia Toia, Carlos Zorrinho</td>
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<td><strong>RENEW</strong></td>
<td>Nicola Beer, Nicola Danti, Valter Flego, Claudia Gamon, Bart Groothuis, Christophe Grudler, Ivars Ijabs, Iskra Mihaylova, Mauri Pekkarinen, Morten Petersen</td>
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<td><strong>Greens</strong></td>
<td>François Alfonsi, Michael Bloss, Jakop Dalunde, Ciarán Cuffe, Henrike Hahn, Ville Niinistö, Mikuláš Peksa, Jordi Sole</td>
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<tr>
<td><strong>ECR</strong></td>
<td>Pietro Fiocchi</td>
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<td><strong>NI</strong></td>
<td>Ignazio Corrao, Clara Ponsati Obiols</td>
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<tr>
<td><strong>ID</strong></td>
<td>Markus Buchheit</td>
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<tr>
<td><strong>ECR</strong></td>
<td>Robert Roos, Jessica Stegrud</td>
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<td>Andris Gyürk</td>
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<td><strong>Renew</strong></td>
<td>Martina Dlabajová</td>
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<td>Paolo Borchia, Thierry Mariani, Joëlle Mélin, Jérôme Rivière, Isabella Tovaglieri</td>
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<td>Izabela-Helena Kloc, Beata Szydło, Grzegorz Tobiszowski, Evžen Tošenovský</td>
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<tr>
<td><strong>GUE</strong></td>
<td>Manuel Bompard, Marc Botenga</td>
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Key to symbols:
+ : in favour  
- : against  
0 : abstention
14.10.2020

OPINION OF THE COMMITTEE ON TRANSPORT AND TOURISM

for the Committee on Budgets and the Committee on Economic and Monetary Affairs

(COM(2020)0408 – C9-0150/2020 – 2020/0104(COD))

Rapporteur for opinion: Roberts Zīle

SHORT JUSTIFICATION

The rapporteur welcomes the proposal to establish a Recovery and Resilience Facility with the aim to offer large-scale financial support in order to make Member State economies more resilient and better prepared for the future.

The rapporteur wishes to emphasise the importance of the transport sector during the COVID-19 pandemic. This crisis has shown the importance of the good functioning of freight transport for the security of supply and that public transport for critical workers is essential to mitigate the crisis. Consequently, increasing the resilience of the European transport system is a matter of strategic importance. Furthermore, the rapporteur recalls that the transport and tourism sector have been among the most severely affected by the COVID-19 pandemic and require therefore specific attention at the European level as well as in national recovery and resilience plans.

The rapid recovery of the European economy requires investment in mature projects with high potential for supporting growth and the creation of jobs: the identified needs, investment backlog and existing pipeline of mature projects that will develop transport infrastructure offers significant opportunities in this respect.

As a sector representing more than 25% of European CO2 emissions and with limited reductions so far, investment aiming to support transport decarbonisation should be given priority, in line with existing country-specific recommendations under the European Semester process, as well as with national recovery and resilience plans.

The European Union remains a global leader in transport. In terms of EU export sectors, it commands one of the largest shares of exported value, comprising aeronautical, rail or automotive products and services. But this leadership is now put into question and needs to be defended, including through the adoption of green technologies, digital transformation and a deeper commitment towards innovation.
The rapporteur strongly believes that ambitious investments in the transport sector are needed to complete the key sections and nodes of the TEN-T Core Network and, where necessary, to complement national funding or funding from the Connecting Europe Facility and/or the Regional Policy funds. Support should ensure the timely completion of the sections identified in the TEN-T Corridor Work Plans and prioritise works able to take place in the period running from 2021-2023.

The deployment of low and zero-emission vehicles and vessels should be a priority. Such investment should include the necessary recharging/refuelling infrastructure where persistent gaps exist, notably for long-distance travel, ports, and in less densely populated areas. It should also incorporate the development of sustainable urban mobility, including fleets and the needs for multimodality travel. In addition, the deployment of smart traffic management systems and ’Mobility as a Service’ solutions are important, while the implementation of the European Common Mobility Data Space, as an important component of the European Strategy for data, should also be reflected in the priorities attached to the Recovery and Resilience Facility.

The rapporteur draws attention to the risk that given the short-term period and the emphasis of the national envelopes in the implementation of the Recovery and Resilience Facility, the implementation of the Facility and dispersal of funds may be skewed in order to meet short deadlines. The rapporteur is of the opinion that such an approach would run counter to the initial purpose of the Facility and should be guarded against.

The rapporteur emphasises that the Recovery and Resilience Facility should not lead to a higher risk of a distortion of the level playing field of the Single Market. Such distortion would increase economic divergences in the Union and aggravate Europe’s long-term growth challenges. In preparing and implementing their Recovery and Resilience Plans and in proposing reforms and investments Member States will have to consider Article 107 TFEU and the State aid framework and its restrictions. The proper functioning of the Single Market and its competition and State aid rules are to the benefit of European consumers and businesses and are necessary to avoid undue distortions of competition. The Commission must therefore continue to perform its role under the EU Treaties to ensure a level playing field in the EU's Single Market.

The unemployment index as a component of a particular Member State’s socio-economical capacity is affected by the Member State’s workforce migration development internally in the EU. As the Member State faces an increase of emigration, it not only affects its GDP but it also decreases its unemployment rate – an integral part of the allocation key. While this is statistically accurate, such as decrease in unemployment may not reveal the true socio-economic landscape in that Member State. Therefore, in order to facilitate the main ambition of the balanced Recovery and Resilience Facility implementation in accordance with its aims, the proposed unemployment rate should be adjusted in accordance with related migration flows attributed to individual Member States.

The rapporteur acknowledges that incorporating migration flows into the allocation key may be a challenge, given the urgent need for the Recovery and Resilience Facility and the need for careful consideration of how to implement this important correction. In the event that it is not politically possible to agree this inclusion in the current proposal, the rapporteur considers this additional part of the allocation key as an essential component to include in the next revision or continuation of the Recovery and Resilience Facility.
AMENDMENTS

The Committee on Transport and Tourism calls on the Committee on Budgets and the Committee on Economic and Monetary Affairs, as the committees responsible, to take into account the following amendments:

Amendment 1

Proposal for a regulation
Recital 4

Text proposed by the Commission

(4) 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. The challenges linked to the demographic context have been amplified by COVID-19. The current COVID-19 pandemic as well as the previous economic and financial crisis have shown that developing sound and resilient economies and financial systems built on strong economic and social structures helps Member States to respond more efficiently to shocks and recover more swiftly from them. The medium and long-term consequences of the COVID-19 crisis will critically depend on how quickly Member States’ economies will recover from the crisis, which in turn depends on the fiscal space Member States have available to take measures to mitigate the social and economic impact of the crisis, and on the resilience of their economies. Reforms and investments to address structural weaknesses of the economies and strengthen their resilience will therefore be essential to set the economies back on a sustainable recovery path and avoid further widening of the divergences in the Union.

Amendment

(4) 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, in particular in those economic sectors most affected by the crisis, such as transport and tourism. The challenges linked to the demographic context have been amplified by COVID-19. The current COVID-19 pandemic as well as the previous economic and financial crisis have shown that developing sound and resilient economies and financial systems built on strong economic and social structures helps Member States to respond more efficiently to shocks and recover more swiftly from them. The medium and long-term consequences of the COVID-19 crisis will critically depend on how quickly Member States’ economies will recover from the crisis, which in turn depends on the fiscal space Member States have available to take measures to mitigate the social and economic impact of the crisis, and on the resilience of their economies. Reforms and investments to address structural weaknesses of the economies and strengthen their resilience will therefore be essential to set the economies back on a sustainable recovery path and avoid further widening of the divergences in the Union.
Amendment 2

Proposal for a regulation
Recital 6

Text proposed by the Commission

(6) Past experiences have shown that investment is often drastically cut during crises. However, it is essential to support investment in this particular situation to speed up the recovery and strengthen long-term growth potential. Investing in green and digital technologies, capacities and processes aimed at assisting clean energy transition, boosting energy efficiency in housing and other key sectors of the economy are important to achieve sustainable growth and help create jobs. It will also help make the Union more resilient and less dependent by diversifying key supply chains.

Amendment

(6) Past experiences have shown that investment is often drastically cut during crises and that public services and the most marginalised in society suffer the most as a result. However, it is essential to support investment in this particular situation to speed up the recovery and strengthen long-term growth potential while avoiding the mistakes of the past in terms of social and environmental harm. Investing in green and digital technologies and innovation, sustainable mobility and transport infrastructure, including alternative sustainable fuels infrastructures, capacities and processes aimed at assisting clean energy transition and boosting energy efficiency in housing and other key sectors of the economy are important to achieve sustainable growth and help create jobs. It will also help make the Union more resilient and less dependent by diversifying key supply chains.

Amendment 3

Proposal for a regulation
Recital 8

Text proposed by the Commission

(8) Against this background, it is necessary to strengthen the current framework for the provision of support to Member States and provide direct financial support to Member States through an innovative tool. To that end, a Recovery and Resilience Facility (the ‘Facility’)

Amendment

(8) Against this background, it is necessary to strengthen the current framework for the provision of support to Member States and provide direct financial support to Member States through an innovative tool. To that end, a Recovery and Resilience Facility (the ‘Facility’
should be established under this Regulation to provide effective financial and significant support to step up the implementation of reforms and related public investments in the Member States. The Facility should be comprehensive and should also benefit from the experience gained by the Commission and the Member States from the use of the other instruments and programmes.

should be established under this Regulation to provide effective financial and significant support for the recovery of the European economy, and in particular of sectors which have experienced significant losses such as transport and tourism, and to increase its resilience, stepping up the implementation of reforms and related public investments in the Member States. The Facility should be comprehensive and should also benefit from the experience gained by the Commission and the Member States from the use of the other instruments and programmes. In order to reap the greatest benefits from the Recovery and Resilience Facility and fulfil its goals to the maximum degree, the incentives should be designed in such a way as to encourage full implementation of the recovery and resilience plan. Therefore, pay-out of the funds should be proportionate to the level of completion of the recovery and resilience plan and the pay-out should only take place after reaching the relevant milestones has been verified by the Commission.

Amendment 4
Proposal for a regulation
Recital 11

Text proposed by the Commission

(11) Reflecting the European Green Deal as Europe’s sustainable growth strategy and the translation of the Union's commitments to implement the Paris Agreement and the United Nations’ Sustainable Development Goals, the Facility established by this Regulation will contribute to mainstreaming climate actions and environmental sustainability and to the achievement of an overall target of 25% of the EU budget expenditures supporting climate objectives.

Amendment

(11) Reflecting the European Green Deal as Europe’s sustainable growth strategy and the translation of the Union's commitments to implement the Paris Agreement and the United Nations’ Sustainable Development Goals, the Facility established by this Regulation will contribute to mainstreaming climate actions and environmental sustainability and to the achievement of an overall target of 30% of the EU budget expenditures supporting climate objectives. It will accelerate the structural transformation
of the economy towards a more clean, resilient and carbon-neutral economy. In this regard, the national plans should set as a goal and implement an innovative and sustainable recovery: for example, in the transport sector, they should set as a goal ‘making Europe a pioneer in terms of mobility through the development of intelligent autonomous systems’. The Facility should primarily support research, innovation and circular solutions (e.g. new fuels, shared vehicles, etc.) and the most environmentally friendly modes of transport (i.e. rail and waterways) which must be rapidly modernised in order to further improve their energy performance (through the use of electric boats, hydrogen, alternative fuels), as well as their accessibility, especially in the most remote areas.

Amendment 5

Proposal for a regulation
Recital 11 a (new)

Text proposed by the Commission

(11a) As the transport sector represents more than 25 % of Union CO₂ emissions, investments that support transport decarbonisation should be given priority in line with the existing country-specific recommendations of the European Semester process as well as with national recovery and resilience plans.

Amendment 6

Proposal for a regulation
Recital 14

Text proposed by the Commission

(14) The Facility’s general objective should be the promotion of economic, social and territorial cohesion. For that
purpose, it should contribute to improving the resilience and adjustment capacity of the Member States, mitigating the social and economic impact of the crisis, and supporting the green and digital transitions aimed at achieving a climate neutral Europe by 2050, thereby restoring the growth potential of the economies of the Union in the aftermath of the crisis, fostering employment creation and to promoting sustainable growth.

Amendment 7
Proposal for a regulation
Recital 14 a (new)

Text proposed by the Commission

(14a) Given its strong need for innovation with regard to the green transition and digital transformation, the transport sector should be prioritised, especially projects for the development of zero-emission mobility and the necessary vehicles and infrastructure, the evolution of alternative sustainable fuels and the development and rollout of a sustainable cross-border infrastructure for e-mobility, as well as the transition towards green hydrogen, intelligent traffic management systems and autonomous driving.
Amendment 8
Proposal for a regulation
Recital 14 b (new)

Text proposed by the Commission

(14b) The Facility should contribute to the completion of key sections and nodes of the TEN-T Core and comprehensive Networks and, where necessary, should complement national funding or funding from the Connecting Europe Facility and the Regional Policy funds. Support should ensure the timely completion of the sections identified in the TEN-T Corridor Work Plans and prioritise works which can take place in the period from 2021-2024.

Amendment 9
Proposal for a regulation
Recital 15

Text proposed by the Commission

(15) The specific objective of the Facility should be to provide financial support with a view to achieving the milestones and targets of reforms and investments as set out in recovery and resilience plans. That specific objective should be pursued in close cooperation with the Member States concerned.

Amendment

(15) The specific objective of the Facility should be to provide financial support with a view to achieving the milestones and targets of reforms and investments in all Member States as set out in recovery and resilience plans. That specific objective should be pursued in close cooperation with the Member States concerned.

Amendment 10
Proposal for a regulation
Recital 16

Text proposed by the Commission

(16) To ensure its contribution to the objectives of the Facility, the recovery and
resilience plan should comprise measures for the implementation of reforms and public investment projects through a coherent recovery and resilience plan. The recovery and resilience plan should be consistent with the relevant country-specific challenges and priorities identified in the context of the European Semester, with the national reform programmes, the national energy and climate plans, the just transition plans, and the partnership agreements and operational programmes adopted under the Union funds. To boost actions that fall within the priorities of the European Green Deal and the Digital Agenda, the plan should also set out measures that are relevant for the green and digital transitions. The measures should enable a swift deliver of targets, objectives and contributions set out in national energy and climate plans and updates thereof. All supported activities should be pursued in full respect of the climate and environmental priorities of the Union.

Amendment 11

Proposal for a regulation
Recital 16 a (new)

Text proposed by the Commission

Amendment

(16a) Member States should consider the development and the digitalisation of the sustainable transport infrastructures along the TEN-T core and comprehensive networks in the respective territories and in cross-border nodes as key objectives in the framework of the national investment plans for recovery in the aftermath of the Covid-19 pandemic;
Amendment 12
Proposal for a regulation
Recital 16 b (new)

Text proposed by the Commission

Amendment

(16b) In the framework of the National Investment Plans for recovery, Member States should ensure intensified financial efforts to deploy key technologies for interoperability in sustainable transport, such as ERTMS, in order to contribute to the overall objective of creating a sustainable and interoperable European railway area;

Amendment 13
Proposal for a regulation
Recital 16 c (new)

Text proposed by the Commission

Amendment

(16c) The creation of a sustainable and smart European transport area involves necessarily the implementation of an interoperable and digitalised railway network along the TEN-T through the installation of ERTMS, with an overall cost of no less than EUR 15 billion. The National plans for recovery should therefore contribute to this objective and complement the efforts to deploy ERTMS along the TEN-T networks. The Commission should take all the necessary initiatives to achieve this objective.

Amendment 14
Proposal for a regulation
Recital 16 d (new)
(16d) Funding under the resilience facility is only possible if Member States fully respect the rule of law as well as the dispositions laid down in the European Parliament legislative resolution of 4 April 2019 on the proposal for a regulation of the European Parliament and of the Council on the protection of the Union's budget in case of generalised deficiencies as regards the rule of law in the Member States.\(^1\)

\(^1\) Texts adopted, P8_TA(2019)0349.

Amendment 15

Proposal for a regulation
Recital 18 a (new)

(18a) In preparing and implementing their Recovery and Resilience Plans and in proposing reforms and investments Member States should consider Article 107 TFEU and the State aid framework and its restrictions. The proper functioning of the internal market and its competition and State aid rules benefit of European consumers and businesses and are necessary to avoid undue distortions of competition. The Commission should therefore continue to perform its role under the Treaties to ensure a level playing field in the internal market. The Commission should take the relevant decisions on State aid measures within the shortest possible timeframe, in order to enable the rapid disbursement of economic support to companies.
Amendment 16
Proposal for a regulation
Recital 21

**Text proposed by the Commission**

(21) In order to ensure the national ownership and a focus on relevant reforms and investments, Member States wishing to receive support should submit to the Commission a recovery and resilience plan that is duly reasoned and substantiated. The recovery and resilience plan should set out the detailed set of measures for its implementation, including targets and milestones, and the expected impact of the recovery and resilience plan on growth potential, job creation and economic and social resilience; it should also include measures that are relevant for the green and the digital transitions; it should also include an explanation of the consistency of the proposed recovery and resilience plan with the relevant country-specific challenges and priorities identified in the context of the European Semester. Close cooperation between the Commission and the Member States should be sought and achieved throughout the process.

**Amendment**

(21) In order to ensure the national ownership and a focus on relevant reforms and investments, Member States wishing to receive support should submit to the Commission a recovery and resilience plan that is duly reasoned and substantiated. The recovery and resilience plan should set out the detailed set of measures for its implementation, including targets and milestones, and the expected impact of the recovery and resilience plan on growth potential, job creation and economic and social resilience; it should also include measures that are relevant for the transition to a digital and carbon-neutral circular economy and improvement of connectivity; it should also include an explanation of the consistency of the proposed recovery and resilience plan with the relevant country-specific challenges and priorities identified in the context of the European Semester. Close cooperation between the Commission and the Member States should be sought and achieved throughout the process.

Amendment 17
Proposal for a regulation
Recital 21 a (new)

**Text proposed by the Commission**

(21a) The requirement to outline an indicative timetable with milestones and targets in the recovery and resilience plans should not restrict the possibility to include more complex infrastructure investments the execution periods for which may be longer than seven years.

**Amendment**

(21a) The requirement to outline an indicative timetable with milestones and targets in the recovery and resilience plans should not restrict the possibility to include more complex infrastructure investments the execution periods for which may be longer than seven years.
Amendment 18

Proposal for a regulation

Recital 22

Text proposed by the Commission

(22) The Commission should assess the recovery and resilience plan proposed by the Member States and should act in close cooperation with the Member State concerned. The Commission will fully respect the national ownership of the process and will therefore take into account the justification and elements provided by the Member State concerned and assess whether the recovery and resilience plan proposed by the Member State is expected to contribute to effectively address challenges identified in the relevant country-specific recommendation addressed to the Member State concerned or in other relevant documents officially adopted by the Commission in the European Semester; whether the plan contains measures that effectively contribute to the green and digital transitions and to addressing the challenges resulting from them; whether the plan is expected to have a lasting impact in the Member State concerned; whether the plan is expected to effectively contribute to strengthen the growth potential, job creation and economic and social resilience of the Member State, mitigate the economic and social impact of the crisis and contribute to enhancing economic, social and territorial cohesion; whether the justification provided by the Member State of the estimated total costs of the recovery and resilience plan submitted is reasonable and plausible and is commensurate to the expected impact on the economy and employment; whether the proposed recovery and resilience plan contains measures for the implementation of reforms and public investment projects

Amendment

(22) The Commission should assess the recovery and resilience plan proposed by the Member States and should act in close cooperation with the Member State concerned. The Commission will fully respect the national ownership of the process and will therefore take into account the justification and elements provided by the Member State concerned and assess whether the recovery and resilience plan proposed by the Member State is expected to contribute to effectively address challenges identified in the relevant country-specific recommendation addressed to the Member State concerned or in other relevant documents officially adopted by the Commission in the European Semester; whether the plan contains measures that effectively contribute to the transition to a digital and carbon-neutral circular economy, including by strengthening infrastructure and improving connectivity and transport, and to addressing the challenges resulting from them; whether the plan is expected to have a lasting impact in the Member State concerned; whether the plan is expected to effectively contribute to strengthen the growth potential, job creation and economic, environmental and social resilience of the Member State, mitigate the economic and social impact of the crisis and contribute to enhancing economic, social and territorial cohesion and to reducing gender and economic inequality; whether the justification provided by the Member State of the estimated total costs of the recovery and resilience plan submitted is reasonable and plausible and is commensurate to the
that represent coherent actions; and whether the arrangement proposed by the Member State concerned are expected to ensure effective implementation of the recovery and resilience plan, including the proposed milestones and targets, and the related indicators.

Amendment 19

Proposal for a regulation
Recital 27

Text proposed by the Commission

(27) To ensure that the financial support is frontloaded in the initial years after the crisis, and to ensure compatibility with the available funding for this instrument, the allocation of funds to the Member States should be made available until 31 December 2024. To this effect, **at least 60 percent** of the amount available for non-repayable support should be legally committed by 31 December 2022. The remaining amount should be legally committed by 31 December 2024.

Amendment

(27) To ensure that the financial support is frontloaded in the initial years after the crisis, and to ensure compatibility with the available funding for this instrument, the allocation of funds to the Member States should be made available until 31 December 2024. To this effect, **70%** of the amount available for non-repayable support should be legally committed by 31 December 2022. The remaining amount should be legally committed by 31 December 2024. *A swift distribution of the funds is crucial in order to mitigate the effects of the COVID-19 crisis on Europe's economy.*

Amendment 20

Proposal for a regulation
Recital 27 a (new)

Text proposed by the Commission

(27a) Given the short-term focus and the emphasis placed on national envelopes in

Amendment
the implementation of the Recovery and Resilience Facility, there is a risk that meeting the deadline for implementing the funding will be prioritised over checking that it is being used for its initial purpose.

Amendment 21
Proposal for a regulation
Recital 27 b (new)

Text proposed by the Commission

(27b) Member States should include in their national recovery and resilience plans investments in cross-border and multi-country projects, which can contribute to the economic recovery and generate European Added Value, while respecting the Union’s 2050 climate neutrality objective. In order to support Member States in the preparation of their national Recovery and Resilience Plans, the Commission should draw up a non-exhaustive list of projects of European Added Value including but not limited to projects to improve the sustainability of tourism, upgrade infrastructures implementing the TEN-T Networks, provide missing cross-border rail links, improve active mobility, boost investment in the aeronautical industry and promote inland waterways navigability, as well as to promote the development of ERTMS on European Freight Corridors.

Amendment 22
Proposal for a regulation
Recital 29

Text proposed by the Commission

(29) The request for a loan should be justified by the financial needs linked to additional reforms and investments

Amendment

(29) The request for a loan should be justified by the financial needs linked to additional reforms and investments
included in the recovery and resilience plan, notably relevant for the green and digital transitions, and by therefore, by a higher cost of the plan than the maximum financial contribution (to be) allocated via the non-repayable contribution. It should be possible to submit the request for a loan together with the submission of the plan. In case the request for loan is made at a different moment in time, it should be accompanied by a revised plan with additional milestones and targets. To ensure frontloading of resources, Member States should request a loan support at the latest by 31 August 2024. For the purposes of sound financial management, the total amount of all the loans granted under this Regulation should be capped. In addition, the maximum volume of the loan for each Member State should not exceed 4.7% of its Gross National Income. An increase of the capped amount should be possible in exceptional circumstances subject to available resources. For the same reasons of sound financial management, it should be possible to pay the loan in instalments against the fulfilment of results.

Amendment 23

Proposal for a regulation
Recital 30

Text proposed by the Commission

(30) A Member State should have the possibility to make a reasoned request to amend the recovery and resilience plan within the period of implementation, where objective circumstances justify such a course of action. The Commission should assess the reasoned request and take a new decision within four months.

Amendment

(30) A Member State should have the possibility to make a reasoned request to amend the recovery and resilience plan within the period of implementation, where objective circumstances justify such a course of action. The Commission should assess the reasoned request and take a new decision within two months.
Amendment 24

Proposal for a regulation
Recital 35

Text proposed by the Commission

(35) In order to ensure an efficient and coherent allocation of funds from the Union budget and to respect the principle of sound financial management, actions under this Regulation should be consistent with and be complementary to ongoing Union programmes, whilst avoiding double funding for the same expenditure. In particular, the Commission and the Member State should ensure, in all stages of the process, effective coordination in order to safeguard the consistency, coherence, complementarity and synergy among sources of funding. To that effect, Member States should be required to present the relevant, information on existing or planned Union financing when submitting their plans to the Commission. Financial support under Facility should be additional to the support provided under other Union funds and programmes, and reform and investment projects financed under the Facility should be able to receive funding from other Union programmes and instruments provided that such support does not cover the same cost.

Amendment

(35) In order to ensure an efficient and coherent allocation of funds from the Union budget and to respect the principle of sound financial management, actions under this Regulation should be consistent with and be complementary to ongoing Union programmes, whilst avoiding double funding for the same expenditure. In particular, the Commission and the Member State should ensure, in all stages of the process, effective coordination in order to safeguard the consistency, coherence, complementarity and synergy among sources of funding. To that effect, Member States should be required to present the relevant, information on existing or planned Union financing when submitting their plans to the Commission. Financial support under Facility should be additional to the support provided under other Union funds and programmes, and reform and investment projects financed under the Facility should be able to receive funding from other Union programmes and instruments provided that such support does not cover the same cost.

Amendment 25

Proposal for a regulation
Recital 35 a (new)

Text proposed by the Commission

(35a) The rapid recovery of the Union economy requires investment in mature projects with a high potential for supporting growth, decarbonisation of the economy and the creation of jobs; the identified needs, investment backlog and

Amendment

(35a) The rapid recovery of the Union economy requires investment in mature projects with a high potential for supporting growth, decarbonisation of the economy and the creation of jobs; the
existing pipeline of mature projects that will develop sustainable transport infrastructure offer great opportunities in this respect.

Amendment 26
Proposal for a regulation
Recital 35 b (new)

Text proposed by the Commission

(35b) Assessment criteria for use in accessing whether projects add value at the Union level should be published to avoid a patchwork of national approaches that might be contradictory or short-sighted; for example, in the field of sustainable transport, projects that promote cross-border connections would have a positive long-term impact on the Union's economy and society.

Amendment 27
Proposal for a regulation
Recital 36

Text proposed by the Commission

(36) Pursuant to paragraphs 22 and 23 of the Interinstitutional Agreement for Better Law-Making of 13 April 2016, there is a need to evaluate the Recovery and Resilience Facility established by this Regulation on the basis of information collected through specific monitoring requirements, while avoiding overregulation and administrative burdens, in particular on Member States. These requirements, where appropriate, should include measurable indicators, as a basis for evaluating the effects of the instruments on the ground.

Amendment

(36) Pursuant to paragraphs 22 and 23 of the Interinstitutional Agreement for Better Law-Making of 13 April 2016, there is a need to evaluate the Recovery and Resilience Facility established by this Regulation on the basis of information collected through specific monitoring requirements, while avoiding overregulation and administrative burdens, in particular on Member States and on final recipients of Union funding. These requirements, where appropriate, should include key performance indicators, as a basis for evaluating the effects of the instruments on the ground.
Amendment 28
Proposal for a regulation
Recital 37

Text proposed by the Commission

(37) It is opportune that the Commission provides an annual report to the European Parliament and the Council on the implementation of the Facility set out in this Regulation. This report should include information on the progress made by Member States under the recovery and resilience plans approved; it should also include information on the volume of the proceeds assigned to the Facility under the European Union Recovery Instrument in the previous year, broken down by budget line, and the contribution of the amounts raised through the European Union Recovery Instrument to the achievements of the objectives of the Facility.

Amendment

(37) It is opportune that the Commission provides a semi-annual report to the European Parliament and the Council on the implementation of the Facility set out in this Regulation. This report should include information on the progress made by Member States under the recovery and resilience plans approved; it should also include information on the volume of the proceeds assigned to the Facility under the European Union Recovery Instrument in the previous year, broken down by budget line, and the contribution of the amounts raised through the European Union Recovery Instrument to the achievements of the objectives of the Facility. It should also contain information on the progress made towards reaching the individual milestones, targets and corresponding indicators outlined in each Member State’s recovery and resilience plan.

Amendment 29
Proposal for a regulation
Recital 39

Text proposed by the Commission

(39) The recovery and resilience plans to be implemented by the Member States and the corresponding financial contribution allocated to them should be established by the Commission by way of implementing act. In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission. The implementing powers relating to the adoption of the recovery and resilience plans and to the payment of the financial support upon

Amendment

(39) The recovery and resilience plans to be implemented by the Member States and the corresponding financial contribution allocated to them should be established by the Commission by way of delegated act.
fulfilment of the relevant milestones and targets should be exercised by the Commission in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council, under the examination procedure thereof\(^{13}\). After the adoption of an implementing act, it should be possible for the Member State concerned and the Commission to agree on certain operational arrangements of a technical nature, detailing aspects of the implementation with respect to timelines, indicators for the milestones and targets, and access to underlying data. To allow the continuous relevance of the operational arrangements in respect of the prevailing circumstances during the implementation of the recovery and resilience plan, it should be possible that the elements of such technical arrangements may be modified by mutual consent. Horizontal financial rules adopted by the European Parliament and the Council on the basis of Article 322 of the Treaty on the Functioning of the European Union apply to this Regulation. These rules are laid down in the Financial Regulation and determine in particular the procedure for establishing and implementing the budget through grants, procurement, prizes, indirect implementation, and provide for checks on the responsibility of financial actors. Rules adopted on the basis of Article 322 TFEU also concern the protection of the Union’s budget in case of generalised deficiencies as regards the rule of law in the Member States, as the respect for the rule of law is an essential precondition for sound financial management and effective EU funding.

\(^{13}\) Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States

Amendment 30

Proposal for a regulation
Article 1 – paragraph 1

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>Amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>This Regulation establishes a Recovery and Resilience Facility (the ‘Facility’).</td>
<td>This Regulation establishes a temporary Recovery and Resilience Facility (the ‘Facility’).</td>
</tr>
</tbody>
</table>

Amendment 31

Proposal for a regulation
Article 3 – paragraph 1

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>Amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>The scope of application of the Recovery and Resilience Facility established by this Regulation shall refer to policy areas related to economic, social and territorial cohesion, the green and digital transitions, health, competitiveness, resilience, productivity, education and skills, research and innovation, smart, sustainable and inclusive growth, jobs and investment, and the stability of the financial systems.</td>
<td>The scope of application of the Recovery and Resilience Facility established by this Regulation shall refer to policy areas related to economic, social and territorial cohesion, the transition to a digital and carbon-neutral circular economy by 2050, sustainable tourism, sustainable mobility, transport infrastructure and the evolution of alternative sustainable fuels for all modes of transport and sustainable cross-border infrastructure particularly related to TEN-T core networks, intelligent transport management systems, autonomous driving, e-mobility, the transition towards green hydrogen, health, competitiveness, resilience, productivity, education and skills, research and innovation, smart, sustainable and inclusive growth, jobs and investment, protection of the environment and reduction of greenhouse gas emissions, and the stability of the financial systems and a well-functioning single market.</td>
</tr>
</tbody>
</table>
Amendment 32

Proposal for a regulation
Article 4 – paragraph 1

Text proposed by the Commission

1. The general objective of the Recovery and Resilience Facility shall be to promote the Union’s economic, social and territorial cohesion by improving the resilience and adjustment capacity of the Member States, mitigating the social and economic impact of the crisis, and supporting the green and digital transitions, thereby contributing to restoring the growth potential of the economies of the Union, fostering employment creation in the aftermath of the COVID-19 crisis, and promoting sustainable growth.

Amendment

1. The general objective of the Recovery and Resilience Facility shall be to support recovery and promote the Union’s economic, social and territorial cohesion by improving the resilience, its critical infrastructure and adjustment capacity of the Member States, taking into account the outermost regions, mitigating the social territorial, regional and economic impact of the crisis, including the alleviation of economic inequality and the transition to a digital and carbon-neutral circular economy thereby contributing to restoring the growth potential and long-term competitiveness of the economies of the Union, fostering employment creation and furthering efforts to promote the upskilling and reskilling of workers in the aftermath of the COVID-19 crisis, and promoting smart, sustainable and inclusive growth, and connectivity, whilst keeping the added value of the financial support within the Union.

Amendment 33

Proposal for a regulation
Article 4 – paragraph 2

Text proposed by the Commission

2. To achieve that general objective, the specific objective of the Recovery and Resilience Facility shall be to provide Member States with financial support with a view to achieving the milestones and targets of reforms and investments as set

Amendment

2. To achieve that general objective, the specific objective of the Recovery and Resilience Facility shall be to provide Member States with financial support with a view to achieving the milestones and targets of reforms and investments as set
out in their recovery and resilience plans. That specific objective shall be pursued in close cooperation with the Member States concerned.

**Amendment 34**

Proposal for a regulation
Article 5 – paragraph 1 – point b a (new)

*Text proposed by the Commission*

(\textit{ba}) up to 10\% of the amount mentioned in Article 5(1), point (a), shall be allocated for financing the Projects of European Added Value specified in Article 5a.

**Amendment 35**

Proposal for a regulation
Article 5 a (new)

*Article 5a*

Projects of European Added Value

The amount specified in Article 5(1), point (ba), shall be used for the purpose of financing Projects of European Added Value having a European coverage with a large contribution to the green and digital transition and to the economic recovery in the aftermath of the COVID-19 crisis. The Projects of European Added Value shall be jointly introduced by involved Member States on the basis of a proposed project and the Commission through its
assessment procedure in order to safeguard the allocated amount. The Commission shall propose a non-exhaustive list of projects of European Added Value specifying the participating Member States, the amounts, the milestones and the targets.

Amendment 36
Proposal for a regulation
Article 14 – paragraph 1

Text proposed by the Commission
1. In pursuance of the objectives set out in Article 4, Member States shall prepare national recovery and resilience plans. These plans shall set out the reform and investment agenda of the Member State concerned for the subsequent four years. Recovery and resilience plans eligible for financing under this instrument shall comprise measures for the implementation of reforms and public investment projects through a coherent package.

Amendment
1. In pursuance of the objectives set out in Article 4, Member States shall prepare national recovery and resilience plans in close cooperation with national, regional and local authorities as well as with all relevant stakeholders. These plans shall set out the reform and investment agenda of the Member State concerned until 31 December 2024. Recovery and resilience plans eligible for financing under this instrument shall comprise measures for the implementation of reforms and public investment projects through a coherent package.

Amendment 37
Proposal for a regulation
Article 14 – paragraph 2

Text proposed by the Commission
2. The recovery and resilience plans shall be consistent with the relevant country-specific challenges and priorities identified in the context of the European Semester, in particular those relevant for or resulting from the green and digital transition. The recovery and resilience

Amendment
2. The recovery and resilience plans shall be consistent with the relevant country-specific challenges and priorities identified in the context of the European Semester, in particular those relevant for the policy areas listed under Article 3 and the climate neutrality objective by 2050,
plans shall also be consistent with the information included by the Member States in the national reform programmes under the European Semester, in their national energy and climate plans and updates thereof under the Regulation (EU)2018/1999\(^\text{21}\), in the territorial just transition plans under the Just Transition Fund\(^\text{22}\), and in the partnership agreements and operational programmes under the Union funds.


\(^{22}\) […]

**Amendment 38**

**Proposal for a regulation**

**Article 14 – paragraph 3 a (new)**

*Text proposed by the Commission*

**Amendment**

3a. Consumption expenditure and regular ongoing budgetary expenditure shall not be eligible for funding, unless the Member State is able to demonstrate that they will produce longer-term effects in line with Article 4, that the sustainability of their financing will be ensured after the duration of the Facility, and that the negative effect on the government balance is only temporary, in full compliance with the Commission Guidance to Members States Recovery and Resilience plans.

**Amendment 39**

RR\1217780EN.docx 235/402 PE655.950v03-00
Proposal for a regulation
Article 15 – paragraph 3 – point b

Text proposed by the Commission
(b) an explanation of how the plan strengthens the growth potential, job creation and economic and social resilience of the Member State concerned, mitigates the economic and social impact of the crisis, and its contribution to enhance economic, social and territorial cohesion and convergence;

Amendment
(b) an explanation of how the plan strengthens the growth potential and long-term competitiveness, job creation and economic and social resilience of the Member State concerned, promotes the development of cross-border transport infrastructures, mitigates the economic and social impact of the crisis, with a specific focus on microenterprises and SMEs most affected by the crisis, and its contribution to enhance economic, social and territorial cohesion and convergence;

Amendment 40
Proposal for a regulation
Article 15 – paragraph 3 – point c

Text proposed by the Commission
(c) an explanation of how the measures in the plan are expected to contribute to the green and the digital transitions or to the challenges resulting from them;

Amendment
(c) an explanation of how the measures in the plan are expected to contribute to the transition to a digital and carbon-neutral circular economy or to the challenges resulting from them, especially regarding necessary investments in sustainable transport infrastructure and the evolution of alternative sustainable fuels for all modes of transport;

Amendment 41
Proposal for a regulation
Article 15 – paragraph 3 – point c a (new)

Text proposed by the Commission
(c a) an explanation of how the measures in the plan contribute to the
overall objective of a climate-neutral Europe by 2050 and how it aligns with the national energy and climate plan and the territorial just transition plans;

Amendment 42

Proposal for a regulation
Article 15 – paragraph 3 – point c b (new)

Text proposed by the Commission  
Amendment

(cb) an explanation of how the plan will contribute to the objectives of achieving gender equality and reducing economic inequality;

Amendment 43

Proposal for a regulation
Article 15 – paragraph 3 – point d

Text proposed by the Commission  
Amendment

(d) envisaged milestones, targets and an indicative timetable for the implementation of the reforms over a maximum period of four years, and of the investments over a maximum period of seven years;

Amendment 44

Proposal for a regulation
Article 15 – paragraph 3 – point j a (new)

Text proposed by the Commission  
Amendment

(ja) assurance that financial assistance
is only provided to undertakings that respect the applicable collective agreements and are not registered in tax havens as listed on Council’s EU list of non-cooperative tax jurisdictions;

Amendment 45

Proposal for a regulation
Article 16 – paragraph 3 – introductory part

Text proposed by the Commission

3. The Commission shall assess the importance and coherence of the recovery and resilience plan and its contribution to the green and digital transitions, and for that purpose, shall take into account the following criteria:

Amendment

3. The Commission shall assess the importance and coherence of the recovery and resilience plan and its contribution to the transition to a digital and carbon-neutral circular economy; and for that purpose, shall take into account the following criteria:

Amendment 46

Proposal for a regulation
Article 16 – paragraph 3 – point b

Text proposed by the Commission

(b) whether the plan contains measures that effectively contribute to the green and digital transitions or to addressing the challenges resulting from them;

Amendment

(b) whether the plan contains measures that effectively contribute to the transition to a digital and carbon-neutral circular economy or to addressing the challenges resulting from them and providing means for sustainable and resilient infrastructure;

Amendment 47

Proposal for a regulation
Article 16 – paragraph 3 – point b a (new)

Text proposed by the Commission

(ba) whether the plan contributes to the overall objective of a climate-neutral Europe by 2050 and how it aligns with the
Member State’s national energy and climate plan and territorial just transition plans;

Amendment 48
Proposal for a regulation
Article 16 – paragraph 3 – point c a (new)

Text proposed by the Commission

(\text{ca}) \text{ whether the plan contributes to the objective of achieving gender equality and reducing economic inequality;}

Amendment 49
Proposal for a regulation
Article 17 – paragraph 1

Text proposed by the Commission

1. The Commission shall adopt a decision within \text{four} months of the official submission of the recovery and resilience plan by the Member State, by means of an implementing act. In the event that the Commission gives a positive assessment to a recovery and resilience plan, that decision shall set out the reforms and investment projects to be implemented by the Member State, including the milestones and targets, and the financial contribution allocated in accordance with Article 11.

Amendment 50
Proposal for a regulation
Article 17 – paragraph 4 – point a
(a) the financial contribution to be paid in instalments once the Member State has satisfactorily implemented the relevant milestones and targets identified in relation to the implementation of the recovery and resilience plan;

(a) the financial contribution to be paid in instalments once the Member State has either completely, mostly or partially implemented the relevant milestones and targets identified in relation to the implementation of the recovery and resilience plan;

Amendment 51

Proposal for a regulation
Article 17 – paragraph 5

Text proposed by the Commission

5. Where the Commission gives a negative assessment to a recovery and resilience plan, it shall communicate a duly justified assessment within four months of the submission of the proposal by the Member State.

Amendment

5. Where the Commission gives a negative assessment to a recovery and resilience plan, it shall communicate a duly justified assessment within two months of the submission of the proposal by the Member State. The Member State concerned may submit another recovery and resilience plan and may also use the Technical Support Instrument.

Amendment 52

Proposal for a regulation
Article 17 – paragraph 7

Text proposed by the Commission

7. The implementing acts referred to in paragraphs 1 and 2 shall be adopted in accordance with the examination procedure referred to in Article 27(2).

Amendment

deleted

Amendment 53

Proposal for a regulation
Article 18 – paragraph 2
2. Where the Commission considers that the reasons put forward by the Member State concerned justify an amendment of the relevant recovery and resilience plan, the Commission shall assess the new plan in accordance with the provisions of Article 16 and shall take a new decision in accordance with Article 17 within four months of the official submission of the request.

Amendment 54
Proposal for a regulation
Article 18 – paragraph 3

Text proposed by the Commission

3. Where the Commission considers that the reasons put forward by the Member State concerned do not justify an amendment of the relevant recovery and resilience plan, it shall reject the request within four months of its official submission, after having given the Member State concerned the possibility to present its observations within a period of one month of the communication of the Commission's conclusions.

Amendment

3. Where the Commission considers that the reasons put forward by the Member State concerned do not justify an amendment of the relevant recovery and resilience plan, it shall reject the request within two months of its official submission, after having given the Member State concerned the possibility to present its observations within a period of one month of the communication of the Commission's conclusions.

Amendment 55
Proposal for a regulation
Article 19 – paragraph 3 – subparagraph 1

Text proposed by the Commission

3. Upon completion of the relevant agreed milestones and targets indicated in the recovery and resilience plan as approved in the implementing act of the Commission, the Member State concerned

Amendment

3. Upon completion of the relevant agreed milestones and targets indicated in the recovery and resilience plan as approved in the delegated act of the Commission, the Member State concerned
shall submit to the Commission a duly justified request for payment of the financial contribution and, where relevant, of the loan tranche. Such requests for payment may be submitted by the Member States to the Commission on a biannual basis. The Commission shall assess, within two months of receiving the request, whether the relevant milestones and targets set out in the decision referred to in Article 17(1) have been satisfactorily implemented. For the purpose of the assessment, the operational arrangement referred to in Article 17(6) shall also be taken into account. The Commission may be assisted by experts.

Amendment 56

Proposal for a regulation
Article 19 a (new)

Text proposed by the Commission

Amendment

Article 19a

Rule of Law

1. Funding under the resilience facility is only possible if Member States do not exhibit general deficiencies as regards the rule of law. The Commission shall consider if there are any violations of Article 19a(2) or Article 19a(3) when assessing whether Member States are eligible to receive funding under the resilience facility.

2. Where they affect or risk affecting the principles of sound financial management or the protection of the financial interests of the Union, the following shall, in particular, be considered to be generalised deficiencies as regards the rule of law:

(a) endangering the independence of judiciary, including setting any limitations on the ability to exercise judicial functions autonomously by externally
intervening in guarantees of independence, by constraining judgement under external order, by arbitrarily revising rules on the appointment or terms of service of judicial personnel, by influencing judicial staff in any way that jeopardises their impartiality or by interfering with the independence of attorneyship;

(b) failing to prevent, correct and sanction arbitrary or unlawful decisions by public authorities, including by law enforcement authorities, withholding financial and human resources affecting their proper functioning or failing to ensure the absence of conflicts of interests;

(c) limiting the availability and effectiveness of legal remedies, including through restrictive procedural rules, lack of implementation of judgments, or limiting the effective investigation, prosecution or sanctioning of breaches of law;

(d) endangering the administrative capacity of a Member State to respect the obligations of Union membership, including the capacity to effectively implement the rules, standards and policies that make up the body of Union law;

(e) measures that weaken the protection of the confidential communication between lawyer and client.

3. Member States that are subject to a procedure in accordance with Article 7 TFEU shall only be eligible to receive 25% of the financial contribution determined in accordance with Article 19.

Amendment 57
Proposal for a regulation
Article 20 – paragraph 1
The Member State concerned shall report on a quarterly basis within the European Semester process on the progress made in the achievement of the recovery and resilience plans, including the operational arrangement referred to in Article 17(6). To that effect, the quarterly reports of the Member States shall be appropriately reflected in the National Reform Programmes, which shall be used as a tool for reporting on progress towards completion of the recovery and resilience plans.

Amendment 58

Proposal for a regulation
Article 21 – paragraph 1

Text proposed by the Commission

1. The Commission shall transmit the recovery and resilience plans as approved in the implementing act of the Commission in accordance with Article 17 to the European Parliament and the Council without undue delay. The Member State concerned may request the Commission to redact sensitive or confidential information, the disclosure of which would jeopardise public interests of the Member State.

Amendment

The Commission shall transmit the recovery and resilience plans as approved in the delegated act of the Commission in accordance with Article 17 to the European Parliament and the Council at the latest one month after receipt. The Member State concerned may request the Commission to redact sensitive or confidential information, the disclosure of which would jeopardise public interests of the Member State. In such a case, the Commission should liaise with the Parliament and the Council how the redacted information can be made available to the co-legislators in a confidential manner.

Amendment 59
Proposal for a regulation  
**Article 22 – paragraph 1 – point a**

*Text proposed by the Commission*

(a) ensure complementarity, synergy, coherence and consistency among different instruments at Union, national and, where appropriate, regional levels, in particular in relation to measures financed by Union funds, both in the planning phase and during implementation;

*Amendment*

(a) ensure complementarity, synergy, coherence and consistency among different instruments at Union, national and, where appropriate, regional *and local* levels, in particular in relation to measures financed by Union funds, both in the planning phase and during implementation;

---

**Amendment 60**

Proposal for a regulation  
**Article 22 – paragraph 1 – point c**

*Text proposed by the Commission*

(c) ensure close cooperation between those responsible for implementation at Union, national and, where appropriate, regional levels to achieve the objectives of the instruments established under this Regulation.

*Amendment*

(c) ensure close cooperation between those responsible for implementation at Union, national and, where appropriate, regional *and local* levels to achieve the objectives of the instruments established under this Regulation.

---

**Amendment 61**

Proposal for a regulation  
**Article 22 – paragraph 1 – point c a (new)**

*Text proposed by the Commission*

\(\text{(ca) advance and promote the swift completion of mature projects with a high potential in terms of supporting growth, creating jobs and achieving carbon neutrality and with a lasting positive impact on the economy and society; and}\)

*Amendment*

\(\text{(ca) advance and promote the swift completion of mature projects with a high potential in terms of supporting growth, creating jobs and achieving carbon neutrality and with a lasting positive impact on the economy and society; and}\)
Proposal for a regulation  
Article 22 – paragraph 1 – point c b (new)  

Text proposed by the Commission  

Amendment  

(cb) publish assessment criteria to measure projects according to their Union value-added and prioritise their completion;

Amendment 63

Proposal for a regulation  
Article 22 – paragraph 1 a (new)  

Text proposed by the Commission  

Amendment  

When assessing Member States’ resilience and recovery programmes, the Commission shall encourage and give priority to projects that are of a cross-border nature and link two or more Member States.

Amendment 64

Proposal for a regulation  
Article 24 – title  

Text proposed by the Commission  

Amendment  

Annual report  

Semi-annual report

Amendment 65

Proposal for a regulation  
Article 24 – paragraph 1  

Text proposed by the Commission  

Amendment  

1. The Commission shall provide an *annual* report to the European Parliament  

1. The Commission shall provide a *semi-annual public* report to the European
and the Council on the implementation of the Facility set out in this Regulation. Parliament and the Council on the implementation of the Facility set out in this Regulation.

Amendment 66

Proposal for a regulation
Article 24 – paragraph 2

Text proposed by the Commission

2. The annual report shall include information on the progress made with the recovery and resilience plans of the Member States concerned under the Facility.

Amendment

2. The semi-annual report shall include information on the progress made with the recovery and resilience plans of the Member States concerned under the Facility.

Amendment 67

Proposal for a regulation
Article 24 – paragraph 3 – introductory part

Text proposed by the Commission

3. The annual report shall also include the following information:

Amendment

3. The semi-annual report shall also include the following information:

Amendment 68

Proposal for a regulation
Article 24 – paragraph 3 – point a

Text proposed by the Commission

(a) The volume of the proceeds assigned to the Facility under the European Union Recovery Instrument in the previous year, broken down by budget line, and

Amendment

(a) The volume of the proceeds assigned to the Facility under the European Union Recovery Instrument in the previous year, broken down by budget line and Member State, and
Amendment 69

Proposal for a regulation
Article 25 – paragraph 2

Text proposed by the Commission

2. The evaluation report shall, in particular, assess to which extent the objectives have been achieved, the efficiency of the use of resources and the European added value. It shall also consider the continued relevance of all objectives and actions.

Amendment

2. The evaluation report shall, in particular, assess to which extent the objectives have been achieved, the efficiency of the use of resources and the European added value, the appropriateness of the conditionality provisions as well as an assessment of moral hazard risks. It shall also consider the continued relevance of all objectives and actions.

Amendment 70

Proposal for a regulation
Article 26 – paragraph 1

Text proposed by the Commission

1. The recipients of Union funding shall acknowledge the origin and ensure the visibility of the Union funding, in particular when promoting the actions and their results, by providing coherent, effective and proportionate targeted information to multiple audiences, including the media and the public.

Amendment

1. The recipients of Union funding shall acknowledge the origin and ensure the visibility of the Union funding, in particular when promoting the actions and their results, displaying the Union emblem together with the reference to the "Recovery and Resilience Facility" supporting the actions, both offline and online, and by providing coherent, effective and proportionate targeted information to multiple audiences, including the media and the public.

Amendment 71

Proposal for a regulation
Article 26 – paragraph 2

Text proposed by the Commission

2. The Commission shall implement

Amendment

2. The Commission shall implement
information and communication actions relating to the instruments established by this Regulation, its actions and its results. Financial resources allocated to the instruments established by this Regulation shall also contribute to the corporate communication of the political priorities of the Union, as far as they are related to the objectives referred to in Articles 4.

Amendment 72
Proposal for a regulation
Article 26 – paragraph 2 a (new)

Text proposed by the Commission

2a. When promoting the actions and their results, the recipients of Union funding shall involve Members of the European Parliament coming from the same region as the recipients.

Amendment 73
Proposal for a regulation
Article 27 – paragraph 1

Text proposed by the Commission

1. The Commission shall be assisted by a committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.

Amendment 74
Proposal for a regulation
Article 27 – paragraph 2
2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

Amendment 75
Proposal for a regulation
Annex II – point 2 – paragraph 1 – introductory part

Text proposed by the Commission

In accordance with Article 16(3), the Commission shall assess the importance and coherence of the recovery and resilience plans, and its contribution to the green and digital transitions, and for that purpose, it shall take into account the following criteria:

Amendment

In accordance with Article 16(3), the Commission shall assess the importance and coherence of the recovery and resilience plans, and its contribution to the transition to a digital and carbon-neutral circular economy, and for that purpose, it shall take into account the following criteria:

Amendment 76
Proposal for a regulation
Annex II – point 2 – paragraph 1 – point b

Text proposed by the Commission

(b) whether the plan contains measures that effectively contribute to the green and the digital transitions or to addressing the challenges resulting from them;

Amendment

(b) whether the plan contains measures that effectively contribute to the transition to a digital and carbon-neutral circular economy or to addressing the challenges resulting from them;

Amendment 77
Proposal for a regulation
Annex II – point 2 – paragraph 1 – point c a (new)

Text proposed by the Commission

(ca) whether the plan contributes to the
objectives of achieving gender equality and of reducing economic inequality;

Amendment 78

Proposal for a regulation
Annex II – point 2 – paragraph 1 – point d

Text proposed by the Commission

(d) whether the recovery and resilience plan is expected to effectively contribute to strengthen the growth potential, job creation, and economic and social resilience of the Member State, mitigate the economic and social impact of the crisis, and contribute to enhance economic, social and territorial cohesion;

Amendment

(d) whether the recovery and resilience plan is expected to effectively contribute to strengthen the growth potential, job creation, and economic and social resilience of the Member State, mitigate the economic and social impact of the crisis, strengthen tourism and contribute to enhance economic, social and territorial cohesion;

Amendment 79

Proposal for a regulation
Annex II – point 2 – paragraph 1 – point f a (new)

Text proposed by the Commission

(fa) whether the recovery and resilience plan contains measures to strengthen infrastructure and improve connectivity and transport;

Amendment

Amendment 80

Proposal for a regulation
Annex II – point 2 – paragraph 3 – point 2.1 – paragraph 1 – subparagraph 4 – indent 1

Text proposed by the Commission

— The recovery and resilience plan represents a comprehensive and adequate response to the economic and social

Amendment

— The recovery and resilience plan represents a comprehensive and adequate response to the economic, environmental
situation of the Member State concerned; and social situation of the Member State concerned;

**Amendment 81**

**Proposal for a regulation**  
Annex II – point 2 – paragraph 3 – point 2.1 – paragraph 1 – subparagraph 6

*Text proposed by the Commission*

A – The recovery and resilience plan contributes to effectively address challenges identified in the CSRs, or in other relevant documents officially adopted by the Commission in the European Semester, and the plan represents an adequate response to the economic and social situation of the Member State concerned.

*Amendment*

A – The recovery and resilience plan contributes to effectively address challenges identified in the CSRs, or in other relevant documents officially adopted by the Commission in the European Semester, and the plan represents an adequate response to the economic, **environmental** and social situation of the Member State concerned.

**Amendment 82**

**Proposal for a regulation**  
Annex II – point 2 – paragraph 3 – point 2.1 – paragraph 1 – subparagraph 7

*Text proposed by the Commission*

B – The recovery and resilience plan contributes to partially address challenges identified in the CSRs, or in other relevant documents officially adopted by the Commission in the European Semester and the plan represents a partially adequate response to the economic and social situation of the Member State concerned.

*Amendment*

B – The recovery and resilience plan contributes to partially address challenges identified in the CSRs, or in other relevant documents officially adopted by the Commission in the European Semester and the plan represents a partially adequate response to the economic, **environmental** and social situation of the Member State concerned.

**Amendment 83**

**Proposal for a regulation**  
Annex II – point 2 – paragraph 3 – point 2.1 – paragraph 1 – subparagraph 8
C – The recovery and resilience plan does not contribute to address any challenges identified in the CSRs, or in other relevant documents officially adopted by the Commission in the European Semester and the plan does not represent an adequate response to the economic and social situation of the Member State concerned.

Amendment 84
Proposal for a regulation
Annex II – point 2 – paragraph 3 – point 2.2 – introductory part

Text proposed by the Commission

2.2 The plan contains measures that effectively contribute to the green and the digital transitions or to addressing the challenges resulting from them.

Amendment

2.2 The plan contains measures that effectively contribute to the transition to a digital and carbon-neutral circular economy and the development of sustainable and resilient infrastructure or to addressing the challenges resulting from them.

Amendment 85
Proposal for a regulation
Annex II – point 2 – paragraph 3 – point 2.4 – introductory part

Text proposed by the Commission

2.4 The recovery and resilience plan is expected to effectively contribute to strengthen the growth potential, job creation, and economic and social resilience of the Member State, mitigate the economic and social impact of the crisis, and contribute to enhance economic, social and territorial cohesion;

Amendment

2.4 The recovery and resilience plan is expected to effectively contribute to strengthen the growth potential, job creation, and economic and social resilience of the Member State, mitigate the economic and social impact of the crisis, and contribute to enhance economic, social and territorial cohesion and its infrastructure;
## PROCEDURE – COMMITTEE ASKED FOR OPINION

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<th>Title</th>
<th>Establishing a Recovery and Resilience Facility</th>
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### FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

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<td>Mario Furore</td>
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Key to symbols:
+ : in favour
- : against
0 : abstention
4.11.2020

OPINION OF THE COMMITTEE ON BUDGETARY CONTROL

for the Committee on Budgets and the Committee on Economic and Monetary Affairs

on the proposal for a European Parliament and Council regulation establishing a Recovery and Resilience Facility
(COM(2020)0408 – C9-0150/2020 – 2020/0104(COD))

Rapporteur for opinion: Monika Hohlmeier

SHORT JUSTIFICATION

The Recovery and Resilience Facility is a unique instrument to address an unprecedented shock to the EU caused by the COVID-19 pandemic. For EU citizens it provides tangible proof that the EU shows solidarity with those most affected by the pandemic and works for a better and stronger future. The current proposal however falls short as regards the protection of the EU’s financial interests, which might lead to an erosion of trust by EU citizens. The proposals of the Budgetary Control Committee aim to remedy these shortcomings by making reference to the importance of the rule of law, by addressing the issue of irregularities and fraud and by putting more emphasis on sound financial management.

AMENDMENTS

The Committee on Budgetary Control calls on the Committee on Budgets and the Committee on Economic and Monetary Affairs, as the committees responsible, to take into account the following amendments:

Amendment 1

Proposal for a regulation
Recital 4

<table>
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<th>Text proposed by the Commission</th>
<th>Amendment</th>
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<td>(4) 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. The challenges linked to the demographic context have been amplified</td>
<td>(4) 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. The challenges linked to the demographic context have been amplified</td>
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RR\1217780EN.docx 257/402 PE655.950v03-00
by COVID-19. The current COVID-19 pandemic as well as the previous economic and financial crisis have shown that developing sound and resilient economies and financial systems built on strong economic and social structures helps Member States to respond more efficiently to shocks and recover more swiftly from them. The medium and long-term consequences of the COVID-19 crisis will critically depend on how quickly Member States’ economies will recover from the crisis, which in turn depends on the fiscal space Member States have available to take measures to mitigate the social and economic impact of the crisis, and on the resilience of their economies. Reforms and investments to address structural weaknesses of the economies and strengthen their resilience will therefore be essential to set the economies back on a sustainable recovery path and avoid further widening of the divergences in the Union.

Amendment 2

Proposal for a regulation
Recital 5

_text proposed by the Commission_

(5) The implementation of reforms contributing to achieve a high degree of resilience of domestic economies, strengthening adjustment capacity and unlocking growth potential are among the Union’s policy priorities. They are therefore crucial to set the recovery on a sustainable path and support the process of upward economic and social convergence. This is even more necessary in the aftermath of the pandemic crisis to pave the way for a swift recovery.

Amendment

(5) The implementation of growth enhancing reforms contributing to achieve a high degree of resilience of domestic economies, strengthening adjustment capacity and unlocking growth potential are among the Union’s policy priorities. They are therefore crucial to set the recovery on a sustainable path and support the process of upward economic and social convergence. This is even more necessary in the aftermath of the pandemic crisis to pave the way for a swift recovery.

Amendment 3
Proposal for a regulation
Recital 6

Text proposed by the Commission

(6) Past experiences have shown that investment is often drastically cut during crises. However, it is essential to support investment in this particular situation to speed up the recovery and strengthen long-term growth potential. Investing in green and digital technologies, capacities and processes aimed at assisting clean energy transition, boosting energy efficiency in housing and other key sectors of the economy are important to achieve sustainable growth and help create jobs. It will also help make the Union more resilient and less dependent by diversifying key supply chains.

Amendment

(6) Past experiences have shown that sustainable investment is often drastically cut during crises. However, it is essential to support investment in this particular situation to speed up the recovery and strengthen long-term growth potential. Investing in green and digital technologies, capacities and processes aimed at assisting clean energy transition, boosting energy efficiency in housing and other key sectors of the economy are important to achieve sustainable growth and help create jobs. It will also help make the Union more resilient and less dependent by diversifying key supply chains.

Amendment 4

Proposal for a regulation
Recital 6 a (new)

Text proposed by the Commission

(6a) Both resilience and recovery should be achieved through the financing of six main policy areas, namely the green transition, the digital transformation, economic cohesion and convergence, productivity and competitiveness, social cohesion and convergence, institutional resilience and measures to ensure the next generation of Europeans does not become a “lockdown generation”.

Amendment

(6b) Reforms and investments aimed at
increasing economic cohesion and convergence and productivity, at small and medium enterprises (SMEs), at strengthening the Single Market, competitiveness, social cohesion and fighting against poverty, are of utmost importance for our economies to rebound while leaving nobody behind.

Amendment 6
Proposal for a regulation
Recital 7

\textit{Text proposed by the Commission}

(7) Currently, no instrument foresees direct financial support linked to the achievement of results and to implementation of reforms and public investments of the Member States in response to challenges identified in the European Semester, and with a view to having a lasting impact on the productivity and resilience of the economy of the Member States.

\textit{Amendment}

(7) Currently, no instrument foresees direct financial support linked to the achievement of results and to implementation of reforms and \textit{growth enhancing reforms and sustainable} public investments of the Member States in response to challenges identified in the European Semester, and with a view to having a lasting impact on the productivity and resilience of the economy of the Member States.

Amendment 7
Proposal for a regulation
Recital 8

\textit{Text proposed by the Commission}

(8) Against this background, it is necessary to strengthen the current framework for the provision of support to Member States and provide direct financial support to Member States through an innovative tool. To that end, a Recovery and Resilience Facility (the ‘Facility’) should be established under this Regulation to provide effective financial and significant support to step up the implementation of reforms and related public investments in the Member States.

\textit{Amendment}

(8) Against this background, it is necessary to strengthen the current framework for the provision of support to Member States and provide direct financial support to Member States through an innovative tool. To that end, a Recovery and Resilience Facility (the ‘Facility’) should be established under this Regulation to provide effective financial and significant support to step up the implementation of \textit{growth enhancing} reforms and related \textit{sustainable} public
The Facility should be comprehensive and should also benefit from the experience gained by the Commission and the Member States from the use of the other instruments and programmes. The Facility should be of a temporary character and limited to tackling the adverse effects of the pandemic.

Amendment 8
Proposal for a regulation
Recital 10

Text proposed by the Commission

(10) In accordance with Regulation [European Union Recovery Instrument] and within the limits of resources allocated therein, recovery and resilience measures under the Recovery and Resilience Facility should be carried out to address the unprecedented impact of the COVID-19 crisis. Such additional resources should be used in such a way as to ensure compliance with the time limits provided for in Regulation [EURI].

Amendment

(10) In accordance with Regulation [European Union Recovery Instrument] and within the limits of resources allocated therein, recovery and resilience measures under the Recovery and Resilience Facility should be carried out to address the unprecedented impact of the COVID-19 crisis. Such additional resources should be used in such a way as to ensure compliance with the time limits provided for in Regulation [EURI]. **Upon the expiry of time limits all non-allocated and de-committed funds should be reallocated to other funds, benefitting Commission’s climate or social EU targets;**

Amendment 9
Proposal for a regulation
Recital 10 a (new)

Text proposed by the Commission

(10a) The Facility should work in synergy and complementarity with InvestEU, allowing Member States to allocate in their recovery and resilience plans an amount to be delivered through InvestEU to support the solvency of companies established in the Member
States and the preparatory, monitoring, control, audit and evaluation activities thereof.

Amendment 10
Proposal for a regulation
Recital 11

Text proposed by the Commission

(11) Reflecting the European Green Deal as Europe’s sustainable growth strategy and the translation of the Union's commitments to implement the Paris Agreement and the United Nations’ Sustainable Development Goals, the Facility established by this Regulation will contribute to mainstreaming climate actions and environmental sustainability and to the achievement of an overall target of 25% of the EU budget expenditures supporting climate objectives.

Amendment

(11) Reflecting the European Green Deal as Europe’s sustainable growth strategy and the translation of the Union's commitments to implement the Paris Agreement and the United Nations’ Sustainable Development Goals, the Facility established by this Regulation will contribute to mainstreaming climate actions and environmental sustainability and to the achievement of an overall target of 25% of the EU budget expenditures supporting climate objectives. The Facility should only finance projects respecting the “do no significant harm” principle.

Amendment 11
Proposal for a regulation
Recital 14

Text proposed by the Commission

(14) The Facility’s general objective should be the promotion of economic, social and territorial cohesion. For that purpose, it should contribute to improving the resilience and adjustment capacity of the Member States, mitigating the social and economic impact of the crisis, and supporting the green and digital transitions aimed at achieving a climate neutral Europe by 2050, thereby restoring the growth potential of the economies of the Union in the aftermath of the crisis, fostering employment creation and to promoting sustainable growth.

Amendment

(14) The Facility’s general objective should be the promotion of economic, social and territorial cohesion, and reducing the infrastructural gap. For that purpose, it should contribute to improving the resilience and adjustment capacity of the Member States, mitigating the social and economic impact of the crisis, and supporting the green and digital transitions contributing to the upward economic and social convergence and thereby restoring the growth potential of the economies of the Union in the aftermath of the crisis, fostering employment creation and to promoting sustainable growth. Supported
actions should have a clear European added value.

Amendment 12
Proposal for a regulation
Recital 14 a (new)

Text proposed by the Commission

Amendment

(14a) The resources of the Facility, as part of the Recovery Instrument (Next Generation EU), should be accompanied by a clear and credible repayment plan. The repayment should be done by means of additional own resources which should be in place in the course of the next MFF.

Amendment 13
Proposal for a regulation
Recital 14 b (new)

Text proposed by the Commission

Amendment

(14b) To maximize the objective of additionality of the Facility and therefore increase its European added value, measures starting as of 1 February 2020 that are related to mitigating the economic and social impact of the COVID-19 crisis should be eligible.

Amendment 14
Proposal for a regulation
Recital 15

Text proposed by the Commission

Amendment

(15) The specific objective of the Facility should be to provide financial support in tranches with a view to achieving the clear milestones and targets of growth enhancing reforms and sustainable investments as set out in recovery and resilience plans. That specific objective should be pursued in close cooperation
with the Member States concerned. objective should be pursued in close cooperation with the Member States concerned.

Amendment 15
Proposal for a regulation
Recital 15 a (new)

Text proposed by the Commission

(15a) The operations supported by the Facility shall comply with the values of the Union as set out in Article 2 of the TEU. The Commission shall put in place ex post control measures to verify that no operations financed by the Facility have an aim incompatible with those values, and shall, where necessary, make financial corrections to exclude from Union financing expenditure incompliant with Article 2 TEU.

Justification

This amendment is complementary but different from the ones linking the RRF to the Rule of Law Mechanism. The compliance with EU values of every project financed by the Facility is an absolute necessity, even in Member States in which rule of law mechanisms are not generally deficient. Ex-post controls should therefore be put in place at a more granular level than what the Rule of Law mechanism foresees.

Amendment 16
Proposal for a regulation
Recital 15 a (new)

Text proposed by the Commission

(15a) The Facility should not support projects that are part of the strategic investment plans of third countries nor regular national budgetary expenditure.

Amendment 17
Proposal for a regulation
Recital 16

Text proposed by the Commission

(16) To ensure its contribution to the objectives of the Facility, the recovery and resilience plan should comprise measures for the implementation of reforms and public investment projects through a coherent recovery and resilience plan. The recovery and resilience plan should be **consistent** with the relevant country-specific challenges and priorities identified in the context of the European Semester, with the national reform programmes, the national energy and climate plans, the just transition plans, and the partnership agreements and operational programmes adopted under the Union funds. To boost actions that fall within the priorities of the European Green Deal and the Digital Agenda, the plan should also set out measures that are relevant for the green and digital transitions. The measures should enable a swift delivery of targets, objectives and contributions set out in national energy and climate plans and updates thereof. All supported activities should be pursued in full respect of the climate and environmental priorities of the Union.

Amendment

(16) To ensure its contribution to the objectives of the Facility, the recovery and resilience plan should comprise measures for the implementation of **growth enhancing** reforms and **sustainable** public investment projects through a coherent recovery and resilience plan. The recovery and resilience plan should be **aligned** with the relevant country-specific challenges and priorities identified in the context of the European Semester, with the national reform programmes, the national energy and climate plans, the just transition plans, and the partnership agreements and operational programmes adopted under the Union funds. To boost actions that fall within the priorities of the European Green Deal and the Digital Agenda, the plan should also set out measures that are relevant for the green and digital transitions. The measures should enable a swift delivery of targets, objectives and contributions set out in national energy and climate plans and updates thereof. All supported activities should be pursued in full respect of the climate and environmental priorities of the Union.

Amendment 18

Proposal for a regulation
Recital 16 a (new)

Text proposed by the Commission

(16a) **Regional and local authorities, being the closest to their citizens, and having a first-hand experience regarding needs and problems of the local communities and economies, play a crucial role in economic and social recovery. Taking this into consideration they should be closely involved in the**

Amendment

(16a) **Regional and local authorities, being the closest to their citizens, and having a first-hand experience regarding needs and problems of the local communities and economies, play a crucial role in economic and social recovery. Taking this into consideration they should be closely involved in the**
planning and implementation of this Facility, including the preparation of the recovery and resilience plans as well as the management of the projects under the Facility. In order to fully exploit the potential of regional and local authorities in achieving recovery and resilience, a significant part of resources of the Recovery and Resilience Facility should be dedicated to them, with creating a direct access to those sources for them.

Amendment 19
Proposal for a regulation
Recital 16 b (new)

Text proposed by the Commission

Amendment

(16b) In those member states, where the Union determines the existence of generalised deficiencies of the rule of law, and subsequently decides to suspend the transfer of Union funds to the government of that Member State, the Recovery and Resilience Fund should be made available via direct management by the Commission, to regional and local authorities, enterprises and civil society organisations for projects defined and implemented by them.

Amendment 20
Proposal for a regulation
Recital 19

Text proposed by the Commission

Amendment

(19) In order to ensure a meaningful financial contribution commensurate to the actual needs of Member States to undertake and complete the reforms and investments included in the recovery and resilience plan, it is appropriate to establish a maximum financial contribution available to them under the Facility as far
as the financial support (i.e. the non-repayable financial support) is concerned. That maximum contribution should be calculated on the basis of the population, the inverse of the per capita Gross Domestic Product (GDP) and the relative unemployment rate of each Member State.

Amendment 21

Proposal for a regulation
Recital 21

Text proposed by the Commission

(21) In order to ensure the national ownership and a focus on relevant reforms and investments, Member States wishing to receive support should submit to the Commission a recovery and resilience plan that is duly reasoned and substantiated. The recovery and resilience plan should set out the detailed set of measures for its implementation, including targets and milestones, and the expected impact of the recovery and resilience plan on growth potential, job creation and economic and social resilience; it should also include measures that are relevant for the green and the digital transitions; it should also include an explanation of the consistency of the proposed recovery and resilience plan with the relevant country-specific challenges and priorities identified in the context of the European Semester. Close cooperation between the Commission and the Member States should be sought and achieved throughout the process.

Amendment

(21) In order to ensure the national ownership and a focus on relevant growth enhancing reforms and sustainable investments, Member States wishing to receive support should submit to the Commission a recovery and resilience plan that is duly reasoned and substantiated. The recovery and resilience plan should set out the detailed set of measures for its implementation, including targets and milestones, and the expected impact of the recovery and resilience plan on growth potential, job creation and economic and social resilience; it should also include measures that are relevant for the green and the digital transitions; it should also include an explanation of the consistency of the proposed recovery and resilience plan with the relevant country-specific challenges and priorities identified in the latest country-specific recommendations addressed to the Member State concerned or in other relevant documents officially adopted by the Commission or in the analytical information on the Member State concerned elaborated by the Commission services in the context of the European Semester, for euro area countries particular attention should be given to the relevant recommendations for the euro area as endorsed by the Council.
Close cooperation between the Commission and the Member States should be sought and achieved throughout the process.

**Amendment 22**

Proposal for a regulation
Recital 21 a (new)

*Text proposed by the Commission*

(21a) In order to allow the relevant Union authorities insight in how the Member State envisages to implement the recovery and resilience plan and to facilitate transparency and accountability, the plan should detail which national authorities will be involved in the implementation of the project and how much budget will be assigned to each authority. It is also necessary to detail in the recovery and resilience plan if and how the financial support from the Facility will be combined with other relevant national and/or Union funds.

**Amendment 23**

Proposal for a regulation
Recital 22

*Text proposed by the Commission*

(22) The Commission should assess the recovery and resilience plan proposed by the Member States and should act in close cooperation with the Member State concerned. The Commission will fully respect the national ownership of the process and will therefore take into account the justification and elements provided by the Member State concerned and assess whether the recovery and resilience plan proposed by the Member State is expected to contribute to effectively address challenges identified in
the relevant country-specific recommendation addressed to the Member State concerned or in other relevant documents **officially adopted by the Commission** in the European Semester; whether the plan contains measures that effectively contribute to the green and the digital transitions and to addressing the challenges resulting from them; whether the plan is expected to have a *lasting* impact in the Member State concerned; whether the plan is expected to effectively contribute to strengthen the growth potential, job creation and economic and social resilience of the Member State, mitigate the economic and social impact of the crisis and contribute to enhancing economic, social and territorial cohesion; whether the justification provided by the Member State of the estimated total costs of the recovery and resilience plan submitted is reasonable and plausible and is commensurate to the expected impact on the economy and employment; whether the proposed recovery and resilience plan contains measures for the implementation of reforms and public investment projects that represent coherent actions; and whether the arrangement proposed by the Member State concerned are expected to ensure effective implementation of the recovery and resilience plan, including the proposed milestones and targets, and the related indicators.

country-specific recommendation, **including the recitals**, addressed to the Member State concerned or in other relevant documents in the European Semester such as the National Reform Programs or in the analytical information on the Member State concerned elaborated by the Commission services in the context of the European Semester; for euro area countries particular attention should be given to the relevant recommendations for the euro area as endorsed by the Council; whether the plan contains measures that effectively contribute to the green and the digital transitions and to addressing the challenges resulting from them; whether the plan is expected to have a *durable* impact in the Member State concerned; whether the plan is expected to effectively contribute to strengthen the growth potential, job creation and economic and social resilience of the Member State, mitigate the economic and social impact of the crisis and contribute to enhancing economic, social and territorial cohesion; whether the plan safeguards the consistency, coherence, complementarity and synergy among sources of ongoing Union funding; whether the proposed recovery and resilience plan contains measures for the implementation of *growth enhancing* reforms and *sustainable* public investment projects that represent coherent actions; and whether the arrangement proposed by the Member State concerned are expected to ensure effective implementation of the recovery and resilience plan, including the proposed *clear* milestones and targets, and the related indicators. **Support under the Facility should be disbursed in tranches that are linked to clearly defined milestones; once these milestones are**
reached, the next tranche should be paid.

Amendment 24
Proposal for a regulation
Recital 22 a (new)

Text proposed by the Commission

Amendment

(22a) In order to ensure the national ownership, linking disbursements from the Facility to the challenges identified in the CSRs, as well as monitoring the progress made on the implementation of the growth enhancing reforms and sustainable investments should be enhanced.

Amendment 25
Proposal for a regulation
Recital 29

Text proposed by the Commission

Amendment

(29) The request for a loan should be justified by the financial needs linked to additional reforms and investments included in the recovery and resilience plan, notably relevant for the green and digital transitions, and by therefore, by a higher cost of the plan than the maximum financial contribution (to be) allocated via the non-repayable contribution. It should be possible to submit the request for a loan together with the submission of the plan. In case the request for loan is made at a different moment in time, it should be accompanied by a revised plan with additional milestones and targets. To ensure frontloading of resources, Member States should request a loan support at the latest by 31 August 2024. For the purposes of sound financial management, the total amount of all the loans granted under this Regulation should be capped. In addition, the maximum volume of the loan for each
Member State should not exceed 4.7% of its Gross National Income. An increase of the capped amount should be possible in exceptional circumstances subject to available resources. For the same reasons of sound financial management, it should be possible to pay the loan in instalments against the fulfilment of results.

Amendment 26

Proposal for a regulation
Recital 31

Text proposed by the Commission

(31) For reasons of efficiency and simplification in the financial management of the instrument, the Union financial support to recovery and resilience plans should take the form of a financing based on the achievement of results measured by reference to milestones and targets indicated in the approved recovery and resilience plans. To this effect, the additional loan support should be linked to the additional milestones and targets compared to those relevant for the financial support (i.e. the non-repayable support).

Amendment

(31) For reasons of efficiency and simplification in the financial management of the instrument, the Union financial support to recovery and resilience plans should take the form of a financing based on the achievement of results measured by reference to clear milestones and targets indicated in the approved recovery and resilience plans. To this effect, the additional loan support should be linked to the additional milestones and targets compared to those relevant for the financial support (i.e. the non-repayable support).

Amendment 27

Proposal for a regulation
Recital 31 a (new)

Text proposed by the Commission

(31a) Member States should report in their annual implementation reports on sound financial management. Therefore, specific requirements should be formulated.

Amendment
Amendment 28
Proposal for a regulation
Recital 31 b (new)

Text proposed by the Commission

Amendment

(31b) Specific requirements concerning the reporting on sound financial management should be formulated for the Member States to report on in the annual implementation report.

Justification

Recital 32 sees upon sound financial management for the running of the facility, but does not place any requirements on the Member States, the beneficiaries from the facility. Therefore, a reporting requirement on implementation of the facility as regards sound financial management should be inserted.

Amendment 29
Proposal for a regulation
Recital 32

Text proposed by the Commission

Amendment

(32) For the purpose of sound financial management, specific rules should be laid down for budget commitments, payments, suspension, cancellation and recovery of funds. To ensure predictability, it should be possible for Member States to submit requests for payments on a biannual basis. Payments should be made in instalments and be based on a positive assessment by the Commission of the implementation of the recovery and resilience plan by the Member State. Suspension and cancellation of the financial contribution should be possible when the recovery and resilience plan has not been implemented in a satisfactory manner by the Member State. Appropriate contradictory procedures should be established to ensure that the decision by the Commission in relation to suspension, cancellation and recovery of funds.

(32) For the purpose of sound financial management, specific rules should be laid down for budget commitments, payments, suspension, cancellation and recovery of funds. A mandatory due diligence exercise should be performed by the national authority on all applicants to the facility, to mitigate the risks of potential abuse of funds and conflict of interests; to ensure predictability, Member States should submit requests for payments on a biannual basis. Payments should be made in instalments and be based on a positive assessment by the Commission of the implementation of the recovery and resilience plan by the Member State. Suspension and cancellation of the financial contribution should be possible when the recovery and resilience plan has not been implemented in a satisfactory manner by the Member State.
amounts paid respects the right of Member States to provide observations. manner by the Member State. Appropriate contradictory procedures should be established to ensure that the decision by the Commission in relation to suspension, cancellation and recovery of amounts paid respects the right of Member States to provide observations.

Amendment 30
Proposal for a regulation
Recital 33

_text proposed by the Commission_

(33) For effective monitoring of implementation, the Member States should report on a quarterly basis within the European Semester process on the progress made in the achievement of the recovery and resilience plan. Such reports prepared by the Member States concerned should be appropriately reflected in the National Reform Programmes, which should be used as a tool for reporting on progress towards completion of recovery and resilience plans.

Amendment

(33) For effective monitoring of implementation, the Member States should report on a quarterly basis within the European Semester process on the progress made in the achievement of the recovery and resilience plan through the digital performance reporting system that should be developed by the Commission. The data from the performance reporting system should enable the efficient preparation of performance reports on the achievement of targets and milestones. Such reports prepared by the Member States concerned should be appropriately reflected in the National Reform Programmes, which should be used as a tool for reporting on progress towards completion of recovery and resilience plans.

Amendment 31
Proposal for a regulation
Recital 33 a (new)

_text proposed by the Commission_

(33a) In order to assess the respect of the principles of sound financial management, the Commission should develop or adapt existing IT-systems to create a digital performance reporting system. The Union and Member States'
authorities involved in the implementation of the Facility should use this digital system to monitor performance and, by digital analysis, to prevent and detect irregularities and fraud. For this purpose, the digital performance reporting system should contain information on beneficial ownership of economic operators receiving support under the Facility. The Commission should ensure that the new system will not add an additional layer of administrative burden on the reporting authority, neither should it require for data already available from the authority;

Amendment 32
Proposal for a regulation
Recital 33 b (new)

Text proposed by the Commission

Amendment

(33b) The European Court of Auditors has underlined on a number of occasions that complex rules tend to be prone to error and fraud. It is thus important to bear in mind that preparing recovery and resilience plans, operational programmes and national reform programmes simultaneously may be challenging for Member States. Therefore, the Commission should introduce simple procedures for the recovery and resilience plans and payments request to the extent possible, to.

Amendment 33
Proposal for a regulation
Recital 33 c (new)

Text proposed by the Commission

Amendment

(33c) In order to assess the respect of the principles of sound financial management, the Commission should develop or adapt existing IT-systems to
create a digital performance reporting system. This digital system should be used by the Union and Member States’ authorities involved in the implementation of the Facility to monitor performance and, by digital analysis, to prevent and detect irregularities and fraud. For this purpose, the digital performance reporting system should contain information on beneficial ownership of economic operators receiving support under the Facility.

Justification

The performance reporting system, proposed by the Commission in Article 23 paragraph 2, shall be used to centralise all performance monitoring data, including data that can be used to detect and prevent irregularities and fraud.

Amendment 34

Proposal for a regulation
Recital 34

Text proposed by the Commission

(34) For the purposes of transparency, the recovery and resilience plans adopted by the Commission should be communicated to the European Parliament and the Council and communication activities should be carried out by the Commission as appropriate.

Amendment

(34) For the purposes of transparency, the recovery and resilience plans adopted by the Commission as well as the reports submitted by the Member States should be communicated without undue delay 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 indicating that the projects supported should be clearly labelled as “EU Recovery Initiative”.

Amendment 35

Proposal for a regulation
Recital 34 a (new)

Text proposed by the Commission

Amendment
Member States should ensure that communication activities, in particular with regard to the obligation to make visibility of the support provided within the framework of the Facility, are properly disseminated at the appropriate regional and local level, on multiple outlets in a non-discriminatory manner.

(36) Pursuant to paragraphs 22 and 23 of the Interinstitutional Agreement for Better Law-Making of 13 April 2016, there is a need to evaluate the Recovery and Resilience Facility established by this Regulation on the basis of information collected through specific monitoring requirements, while avoiding overregulation and excessive administrative burdens, in particular on Member States and their final recipients. These requirements, where appropriate, should include relevant, clear and measurable indicators, as a basis for evaluating the effects of the instruments on the ground. A dedicated scoreboard should be set up within the European Semester to that effect. Spending under the Facility should be subject to a discharge procedure by the European Parliament. A dedicated scoreboard should be set up to that effect.

(37) It is opportune that the Commission
provides an annual report to the European Parliament and the Council on the implementation of the Facility set out in this Regulation. This report should include information on the progress made by Member States under the recovery and resilience plans approved; it should also include information on the volume of the proceeds assigned to the Facility under the European Union Recovery Instrument in the previous year, broken down by budget line, and the contribution of the amounts raised through the European Union Recovery Instrument to the achievements of the objectives of the Facility.

provides biannual reports to the European Parliament and the Council on the implementation of the Facility set out in this Regulation, as part of the annual Integrated Financial and Accountability Reporting and subject to the discharge procedure of the European Parliament in accordance with the Financial Regulation as part of the Commission’s discharge report in a separate chapter. For the purpose of sound financial management and coordination with the discharge procedure, the second biannual report should be presented in November of the year n+1 at the latest. This report should include information on the progress made by Member States under the recovery and resilience plans approved; it should also include information on the volume of the proceeds assigned to the Facility under the European Union Recovery Instrument in the previous year, broken down by budget line, and the contribution of the amounts raised through the European Union Recovery Instrument to the achievements of the objectives of the Facility, the full list of final beneficiaries of the Facility in full compliance with data protection regulation, and the purpose of each operation financed in whole or in part by the Facility;

Amendment 38
Proposal for a regulation
Recital 38

Text proposed by the Commission

(38) An independent evaluation, looking at the achievement of the objectives of the Facility established by this Regulation, the efficiency of the use of its resources and its added value should be carried out. Where appropriate, the evaluation should be accompanied by a proposal for amendments to this Regulation. An independent ex-post evaluation should, in

Amendment

(38) An independent evaluation should be carried out to look at the correct administrative and financial management of the Facility, the achievement of its objectives established by this Regulation, the efficiency of the use of its resources and its added value. Where appropriate, the evaluation should be accompanied by a proposal for amendments to this
addition, deal with the long-term impact of the instruments.

Amendment 39

Proposal for a regulation
Recital 39

Text proposed by the Commission

(39) The recovery and resilience plans to be implemented by the Member States and the corresponding financial contribution allocated to them should be established by the Commission by way of implementing act. In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission. The implementing powers relating to the adoption of the recovery and resilience plans and to the payment of the financial support upon fulfilment of the relevant milestones and targets should be exercised by the Commission in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council, under the examination procedure thereof. After the adoption of an implementing act, it should be possible for the Member State concerned and the Commission to agree on certain operational arrangements of a technical nature, detailing aspects of the implementation with respect to timelines, indicators for the milestones and targets, and access to underlying data. To allow the continuous relevance of the operational arrangements in respect of the prevailing circumstances during the implementation of the recovery and resilience plan, it should be possible that the elements of such technical arrangements may be modified by mutual consent. Horizontal financial rules adopted by the European Parliament and the Council on the basis of Article 322 of the Treaty on the Functioning of the European Union or amendments to national procedures. An independent ex-post evaluation should, in addition, deal with the long-term impact of the instruments.

Amendment

(39) The recovery and resilience plans to be implemented by the Member States and the corresponding financial contribution allocated to them should be established by way of delegated acts. The power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union (TFEU) relating to the adoption of the recovery and resilience plans and to the payment of the financial support upon fulfilment of the clear relevant milestones and targets should be delegated to the Commission. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Inter-institutional Agreement of 13 April 2016 on Better Law-Making. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States’ experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated actions. After the adoption of a delegated act, it should be possible for the Member State concerned and the Commission to agree on certain operational arrangements of a technical nature, detailing aspects of the implementation with respect to timelines, indicators for the milestones and targets, and access to underlying data. To allow the
Union apply to this Regulation. These rules are laid down in the Financial Regulation and determine in particular the procedure for establishing and implementing the budget through grants, procurement, prizes, indirect implementation, and provide for checks on the responsibility of financial actors. Rules adopted on the basis of Article 322 TFEU also concern the protection of the Union's budget in case of generalised deficiencies as regards the rule of law in the Member States, as the respect for the rule of law is an essential precondition for sound financial management and effective EU funding.

Continuous relevance of the operational arrangements in respect of the prevailing circumstances during the implementation of the recovery and resilience plan, it should be possible that the elements of such technical arrangements may be modified by mutual consent. Horizontal financial rules adopted by the European Parliament and the Council on the basis of Article 322 of the Treaty on the Functioning of the European Union apply to this Regulation. These rules are laid down in the Financial Regulation and determine in particular the procedure for establishing and implementing the budget through grants, procurement, prizes, indirect implementation, and provide for checks on the responsibility of financial actors. Rules adopted on the basis of Article 322 TFEU also concern the protection of the Union's budget in case of generalised deficiencies as regards the rule of law in the Member States, as the respect for the rule of law, democratic checks and balances, an independent judiciary, media pluralism and media freedom are essential preconditions for sound financial management and effective EU funding and fighting fraud and corruption.

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Justification

This amendment is aligned with amendment 30 of the draft report of the BUDG and ECON committees on the RRF.

Amendment 40

Proposal for a regulation
Recital 39 a (new)
(39a) The financial interests of the Union are to be protected in accordance with the general principles embedded in the Treaties, in particular the values of Article 2 TEU. Respect of the rule of law is a precondition to receive support under the Facility and the Commission should be empowered to initiate the suspension of the commitment or payment appropriations to Member States under the Facility in case of generalised deficiencies as regards the rule of law where they affect or risk affecting the principles of sound financial management or the protection of the financial interests of the Union; the procedure to initiate the suspension of the funding under Facility should be only be blocked if a qualified majority in Council or a majority of Parliament oppose it as set out in [Commission Proposal for a Regulation on the protection of the Union's budget in case of generalised deficiencies as regards the rule of law in the Member States (COM/2018/324 final) (2018/0136 (COD)]. If generalised deficiencies as regards the rule of law mechanism from the [Commission Proposal for a Regulation on the protection of the Union's budget in case of generalised deficiencies as regards the rule of law in the Member States (COM/2018/324 final) (2018/0136 (COD)] persist in a Member State, that Member State shall not receive financial support under the Facility.

Amendment 41

Proposal for a regulation
Recital 40

(40) In accordance with the Financial Regulation, Regulation (EU, Euratom) No
883/2013 of the European Parliament and of the Council, Council Regulation (Euratom, EC) No 2988/95, Council Regulation (Euratom, EC) No 2185/96 and Council Regulation (EU) 2017/1939, the financial interests of the Union are to be protected through proportionate measures, including the prevention, detection, correction and investigation of irregularities and fraud, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, the imposition of administrative sanctions. In particular, in accordance with Regulation (EU, Euratom) No 883/2013 and Regulation (Euratom, EC) No 2185/96, the European Anti-Fraud Office (OLAF) may carry out administrative investigations, including on-the-spot checks and inspections, with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union. In accordance with Regulation (EU) 2017/1939, the European Public Prosecutor's Office (EPPO) may investigate and prosecute fraud and other criminal offences affecting the financial interests of the Union as provided for in Directive (EU) 2017/1371 of the European Parliament and of the Council. In accordance with the Financial Regulation, any person or entity receiving Union funds is to report any suspicion of irregularities or fraud and to fully cooperate in the protection of the Union’s financial interests, to grant the necessary rights and access to the Commission, OLAF, the EPPO and the European Court of Auditors.
involved in the implementation of Union funds grant equivalent rights to the Commission, OLAF, the EPPO and the European Court of Auditors. For detection and reporting of irregularities and fraud, the Commission should develop and/or adapt existing IT-systems to create a digital performance reporting system to be used by the national and European authorities involved in the implementation of support and in investigation of any suspicion of irregularities or fraud or corruption under the Facility. The European investigative bodies shall have full and direct access to the digital performance reporting system.


16 Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities (OJ L292,15.11.96, p.2)

17 Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor’s Office (‘the
Amendment 42

Proposal for a regulation
Article 1 – paragraph 1

Text proposed by the Commission

This Regulation establishes a Recovery and Resilience Facility (the ‘Facility’).

Amendment

This Regulation establishes a Recovery and Resilience Facility (the ‘Facility’) as a temporary instrument designed to tackle the adverse effects and consequences of the COVID-19 pandemic in the Union.

Amendment 43

Proposal for a regulation
Article 2 – paragraph 1 – point 3 a (new)

Text proposed by the Commission

3a. ‘European added value’ for the purpose of this Regulation means the value resulting from Union intervention, which is additional to the value (it may result from different factors, e.g. coordination gains, legal certainty, greater effectiveness or complementarities) that would have been otherwise created by Member States alone;

National Recovery and Resilience Plan’ (hereinafter ‘National Plan’) means the four-year plan, consisting of individual reform and investment measures, to be prepared and submitted by each Member State for the purpose of allocating financial support to the Member States under the Facility;
Amendment 44
Proposal for a regulation
Article 2 – paragraph 1 – point 3 b (new)

Text proposed by the Commission

3b. ‘additionality’ for the purpose of this Regulation means compliance with additionality requirement set out in point(b) of Article 209(2) of the Financial Regulation and, where appropriate, maximising private investment in accordance with point (d) of Article 209(2) of the Financial Regulation;

Amendment 45
Proposal for a regulation
Article 3 – paragraph 1

Text proposed by the Commission

The scope of application of the Recovery and Resilience Facility established by this Regulation shall refer to policy areas related to economic, social and territorial cohesion, the green and digital transitions, health, competitiveness, resilience, productivity, education and skills, research and innovation, smart, sustainable and inclusive growth, jobs and investment, and the stability of the financial systems.

Amendment
The scope of application of the Recovery and Resilience Facility established by this Regulation shall refer to policy areas having a clear European added value related to Single Market, economic, social and territorial cohesion, the green and digital transitions, health, competitiveness, resilience, productivity, education and skills, research and innovation, smart, sustainable and inclusive growth, jobs and investment, the reduction of the infrastructural gap, and the stability of the financial systems.

Amendment 46
Proposal for a regulation
Article 3 – paragraph 1 a (new)

Text proposed by the Commission

The scope of application of the Recovery and Resilience Facility established by this Regulation shall provide an integrated approach for the effective and uniform
recovery of the Union and shall refer to the following European priority policy areas:

- green transition, in the context of the Green Deal, of the updated Union’s 2030 climate targets and the objective of EU climate neutrality by 2050, while respecting the "do no harm" principle;
- digital transformation, in the context of the Digital Agenda;
- economic cohesion, productivity and competitiveness, in the context of the Industrial and SMEs Strategies;
- social cohesion, in the context of the European Pillar of Social Rights;
- institutional resilience, in view of increasing crisis-reaction capacity;
- policies for the Next Generation, in the context of the European Skills Agenda, of the Youth Guarantee and Child Guarantee.

In order to respect the ‘do not harm’ principle, the Facility shall not provide financial support to the excluded activities defined in point B of Annex V of the proposal for a Regulation of the European Parliament and of the Council establishing the InvestEU Programme.

Amendment 47

Proposal for a regulation
Article 4 – paragraph 1

Text proposed by the Commission

1. The general objective of the Recovery and Resilience Facility shall be to promote the Union’s economic, social and territorial cohesion by improving the resilience and adjustment capacity of the Member States, mitigating the social and economic impact of the crisis, and supporting the green and digital transitions, thereby contributing to

Amendment

1. The general objective of the Recovery and Resilience Facility shall be to promote the Union’s economic, social and territorial cohesion by focusing on European priority policy areas and thereby aiming at improving the resilience, adjustment capacity and crisis preparedness of all the Member States, mitigating the social, gender-related and
restoring the growth potential of the economies of the Union, fostering employment creation in the aftermath of the COVID-19 crisis, and promoting sustainable growth.

economic impact of the crisis while tackling social inequalities, and supporting the green transformation towards the Union’s climate and environment objectives, including the Union’s and national climate target for 2030, and the open digital transition, thereby contributing to the upward economic and social convergence, to restoring the sustainable growth potential of the economies of the Union, fostering employment creation in the aftermath of the COVID-19 crisis, ensuring the transformation towards a care economy, protecting the levels of public investments and promoting sustainable growth and generating European added value, in order not to leave anyone behind.

Amendment 48

Proposal for a regulation
Article 4 – paragraph 2

Text proposed by the Commission

2. To achieve that general objective, the specific objective of the Recovery and Resilience Facility shall be to provide Member States with financial support with a view to achieving the milestones and targets of reforms and investments as set out in their recovery and resilience plans. That specific objective shall be pursued in close cooperation with the Member States concerned.

Amendment

2. To achieve that general objective, the specific objective of the Recovery and Resilience Facility shall be to provide Member States with financial support with a view to achieving the clear milestones and targets of growth enhancing reforms and sustainable investments as set out in their recovery and resilience plans. That specific objective shall be pursued in close cooperation with the Member States concerned.

Amendment 49

Proposal for a regulation
Article 4 – paragraph 2 a (new)

Text proposed by the Commission

2a. The projects shall bring EU added value and priority should be given either to cross-border projects or to those...
projects who due to spill over effects
generate European added value in more
than one Member State or region.

Reforms and investments initiated by the
Member States after 15 March 2020
(corona-crisis measures) are eligible
under the Reform and Resilience Facility.

The Facility shall not run counter to the
strategic and economic interests of the
Union. In that respect, support shall not
be provided to projects that are part of the
strategic investment plans of third
countries.

The Facility shall not substitute regular
national budgetary expenditure.

The Facility shall not finance projects
detrimental to the Single Market or which
would contribute to its fragmentation.

Amendment 50

Proposal for a regulation
Article 4 a (new)

Text proposed by the Commission

Amendment

Article 4 a

Compliance with European values and
promotion of non-discrimination

1. Operations supported by the
Facility shall comply with the values of
the European Union as set out in Article 2
TEU;

2. The Member States and the
Commission shall take appropriate steps
and measures to prevent any
discrimination based on sex, racial or
ethnic origin, religion or belief, disability,
age or sexual orientation during the
preparation and implementation of
Member States’ recovery and resilience plans;

3. The Commission shall put in place
ex-post control measures to verify that no
projects, organisations or entities with a purpose incompatible with the values of the Union, including those which run counter to the principle of non-discrimination, have received funding under the Facility;

4. In accordance with Article 101(8) of the Financial Regulation, the Commission is empowered, where appropriate, to make financial corrections by cancelling part of the Union contribution to a Member State's recovery and resilience plan and by recovering from the Member State funds already disbursed in order to exclude from Union financing expenditure contrary to the values set out in the applicable Union law.

Justification

This amendment is complementary but different from the ones linking the RRF to the Rule of Law Mechanism. The compliance with EU values of every project financed by the Facility is an absolute necessity, even in Member States in which rule of law mechanisms are not generally deficient. Ex-post controls should therefore be put in place at a more granular level than what the Rule of Law mechanism foresees.

Amendment 51

Proposal for a regulation
Article 5 – paragraph 2

Text proposed by the Commission

2. The amounts referred to in paragraph 1(a) may also cover expenses pertaining to preparatory, monitoring, control, audit and evaluation activities, which are required for the management of each instrument and the achievement of its objectives, in particular studies, meetings of experts, information and communication actions, including corporate communication of the political priorities of the Union, in so far as they are related to the objectives of this Regulation, expenses linked to IT networks focusing on information processing and exchange,

Amendment

2. The amounts referred to in paragraph 1(a) may also cover expenses pertaining to preparatory, monitoring, control, audit and evaluation activities, which are required for the management of each instrument and the achievement of its objectives, in particular studies, meetings of experts, information and communication actions, including corporate communication of the political priorities of the Union, in so far as they are related to the objectives of this Regulation, expenses linked to IT networks focusing on information processing and exchange,
corporate information technology tools, and all other technical and administrative assistance expenses incurred by the Commission for the management of each instrument. Expenses may also cover the costs of other supporting activities such as quality control and monitoring of projects on the ground and the costs of peer counselling and experts for the assessment and implementation of reforms and investments.

Amendment 52

Proposal for a regulation
Article 5 a (new)

Text proposed by the Commission

Amendment

Article 5a

Projects of European Common Interest

The amount specified in Article 5(1) (ba) shall be use for financing Projects of European common interest having an European coverage with a large contribution to the green and digital transition and to the economic recovery in the aftermath of the COVID-19 crisis. The Projects of European common interest shall be introduced by the Commission through delegated acts specifying the participating Member States, the amounts, the milestones and targets, the priority projects/types of projects. The Projects of European common interest shall be:

- Sustainable Tourism
- Aeronautical industry
- Inland waterways navigability
- ERTMS on European Freight Corridors
- Energy cross border connections

Amendment 53
Proposal for a regulation
Article 6 – paragraph 1

Text proposed by the Commission

Resources allocated to Member States under shared management may, at their request, be transferred to the Facility. The Commission shall implement those resources directly in accordance with point (a) of Article 62(1) of the Financial Regulation. Those resources shall be used for the benefit of the Member State concerned.

Amendment

Resources allocated to Member States under shared management may, at their request, be transferred to the Facility. The Commission shall implement those resources directly in accordance with point (a) of Article 62(1) of the Financial Regulation. Those resources shall be used for the benefit of the Member State concerned and shall be subject to the same requirements as regards sound financial management as the originating funds.

Justification

Unused resources under shared management can be funnelled into the facility. In the way the proposal for the facility is set up now, the implementation requirements favour the facility over the originating funds which might have an adverse effect on the shared management funds.

Amendment 54

Proposal for a regulation
Article 6 – paragraph 1 a (new)

Text proposed by the Commission

The outstanding unused amount under the Facility shall be transferred into a budgetary reserve that may be used to reinforce Union programmes under direct management in the areas of research and innovation (Horizon Europe), education (Erasmus +), infrastructure (Connecting Europe Facility), digitalisation (Digital Europe) and border management (Integrated Border Management Fund). The budgetary reserve shall be released in part or in its entirety only after the Commission has concluded that the programmes indicated in sub-paragraph 1, cannot reach the objectives set out in the respective
legislation, without an increase of financing. The budgetary reserve and subsequent transfers shall comply with the rules set out in the Financial Regulation and shall be subject to the approval of the Parliament and Council. The amount still in the budgetary reserve on 31 December 2027 shall be used in its entirety for repayment of the financing drawn by the Commission for the purpose of the financing of the Facility.

Amendment 55

Proposal for a regulation
Article 6 a (new)

Text proposed by the Commission

Amendment

Article 6a

Use of the Facility delivered through or combined with InvestEU

1. In accordance with the requirements set out in this Article, Member States may allocate on a voluntary basis, in the Recovery and Resilience Plan, the amount to be delivered through InvestEU. The amount to be delivered through InvestEU may be used to support the solvency of companies established in the Member States concerned. The Recovery and Resilience Plan shall contain the justification of the use of the InvestEU budgetary guarantees. In the allocations referred to in the first subparagraph Member States may allocate part of the resources set out in Article 5(2) to be contributed to InvestEU for the corresponding InvestEU Assistance for activities set out in the contribution agreement referred to in Article [9] of [InvestEU Regulation].

2. For the requests for an amendment of a Recovery and Resilience Plan referred to in Article 18, only resources of future years may be
identified.

3. The amount referred to in the first subparagraph of paragraph 1 shall be used for the provisioning of the part of the EU guarantee under the Member State compartment.

4. Where a contribution agreement, as set out in Article [9] of the [InvestEU Regulation], has not been concluded [by 31 December 2021] for an amount referred to in paragraph 1, the Member State shall submit a request for amendment of the Recovery and Resilience Plan in accordance with Article 18, to use the corresponding amount. The contribution agreement for an amount referred to in paragraph 1 allocated in the request of the amendment of a Recovery and Resilience Plan shall be concluded simultaneously with the adoption of the decision amending the Plan.

5. Where a guarantee agreement, as set out in Article [9] of the [InvestEU Regulation], has not been concluded within [nine] months from the approval of the contribution agreement, the respective amounts shall be transferred back to the Facility and the Member State shall submit a corresponding request for amendment of the Recovery and Resilience Plan.

6. Where a guarantee agreement, as set out in Article [9] of the [InvestEU Regulation], has not been fully implemented within [four years] from the signature of the guarantee agreement, the Member State may request that amounts committed in the guarantee agreement but not covering underlying loans or other risk bearing instruments shall be treated in accordance with paragraph 5.7. Resources generated by or attributable to the amounts contributed to InvestEU and delivered through budgetary guarantees shall be made available to the Member State and shall be used for repayable
forms of support in accordance with the Recovery and Resilience Plan.

Amendment 56
Proposal for a regulation
Article 7 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

The funding of the Facility, as part of the Next Generation EU, shall be accompanied by a clear and credible repayment plan, without recourse to the MFF.

Amendment 57
Proposal for a regulation
Article 7 – paragraph 1 b (new)

Text proposed by the Commission

Amendment

For the purpose of sustainable financing of the Facility the Commission and Council shall commit to introduce a clear and binding calendar for a basket of new own resources which shall enter the Union budget in the course of the next Multiannual Financial Framework. The amount of the new own resources shall be sufficient to cover at least the principal and interest costs related to the borrowing of funds under the Next Generation EU.

Amendment 58
Proposal for a regulation
Article 7 – paragraph 1 c (new)

Text proposed by the Commission

Amendment

The Commission shall put in place effective and proportionate anti-fraud measures taking into account the risks identified.
Amendment 59
Proposal for a regulation
Article 7a (new)

Text proposed by the Commission

Amendment

Article 7a

Efficient and effective checks and audit

1. The Commission, OLAF, EPPO and the Court of Auditors shall be expressly authorised to exert their rights as foreseen by Article 129(1) of the Financial Regulation.

2. The European Anti-Fraud Office (OLAF) may carry out administrative investigations, including on-the-spot checks and inspections, in accordance with the provisions and procedures laid down in Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council and Council Regulation (Euratom, EC) No 2185/96, with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union in connection with support under the Facility.

3. The Commission shall put in place effective and proportionate anti-fraud measures taking into account the risks identified. The Commission shall for this purpose develop or adapt existing IT systems to create a digital performance reporting system that allows monitoring, detection and reporting of irregularities or fraud.

4. The Member States' authorities involved in the implementation of the support under the Facility shall keep records of the economic operators and their beneficial owners, when such owners are natural persons, involved in the implementation of the funds.
Amendment 60
Proposal for a regulation
Article 8 – paragraph 1

Text proposed by the Commission
Support under the Recovery and Resilience Facility shall be additional to the support provided under other Union funds and programmes. Reform and investment projects may receive support from other Union programmes and instruments provided that such support does not cover the same cost.

Amendment
Support under the Recovery and Resilience Facility shall be additional to the support provided under other Union funds and programmes. Reform and investment projects may receive support from other Union programmes and instruments provided that such support does not cover the same cost. In order to enable prevention and detection of double funding, the Member State shall use the digital performance reporting system to register expenditure under the Facility.

Justification
the Member States need to record expenditure under the Facility to enable double funding (costs that are funded under the Facility and possibly also under other EU funds).

Amendment 61
Proposal for a regulation
Article 9 – paragraph 1 – subparagraph 1

Text proposed by the Commission
1. In the event of significant non-compliance in relation to any of the cases laid down in Article 15(7) of the Regulation laying down common provisions on the […]][CPR], the Council shall, on a proposal from the Commission, adopt a decision by means of an implementing act to suspend the time period for the adoption of the decisions referred to in Articles 17(1) and 17(2) or to suspend payments under the Recovery and Resilience Facility.

Amendment
1. In the event of significant non-compliance in relation to any of the cases laid down in Article 15(7) of the Regulation laying down common provisions on the […]][CPR], the Commission, shall adopt a decision by means of a delegated act to suspend the time period for the adoption of the decisions referred to in Articles 17(1) and 17(2) or to suspend payments under the Recovery and Resilience Facility.

Amendment 62
Proposal for a regulation
Article 9a (new)

Text proposed by the Commission

Amendment

Article 9a

Measures linking the Facility to the protection of the Union budget in the case of generalised deficiencies as regards the rule of law

1. In the event of generalised deficiencies as regards the rule of law in a Member State affecting the principles of sound financial management or the protection of the financial interests of the Union, as defined in Article 3 of Regulation [...] on the protection of the Union's budget in case of generalised deficiencies as regards the rule of law in the Member States, the Commission shall adopt a decision by means of an implementing act:

(a) to suspend the time period for the adoption of the decisions referred to in Articles 17(1) and 17(2) of this Regulation, applicable from the day after the adoption of the decision referred to in the first subparagraph, or;

(b) to suspend payments under the Facility, applicable to payment applications submitted after the date of the decision to suspend and in accordance with Article 4(3) of Regulation [...] on the protection of the Union's budget in case of generalised deficiencies as regards the rule of law in the Member States shall apply.

2. Where a suspension of payments affects the final recipients and beneficiaries, the Commission shall take the necessary measures to take over the responsibility of the management of the funds. Final recipients and beneficiaries shall be provided with the adequate information, guidance and user-friendly tools, including via a website or an Internet portal, to continue benefiting
from the funds.

3. In the event of a positive assessment by the Commission in accordance with Article 6 of Regulation [.../....] on the protection of the Union’s budget in case of generalised deficiencies as regards the rule of law in the Member States, the Commission shall adopt a decision by means of an implementing act to lift the suspension of the time period or of payments referred to in the previous paragraph.

The relevant procedures or payments shall resume the day after the lifting of the suspension.

Amendment 63
Proposal for a regulation
Article 9 a (new)

Text proposed by the Commission

Amendment

Article 9a

Measures linking the Facility to sound financial management

Article 33(1), points (a) and (b) of Article 33(2), Article 33(3), and Articles 34 and 36 of Regulation (EU, Euratom) 2018/1046 shall apply to the implementation of funds under the Facility in the Member States.

Justification

Sound financial management is mentioned in a recital, but nowhere in an article. Therefore the Rapporteur proposes the creation of a new article, just after the article on sound economic governance.

Amendment 64
Proposal for a regulation
Article 11 – paragraph 2 a (new)
Amendment 65
Proposal for a regulation
Article 12 – paragraph 2

Text proposed by the Commission

2. A Member State may request a loan at the same time of the submission of a recovery and resilience plan referred to in Article 15, or at a different moment in time until 31 August 2024. In the latter case, the request shall be accompanied by a revised plan, including additional milestones and targets.

Amendment

2. A Member State may request a loan at the same time of the submission of a recovery and resilience plan referred to in Article 15, or at a different moment in time until 31 August 2024. In the latter case, the request shall be accompanied by a revised plan, including additional and clear milestones and targets.

Amendment 66
Proposal for a regulation
Article 12 – paragraph 3 – point a

Text proposed by the Commission

(a) the reasons for the loan support, justified by the higher financial needs linked to additional reforms and investments;

Amendment

(a) the reasons for the loan support, justified by the higher financial needs linked to additional growth enhancing reforms and sustainable investments;

Amendment 67
Proposal for a regulation
Article 12 – paragraph 3 – point b

Text proposed by the Commission

(b) the additional reforms and investments in line with Article 15;

Amendment

(b) the additional growth enhancing reforms and sustainable investments in line with Article 15;
Amendment 68
Proposal for a regulation
Article 12 – paragraph 3 – point c a (new)

Text proposed by the Commission

Amendment

(ca) the interest rate risk arising from maturity transformation borne by the beneficiary Member State.

Justification

The Court of Auditors pointed towards this interest risk in its Opinion concerning the proposal for a regulation of the European Parliament and of the Council establishing a Recovery and Resilience Facility.

Amendment 69
Proposal for a regulation
Article 12 – paragraph 4

Text proposed by the Commission

Amendment

4. The loan support to the recovery and resilience plan of the Member State concerned shall not be higher than the difference between the total cost of the recovery and resilience plan, as revised where relevant, and the maximum financial contribution referred to in Article 10. The maximum volume of the loan for each Member State shall not exceed 4.7% of its Gross National Income.

4. The loan support to the recovery and resilience plan of the Member State concerned shall not be higher than its share from the amount referred to in Article 5(1)(b) calculated using the methodology set out in Annex I.

Amendment 70
Proposal for a regulation
Article 13 – paragraph 1 – point a

Text proposed by the Commission

Amendment

(a) the justification for requesting the loan and its amount is considered

(a) the justification for requesting the loan and its amount is considered
reasonable and plausible in relation to the additional reforms and investments; and

Amendment 71
Proposal for a regulation
Article 13 – paragraph 1 – point b

Text proposed by the Commission

(b) the additional reforms and investments comply with the criteria set out in Article 16(3).

Amendment

(b) the additional growth enhancing reforms and sustainable investments comply with the criteria set out in Article 16(3).

Amendment 72
Proposal for a regulation
Article 13 – paragraph 2 – point e

Text proposed by the Commission

(e) the other elements needed for the implementation of the loan support in relation to the reforms and the investment projects concerned in line with the decision referred to in Article 17(2).

Amendment

(e) the other elements needed for the implementation of the loan support in relation to the growth enhancing reforms and the sustainable investment projects concerned in line with the decision referred to in Article 17(2).

Amendment 73
Proposal for a regulation
Article 14 – paragraph 1

Text proposed by the Commission

1. In pursuance of the objectives set out in Article 4, Member States shall prepare national recovery and resilience plans. These plans shall set out the reform and investment agenda of the Member State concerned for the subsequent four years. Recovery and resilience plans eligible for financing under this instrument shall comprise measures for the

Amendment

1. In pursuance of the objectives set out in Article 4, Member States shall prepare national recovery and resilience plans. These plans shall set out the reform and investment agenda of the Member State concerned for the subsequent four years. Recovery and resilience plans eligible for financing under this instrument shall comprise measures for the
implementation of reforms and public investment projects through a coherent package.

implementation of growth enhancing reforms and sustainable public investment projects through a coherent package.

Amendment 74

Proposal for a regulation
Article 14 – paragraph 1 a (new)

Text proposed by the Commission

1a. The Recovery and Resilience Facility is intended to help the Union tackle the crisis caused by the COVID-19 pandemic, implying a territorial diversification of investments, therefore regional authorities, professional associations and NGOs are essential to identify and assess specific investment needs in the recovery and resilience plans. The Commission shall put forward a Code of Conduct on partnership setting minimum standards for the involvement of the competent local and regional authorities, professional and relevant civil society organisations, in line with the partnership principle.

Amendment 75

Proposal for a regulation
Article 14 – paragraph 2

Text proposed by the Commission

2. The recovery and resilience plans shall be consistent with the relevant country-specific challenges and priorities identified in the context of the European Semester, in particular those relevant for or resulting from the green and digital transition. The recovery and resilience plans shall also be consistent with the information included by the Member States in the national reform programmes under the European Semester, in their national energy and climate plans and updates thereof under the Regulation.

Amendment

2. The recovery and resilience plans shall be consistent with the relevant country specific challenges and priorities identified in the context of the European Semester. For euro area countries attention shall be given to the relevant recommendations for the euro area as endorsed by the Council. The recovery and resilience plans shall also be consistent with the information included by the Member States in the national reform programmes under the European Semester, in their national energy and climate plans.
(EU)2018/1999\(^{21}\), in the territorial just transition plans under the Just Transition Fund\(^{22}\), and in the partnership agreements and operational programmes under the Union funds.


22 […]

Amendment 76
Proposal for a regulation
Article 14 – paragraph 2 a (new)

Text proposed by the Commission

2a. The Commission and Member States shall ensure that recovery and resilience plans as well as any future programmes financed under the Facility contribute to the respect and the promotion of equality between women and men in accordance with Article 8 TFEU. Evaluations have shown the importance of taking the gender equality objectives aspect into account in all dimensions and in all stages of the preparation and monitoring.

Amendment 77
Proposal for a regulation
Article 14 – paragraph 2 b (new)

Text proposed by the Commission

Amendment
2b. The recovery and resilience plans shall contribute to the strengthening of the Single Market.

Amendment 78

Proposal for a regulation
Article 14 – paragraph 3

Text proposed by the Commission

3. Where a Member State is exempted from the monitoring and assessment of the European Semester on the basis of Article 12 of Regulation (EU) 472/2013, or is subject to surveillance under Council Regulation (EC) No 332/2002, the provisions set out in this regulation shall be applied to the Member State concerned in relation to the challenges and priorities identified by the measures set out under the regulations thereof. The recovery and resilience plans shall also include effective measures of diverse and indiscriminate support for non-profit civil society organizations, non-profits, independent media and municipalities, regions or other subnational authorities.

Amendment 79

Proposal for a regulation
Article 14 – paragraph 3 a (new)

Text proposed by the Commission

3a. Any Member State subject to a procedure concerning the respect of the rule of law shall be provided with the financial support granted under this facility only when that procedure is concluded and remedial actions have been taken by the Member State in accordance with the rule of law mechanism from Commission Proposal for a Regulation on the protection of the Union's budget in case of generalised deficiencies as regards
the rule of law in the Member States (COM/2018/324 final) (2018/0136 (COD)).

If, during implementation of the recovery and resilience plan, a Member State severely and repeatedly damages the principle of the rule of law, the Commission shall be empowered to directly steer the disbursements of funds under the Facility.

Justification

Respect of the rule of law, after being mentioned in a new recital, should also be required by an article, as this should be a precondition for receiving support from the facility.

Amendment 80

Proposal for a regulation
Article 15 – paragraph 3 – point a

Text proposed by the Commission  
(a) an explanation of the way the relevant country-specific challenges and priorities identified in the context of the European Semester are expected to be addressed;

Amendment
(a) justification on how the relevant country-specific challenges and priorities identified in the context of the European Semester, including fiscal aspects thereof, or in the analytical information on the Member State concerned elaborated by the Commission services in the context of the European Semester; and challenges related to Article 6 of Regulation (EU) No 1176/2011 are addressed; for euro area countries particular attention shall be given to the relevant recommendations for the euro area as endorsed by the Council;

Amendment 81

Proposal for a regulation
Article 15 – paragraph 3 – point a a (new)

Text proposed by the Commission  
(aa) the measures considered as aligned with the country-specific recommendations, which shall be
prioritised;

Amendment 82
Proposal for a regulation
Article 15 – paragraph 3 – point a b (new)

Text proposed by the Commission

(\textit{ab}) in case a Member State is experiencing imbalances or excessive imbalances as concluded by the Commission after an in-depth review, an explanation of the way the recommendations made under Article 6 of Regulation (EU) No 1176/2011 are to be addressed;

Amendment 83
Proposal for a regulation
Article 15 – paragraph 3 – point a c (new)

Text proposed by the Commission

(\textit{ac}) an explanation on how the plans would contribute to the strengthening of the Single Market;

Amendment 84
Proposal for a regulation
Article 15 – paragraph 3 – point b

Text proposed by the Commission

(b) an explanation of how the plan strengthens the growth potential, job creation and economic and social resilience of the Member State concerned, mitigates the economic and social impact of the crisis, and its contribution to enhance economic, social and territorial cohesion and convergence;

(b) an explanation of how the plan strengthens the growth potential, job creation and economic and social resilience of the Member State concerned, mitigates the economic and social impact of the crisis, \textit{particularly for SMEs}, and its contribution to enhance economic, social and territorial cohesion and convergence;
Amendment 85
Proposal for a regulation
Article 15 – paragraph 3 – point c a (new)

Text proposed by the Commission

Amendment

(ca) an explanation of the coherence of the plan with the relevant documents adopted or the analytical information on the Member State concerned elaborated by the Commission services in the context of the latest European Semester;

Amendment 86
Proposal for a regulation
Article 15 – paragraph 3 – point d

Text proposed by the Commission

Amendment

(d) envisaged milestones, targets and an indicative timetable for the implementation of the reforms over a maximum period of four years, and of the investments over a maximum period of seven years;

(d) envisaged clear milestones, targets, indicators which allow the measurement of those and an indicative timetable for the implementation of the growth enhancing reforms over the period until 31 December 2024, and of the investments over the period until 31 December 2027;

Amendment 87
Proposal for a regulation
Article 15 – paragraph 3 – point e

Text proposed by the Commission

Amendment

(e) the envisaged investment projects, and the related investment period;

(e) the envisaged sustainable investment projects, and the related investment period;

Which national authority and financial intermediaries, other than National Promotional Banks is responsible for the implementation of the investment projects;

Amendment 88
Proposal for a regulation
Article 15 – paragraph 3 – point f a (new)

Text proposed by the Commission

Amendment

(fa) Where relevant, information on existing or planned national or other public financing;

Amendment 89

Proposal for a regulation

Article 15 – paragraph 3 – point g

Text proposed by the Commission

Amendment

(g) Where relevant, information on existing or planned Union financing;

(g) Where relevant, information on existing or planned Union financing, and its coordination and additionality with the Facility;

Amendment 90

Proposal for a regulation

Article 15 – paragraph 3 – point j

Text proposed by the Commission

Amendment

(j) The arrangements for the effective implementation of the recovery and resilience plan by the Member State concerned, including the proposed milestones and targets, and the related indicators;

(j) The arrangements for the effective implementation of the recovery and resilience plan by the Member State concerned, including the proposed clear milestones and targets, and the related indicators;

Amendment 91

Proposal for a regulation

Article 15 – paragraph 3 – point j a (new)

Text proposed by the Commission

Amendment

(ja) An explanation of arrangements taken by the Member State to protect the financial interests of the Union, including measures for the prevention, detection, reporting, correction and investigation of irregularities and fraud, the recovery of
funds lost, wrongly paid or incorrectly used and, where appropriate, the imposition of sanctions, measures to ensure an adequate cooperation with the anti-fraud initiatives, rules and bodies of the Union, and the use of the Irregularity Management System (IMS) performed by the European Anti-Fraud Office. For the purpose of detection and reporting, the Member State shall use the digital performance reporting system and any other relevant IT-tools that the Commission shall put at the disposal of the Member States.

Amendment 92

Proposal for a regulation
Article 15 – paragraph 3 – point k

Text proposed by the Commission

(k) where appropriate, the request for loan support and the additional milestones as referred to in Article 12(2) and (3) and the elements thereof; and

Amendment

(k) where appropriate, the request for loan support and the additional and clear milestones as referred to in Article 12(2) and (3) and the elements thereof; and

Amendment 93

Proposal for a regulation
Article 15 – paragraph 4 a (new)

Text proposed by the Commission

4a. Recovery and resilience plans shall be prepared with the proper involvement of stakeholders, as regional and local authorities (including national and regional capitals and/or the 10 biggest cities of the given Member State), civil society organisations as well as social partners and the representatives of the economic sector, in accordance with the principle of partnership.

Amendment 94
Proposal for a regulation
Article 16 – paragraph 1

Text proposed by the Commission

1. When assessing the recovery and resilience plan, the Commission shall act in close cooperation with the Member State concerned. The Commission may make observations or seek additional information. The Member State concerned shall provide the requested additional information and may revise the plan if needed, prior to its official submission.

Amendment

1. When assessing the recovery and resilience plan, the Commission shall act in close cooperation with the Member State concerned including and consulting the local and regional authorities and professional and relevant civil society organisations. The Commission may make observations or seek additional information to ensure that the resources are not at risk of being subject to any form of fraud, corruption or other illegal activity that affects the Union’s economic interests. The Member State concerned shall provide the requested additional information and may revise the plan if needed, prior to its official submission.

Amendment 95

Proposal for a regulation
Article 16 – paragraph 2

Text proposed by the Commission

2. When assessing the recovery and resilience plan and in the determination of the amount to be allocated to the Member State concerned, the Commission shall take into account the analytical information on the Member State concerned available in the context of the European Semester as well as the justification and the elements provided by the Member State concerned, as referred to in Article 15(3), and any other relevant information including, in particular, the one contained in the National Reform Programme and the National Energy and Climate Plan of the Member State concerned and, if relevant, information from technical support received via the Technical Support Instrument.

Amendment

2. When assessing the recovery and resilience plan and in the determination of the amount to be allocated to the Member State concerned, the Commission shall take into account the analytical information on the Member State concerned available in the context of the European Semester including the information available on the level of corruption as well as the justification and the elements provided by the Member State concerned, as referred to in Article 15(3), and any other relevant information including, in particular, the one contained in the National Reform Programme and the National Energy and Climate Plan of the Member State concerned and, if relevant, information from technical support received via the Technical Support Instrument.
Amendment 96

Proposal for a regulation
Article 16 – paragraph 3 – point a

Text proposed by the Commission
(a) whether the recovery and resilience plan is expected to contribute to effectively address challenges identified in the relevant country-specific recommendations addressed to the Member State concerned or in other relevant documents officially adopted by the Commission in the European Semester;

Amendment
(a) whether the recovery and resilience plan is expected to contribute to effectively address challenges identified in the relevant country-specific recommendations including those on rule of law and corruption addressed to the Member State concerned or in other relevant documents officially adopted by the Commission in the European Semester;

Amendment 97

Proposal for a regulation
Article 16 – paragraph 3 – point e a (new)

Text proposed by the Commission
(ea) whether the recovery and resilience plan ensures an effective protection of the financial interests of the Union by means of anti-fraud measures and simplified procedures when possible at national and, where appropriate, regional level to avoid non-fraudulent irregularities;

Amendment

Amendment 98

Proposal for a regulation
Article 16 – paragraph 3 – point g a (new)

Text proposed by the Commission
(ga) whether the plan is expected to be of an adequate standard with regard to transparency and accounting practices.

Amendment
Amendment 99

Proposal for a regulation
Article 17 – paragraph 1

**Text proposed by the Commission**

1. The Commission shall adopt a decision within *four* months of the official submission of the recovery and resilience plan by the Member State, by means of an *implementing act*. In the event that the Commission gives a positive assessment to a recovery and resilience plan, that decision shall set out the reforms and investment projects to be implemented by the Member State, including the milestones and targets, and the financial contribution allocated in accordance with Article 11.

**Amendment**

1. The Commission shall adopt a decision within *two* months of the official submission of the recovery and resilience plan by the Member State, by means of a *delegated act*. The decision shall be based on the evaluation of the recovery and resilience plan and on the communication with the Member State concerned *including possible corrections*. In the event that the Commission gives a positive assessment to a recovery and resilience plan, that decision shall set out the reforms and investment projects to be implemented by the Member State, including the milestones and targets, and the financial contribution allocated in accordance with Article 11.

Amendment 100

Proposal for a regulation
Article 17 – paragraph 3 – point c

**Text proposed by the Commission**

(c) where the recovery and resilience plan does not comply satisfactorily with the criteria set out in Article 16(3), no financial contribution shall be allocated to the Member State concerned.

**Amendment**

(c) where the recovery and resilience plan does not comply satisfactorily with the criteria set out in Article 16(3), no financial contribution shall be allocated to the Member State concerned and paragraph 5 of this article shall apply.

Amendment 101

Proposal for a regulation
Article 17 – paragraph 4 – point a

**Text proposed by the Commission**

(a) the financial contribution to be paid

**Amendment**

(a) the financial contribution to be paid
in instalments once the Member State has **satisfactorily implemented** the relevant milestones and targets identified in relation to the implementation of the recovery and resilience plan;

in instalments once the Member State has **achieved** the relevant milestones and targets identified in relation to the implementation of the recovery and resilience plan;

*Justification*

*Targets and milestones shall be achieved and not 'satisfactorily implemented'.*

**Amendment 102**

**Proposal for a regulation**  
**Article 17 – paragraph 5**

**Text proposed by the Commission**

5. Where the Commission gives a negative assessment to a recovery and resilience plan, it shall communicate a duly justified assessment within four months of the submission of the proposal by the Member State.

**Amendment**

5. Where the Commission gives a negative assessment to a recovery and resilience plan, it shall communicate a duly justified assessment within four months of the submission of the proposal by the Member State. **The Commission may appear before the competent committees of the European Parliament under their invitation to explain the negative assessment. Relevant information shall be made available by the Commission to the European Parliament and the Council simultaneously and on equal terms.**

**Amendment 103**

**Proposal for a regulation**  
**Article 18 – paragraph 3**

**Text proposed by the Commission**

3. Where the Commission considers that the reasons put forward by the Member State concerned do not justify an amendment of the relevant recovery and resilience plan, it shall reject the request within four months of its official submission, after having given the Member State concerned the possibility to present

**Amendment**

3. Where the Commission considers that the reasons put forward by the Member State concerned do not justify an amendment of the relevant recovery and resilience plan, it shall reject the request within four months of its official submission, after having given the Member State concerned the possibility to present
its observations within a period of one month of the communication of the Commission's conclusions.

If the implementation has been hampered for one of the following reasons, amendments shall be rejected until fully investigated in cases of: mismanagement irregularities and fraud.

Amendment 104
Proposal for a regulation
Article 19 – paragraph 3 – subparagraph 1

Text proposed by the Commission

Upon completion of the relevant agreed milestones and targets indicated in the recovery and resilience plan as approved in the implementing act of the Commission, the Member State concerned shall submit to the Commission a duly justified request for payment of the financial contribution and, where relevant, of the loan tranche. Such requests for payment may be submitted by the Member States to the Commission on a biannual basis. The Commission shall assess, within two months of receiving the request, whether the relevant milestones and targets set out in the decision referred to in Article 17(1) have been satisfactorily implemented. For the purpose of the assessment, the operational arrangement referred to in Article 17(6) shall also be taken into account. The Commission may be assisted by experts.

Amendment

Upon completion of the relevant agreed milestones and targets indicated in the recovery and resilience plan as approved in the delegated act of the Commission, the Member State concerned shall submit to the Commission a duly justified request for payment of the financial contribution and, where relevant, of the loan tranche. Such requests for payment may be submitted by the Member States to the Commission on a biannual basis. The Commission shall assess, within two months of receiving the request, whether the relevant milestones and targets set out in the decision referred to in Article 17(1) have been achieved. For the purpose of the assessment, the operational arrangement referred to in Article 17(6) shall also be taken into account. In case of reported irregularities or fraud, or infringements of the rule of law, the Commission shall draw up an assessment of the extent to which the achievement of objectives has been affected. The Commission may be assisted by experts.

Justification

Suspension of payments must be based on an assessment done by the Commission. In order to allow suspension of payments based on reported irregularities, fraud and non-respect of the rule of law. These grounds should explicitly be included in the reasons for drawing up an
assessment by the Commission.

Amendment 105
Proposal for a regulation
Article 19 – paragraph 4 – subparagraph 1

Text proposed by the Commission

Where, as a result of the assessment referred to in paragraph 3, the Commission establishes that the milestones and targets set out in the decision referred to in Article 17(1) have not been satisfactorily implemented, the payment of all or part of the financial contribution shall be suspended. The Member State concerned may present its observations within one month of the communication of the Commission's assessment.

Amendment

Where, as a result of the assessment referred to in paragraph 3, the Commission establishes that the milestones and targets set out in the decision referred to in Article 17(1) have not been achieved, the payment of all or part of the financial contribution shall be suspended. The Commission may indicate which measures need to be implemented to ensure that the targets and milestones are achieved. The Member State concerned may present its observations within one month of the communication of the Commission's assessment.

Justification

Allowing the Commission to indicate which remedial actions can or shall be taken by the Member State. Also, milestones and targets cannot be implemented, but achieved.

Amendment 106
Proposal for a regulation
Article 19 – paragraph 4 – subparagraph 2

Text proposed by the Commission

The suspension shall be lifted where the Member State has taken the necessary measures to ensure a satisfactory implementation of the milestones and targets referred to in Article 17(1).

Amendment

The suspension shall be lifted where the Member State has taken the necessary measures to ensure a satisfactory implementation of the milestones and targets referred to in Article 17(1) and guaranteed that funds spent in a non-satisfactory manner will be reimbursed.
Amendment 107

Proposal for a regulation
Article 19 – paragraph 6

Text proposed by the Commission

6. Where the Member State concerned has not taken the necessary measures within a period of six months from the suspension, the Commission shall cancel the amount of the financial contribution pursuant to Article 14(1) of the Financial Regulation after having given the Member State concerned the possibility to present its observations within two months from the communication of its conclusions.

Amendment

6. Where the Member State concerned has not taken the necessary measures within a period of six months from the suspension, the Commission shall make the amount of the financial contribution concerned available for regional and local authorities and other stakeholders, including social partners and civil society organisations that contribute to addressing the challenges identified in the recovery and resilience plan after having given the Member State concerned the possibility to present its observations within two months from the communication of its conclusions.

Amendment 108

Proposal for a regulation
Article 19 – paragraph 7 – introductory part

Text proposed by the Commission

7. Where, within eighteen months of the date of the adoption the decision referred to in Article 17(1), no tangible progress has been made in respect of any relevant milestones and targets by the Member State concerned, the amount of the financial contribution shall be cancelled pursuant to Article 14(1) of the Financial Regulation.

Amendment

7. Where, within eighteen months of the date of the adoption the decision referred to in Article 17(1), no tangible progress has been made in respect of any relevant milestones and targets by the Member State concerned, the amount of the financial contribution shall be made available for regional and local authorities and other stakeholders, including social partners and civil society organisations that contribute to addressing the challenges identified in the recovery and resilience plan.

Amendment 109

Proposal for a regulation
Article 19 a (new)
Article 19a

Protection of the financial interests of the Union

The Member States receiving support under the Facility shall ensure the protection of the financial interests of the Union through proportionate measures, including the prevention, detection, reporting, investigation and correction of irregularities and fraud, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, the imposition of administrative sanctions; public authorities involved in the implementation of the Facility, final recipients as well as any third parties involved must grant the necessary rights and access to the Commission, the European Anti-Fraud Office, the European Public Prosecutor’s Office and the European Court of Auditors when exercising their powers.

1. In implementing the Facility, the Member States, as beneficiaries or borrowers of funds under the Facility, shall take all the necessary measures to protect the financial interests of the Union, including mandatory due diligence exercise on the applicants to the Facility, and in particular to ensure that any measure for the implementation of reforms and investment projects under the recovery and resilience plan comply with the applicable Union and national law.

2. The agreements referred to in Article 13(2) and the decisions referred to in Article 19(1) shall provide for the obligations of the Member States to:

a) regularly check that the financing provided has been properly used in accordance with all applicable rules and that any measure for the implementation of reforms and investment projects under
the recovery and resilience plan has been properly implemented in accordance with all applicable rules, including Union law and national law;

b) take appropriate measures to prevent, detect and solve fraud, corruption, and conflict of interest as defined in Article 61(2) and (3) of the Financial Regulation and to take legal actions to recover funds that have been misappropriated, including in relation to any measure for the implementation of reforms and investment projects under the recovery and resilience plan;

c) accompany a request for payment by:
   (i) a management declaration that the funds were used for their intended purpose, that the information submitted with the request for payment is complete, accurate and reliable, and that the control systems put in place give the necessary assurances that the funds were managed in accordance with all applicable rules; and
   (ii) a summary of the audits and controls carried out, including weaknesses identified and any corrective actions taken;

d) collect, for the purpose of audit and control of the use of funds in relation to measures for the implementation of reforms and investment projects under the recovery and resilience plan, in an electronic searchable format and into a single database, the following categories of data:
   (i) name of the final recipient of funds;
   (ii) name of the contractor and sub-contractor, where the final recipient of funds is a contracting authority in accordance with the Union or national provision on public procurement;
   (iii) first name(s), last name(s) and date of birth of beneficial owner(s) of the recipient of funds or contractor, as defined by Article 3, paragraph 6 of Directive (EU)2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the
purposes of money laundering or terrorist financing; (iv) list of any measures for the implementation of reforms and investment projects under the recovery and resilience plan, the total amount of public funding, by indicating the amount of funds disbursed under the Facility and under other Union funds:

e) impose obligations on all final recipients of funds disbursed for the measures for the implementation of reforms and investment projects included in the recovery and resilience plan, or on all other persons or entities involved in their implementation to expressly authorise the Commission, OLAF, EPPO and the Court of Auditors to exert their rights as foreseen by Article 129(1) of the Financial Regulation and to impose similar obligations on all final recipients of funds disbursed;

f) keep records in line with Article 132 of Regulation [FR].

3. The agreements referred to in Article 13(2) and the decisions referred to in Article 19(1) shall also provide for the right of the Commission to reduce proportionately the support under the Facility and recover any amount due to the Union budget or to ask early repayment of the loan, in cases of fraud, corruption, and conflict of interests affecting the financial interests of the Union, or breach of obligations resulting from the said agreements and decisions. When deciding on the amount of the recovery, the reduction or on the amount to be early repaid the Commission shall respect the principle of proportionality and shall take into account the seriousness of the fraud, corruption, and conflict of interest affecting the financial interests of the Union, or breach of obligations. The Member State shall be given the opportunity to present its observations before the reduction is made or early repayment is requested.
Amendment 110

Proposal for a regulation
Article 19 b (new)

Text proposed by the Commission

Amendment

Article 19b

Payments to final beneficiaries

1. There shall be a cap on the total amount received for investments from the Facility by a beneficial owner, where such an owner is a natural person, of an economic operator receiving support under the Facility. The cap shall be set at EUR 1 000 000 per beneficial owner. The Commission shall be notified if the cap is exceeded. The Commission evaluates on a case by case basis whether in duly justified cases an exception can be granted. The Commission shall develop clearly defined, objective criteria, which shall be published in the form of guidelines to the Member States' authorities without undue delay.

2. A separate data repository shall be created on beneficiaries to whom an exception to exceed the cap of EUR 1,000,000 has been granted; The Commission shall collect information on all the payments made to each beneficiary, including beneficial owner in the digital performance reporting system, and aggregate the total amount per beneficial owner;

3. The performance reporting system shall be adapted for this purpose.

Amendment 111

Proposal for a regulation
Article 19 b (new)

Text proposed by the Commission

Amendment
Article 19b

External audit

1. The Court of Auditors shall exercise its powers in accordance with the Article 7 of this Regulation, as well as in line with Article 287(1) of the Treaty on the Functioning of the European Union.

2. The Court of Auditors shall be informed of the internal rules referred to in Article 60(1) of Regulation (EU, Euratom) 2018/1046, including the appointment of authorising officers, as well as of the instrument of delegation referred to in Article 79 of that Regulation.

3. The Court of Auditors may issue opinions on matters relating to the Facility at the request of the Commission, the Council or the Parliament.

4. At the same time as the annual report referred to in Article 258 of Regulation (EU, Euratom) 2018/1046, the Court of Auditors shall provide the European Parliament and the Council with a statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions of the Facility, which shall be published in the Official Journal of the European Union.

Amendment 112

Proposal for a regulation
Article 20 – paragraph 1

Text proposed by the Commission

The Member State concerned shall report on a quarterly basis within the European Semester process on the progress made in the achievement of the recovery and resilience plans, including the operational arrangement referred to in Article 17(6). To that effect, the quarterly reports of the Member States shall be appropriately reflected in the National Reform

Amendment

The Member State concerned shall report on a quarterly basis within the European Semester process on the progress made in the achievement of the recovery and resilience plans, including the operational arrangement referred to in Article 17(6). To that effect, the quarterly reports of the Member States shall be appropriately reflected in the National Reform
Programmes, which shall be used as a tool for reporting on progress towards completion of the recovery and resilience plans.

Amendment 113
Proposal for a regulation
Article 21 – paragraph 1

Text proposed by the Commission
1. The Commission shall transmit the recovery and resilience plans as approved in the implementing act of the Commission in accordance with Article 17 to the European Parliament and the Council without undue delay. The Member State concerned may request the Commission to redact sensitive or confidential information, the disclosure of which would jeopardise public interests of the Member State.

Amendment
1. The Commission shall transmit the recovery and resilience plans as approved in the delegated act of the Commission in accordance with Article 17, as well as the national reports established in the Article 20 of this Regulation to the European Parliament and the Council without undue delay.

Amendment 114
Proposal for a regulation
Article 21 – paragraph 2

Text proposed by the Commission
2. The Commission may engage in communication activities to ensure the visibility of the Union funding for the financial support envisaged in the relevant

Amendment
2. The Commission may engage in communication activities to ensure the visibility of the Union funding for the financial support envisaged in the relevant
recovery and resilience plan, including through joint communication activities with the national authorities concerned.

The Commission shall ensure the visibility of spending under the Facility by clearly indicating that the supported projects shall be clearly labelled as "EU Recovery Initiative".

Amendment 115

Proposal for a regulation
Article 21 – paragraph 2 a (new)

_text proposed by the Commission

Amendment

2a. The Commission shall report biannually to the European Parliament on the progress in the achievement of the milestones of the recovery and resilience plans as well on the complementarity of the plans with existing Union programmes. The biannual reports shall include a breakdown of the Union budget implemented per Member State, indicating which activities have been supported by the Union budget, including the aggregated amounts received per final beneficiary using the digital performance reporting system.

Amendment 116

Proposal for a regulation
Article 22 – paragraph 1 – point a a (new)

_text proposed by the Commission

Amendment

(aa) introduce simple and clear procedures to avoid an excessive administrative burden for public authorities involved and final receipts;
Amendment 117
Proposal for a regulation
Article 23 – paragraph 2 a (new)

Text proposed by the Commission

Amendment

2a. The digital performance reporting system shall centralise the information necessary to identify the final recipients, including their beneficial owner, of financial support under the Facility for the activities under the Facility in each Member State. It is the responsibility of the national authorities to undertake a full due diligence exercise;

Amendment 118
Proposal for a regulation
Article 24 – title

Text proposed by the Commission

Amendment

Annual report Biannual report

Amendment 119
Proposal for a regulation
Article 24 – paragraph 1

Text proposed by the Commission

Amendment

1. The Commission shall provide an annual report to the European Parliament and the Council on the implementation of the Facility set out in this Regulation.

1. The Commission shall provide an biannual reports to the European Parliament and the Council on the implementation of the Facility set out in this Regulation.

Amendment 120
Proposal for a regulation
Article 24 – paragraph 2

Text proposed by the Commission

Amendment

2. The annual report shall include

2. The biannual report shall include
information on the progress made with the recovery and resilience plans of the Member States concerned under the Facility.

Amendment 121

Proposal for a regulation
Article 24 – paragraph 3 – introductory part

Text proposed by the Commission

3. The annual report shall also include the following information:

Amendment

3. The biannual report shall also include the following information:

Amendment 122

Proposal for a regulation
Article 24 – paragraph 3 – point b a (new)

Text proposed by the Commission

(ba) the full list of final beneficiaries of the Facility as well as the purpose of each operation financed in whole or in part by the Facility

Amendment

Justification

Such a list, once made public, would help any relevant institution or body, such as the European Parliament, the OLAF, the European Court of Auditor or the EPPO to carry the necessary audits and controls.

Amendment 123

Proposal for a regulation
Article 24 – paragraph 3 – point b a (new)

Text proposed by the Commission

(ba) a section for each Member State, detailing how the respect of the principle of sound financial management is implemented in accordance with Article
Amendment 124
Proposal for a regulation
Article 24 – paragraph 4 a (new)

Text proposed by the Commission

Amendment

4a. The annual report shall be transmitted to the European Parliament and the Council as part of the Integrated Financial Accountability Reporting and it shall be part of the annual discharge of the Commission for the implementation of the budget as set out in Articles 260 to 262 of Regulation (EU, Euratom) 2018/1046, in accordance with Article 7 of this Regulation as a separate chapter in the discharge report of the Commission.

Amendment 125
Proposal for a regulation
Article 26 – paragraph 1

Text proposed by the Commission

Amendment

1. The recipients of Union funding shall acknowledge the origin and ensure the visibility of the Union funding, in particular when promoting the actions and their results, by providing coherent, effective and proportionate targeted information to multiple audiences, including the media and the public.

Amendment 126
Proposal for a regulation
Article 26 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1. The recipients of Union funding shall acknowledge the origin and ensure the visibility of the Union funding, in particular when promoting the actions and their results, by providing coherent, effective and proportionate targeted information to the public, including through the media on a non-discriminatory basis.
la. In order to create visibility for the European Union’s support through the Recovery and Resilience Facility, Member States are required to inform their citizens about projects financed under the Facility using their public broadcasting services. In case of investments exceeding 0.1 percent of the Member State’s GDP, a representative of the Commission should be present at the delivery ceremony to highlight the investment of the Union.

Amendment 127
Proposal for a regulation
Article 26 – paragraph 1 b (new)

Text proposed by the Commission

Amendment

1b. In its communication activities, the Commission should leverage local stakeholder networks to ensure that funds swiftly reach beneficiaries in need, and eliminate any barriers to information about available funds under the facility.

Amendment 128
Proposal for a regulation
Article 26 a (new)

Text proposed by the Commission

Amendment

Article 26a
Exercise of the delegation

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.

2. The power to adopt delegated acts referred to in Article 14 shall be conferred on the Commission until 31 December 2028.

3. The delegation of power referred to in Article 14 may be revoked at any time by the European Parliament or by
the Council. A decision to revoke shall put an end to the delegation of power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Inter-institutional Agreement of 13 April 2016 on Better Law-Making.

5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.

Amendment 129

Proposal for a regulation
Annex II – point 2 – paragraph 1 – point g a (new)

Text proposed by the Commission

Amendment

(ga) whether the obligation for the involvement of the stakeholders in the process of the preparation of the recovery and resilience plans according to Article 15(5) of this regulation was completely fulfilled in line with the principle of partnership.

Amendment 130

Proposal for a regulation
Annex II – point 2 – paragraph 3 – point 2.7 a (new)

Text proposed by the Commission

Amendment

2.7a The recovery and resilience plan was prepared with proper involvement of the stakeholders including regional and local authorities (including national and
regional capitals and/or the 10 biggest cities of the given Member State), civil society organisations as well as social partners and the representatives of the economic sector, in accordance with the principle of partnership. The Commission shall take into account the following elements for the assessment under this criterion:

- the Member State opened a dialogue with the stakeholders in the process of the preparation of the recovery and resilience plans, organized channels were set up to gather and to analyse stakeholder opinions; proper fora were held with the participation of stakeholders to exchange views on the recovery and resilience plans;

- the Member State examined, evaluated and took into consideration proposals made by the stakeholders.

Rating

A – To a high extent
B – To a medium extent
C – To a low extent
**PROCEDURE – COMMITTEE ASKED FOR OPINION**

<table>
<thead>
<tr>
<th>Title</th>
<th>Establishing a Recovery and Resilience Facility</th>
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<td>Committees responsible</td>
<td>BUDG 17.6.2020  ECON 17.6.2020</td>
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<tr>
<td>Opinion by</td>
<td>CONT 23.7.2020</td>
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<tr>
<td>Rapporteur</td>
<td>Monika Hohlmeier  6.7.2020</td>
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<td>Rule 58 – Joint committee procedure</td>
<td>23.7.2020</td>
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<tr>
<td>Discussed in committee</td>
<td>28.9.2020</td>
</tr>
<tr>
<td>Date adopted</td>
<td>15.10.2020</td>
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<tr>
<td>Result of final vote</td>
<td>+: 22  –: 3  0: 2</td>
</tr>
<tr>
<td>Members present for the final vote</td>
<td>Matteo Adinolfi, Olivier Chastel, Caterina Chinnici, Lefteris Christoforou, Corina Crețu, Ryszard Czarnecki, Tamás Deutsch, Martina Dlabajová, José Manuel Fernandes, Luke Ming Flanagan, Daniel Freund, Isabel García Muñoz, Monika Hohlmeier, Jean-François Jalkh, Pierre Karleskind, Joachim Kulhs, Younous Omarjee, Tsvetelina Penkova, Sabrina Pignedoli, Angelika Winzig, Lara Wolters, Tomáš Zdechovský</td>
</tr>
<tr>
<td>Substitutes present for the final vote</td>
<td>Maria Grapini, Marian-Jean Marinescu, Mikuláš Peksa, Ramona Strugariu, Viola Von Cramon-Taubadel</td>
</tr>
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## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

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<td><strong>22</strong></td>
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<td><strong>ID</strong></td>
<td>Matteo Adinolfi, Jean-François Jalkh</td>
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**Key to symbols:**
+ : in favour
- : against
0 : abstention
OPINION OF THE COMMITTEE ON REGIONAL DEVELOPMENT

for the Committee on Budgets and the Committee on Economic and Monetary Affairs


Rapporteur for opinion: Corina Crețu

AMENDMENTS

The Committee on Regional Development calls on the Committee on Budgets and the Committee on Economic and Monetary Affairs, as the committees responsible, to take into account the following amendments:

Amendment 1

Proposal for a regulation
Recital 4

Text proposed by the Commission

(4) 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. The challenges linked to the demographic context have been amplified by COVID-19. The current COVID-19 pandemic as well as the previous economic and financial crisis have shown that developing sound and resilient economies and financial systems built on strong economic and social structures helps Member States to respond more efficiently to shocks and recover more swiftly from

Amendment

(4) 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 pandemic. This pandemic is far more than a health crisis; its economic and social impact varies from country to country, with a possible increase in poverty and inequalities within the Union. Therefore, investment under a Recovery and Resilience Facility (the ‘Facility’) should address the existing
them. The medium and long-term consequences of the COVID-19 crisis will critically depend on how quickly Member States’ economies will recover from the crisis, which in turn depends on the fiscal space Member States have available to take measures to mitigate the social and economic impact of the crisis, and on the resilience of their economies. Reforms and investments to address structural weaknesses of the economies and strengthen their resilience will therefore be essential to set the economies back on a sustainable recovery path and avoid further widening of the divergences in the Union.

The current COVID-19 pandemic as well as the previous economic and financial crisis have shown that developing sound and resilient economies and financial systems built on strong economic and social structures helps Member States to tackle and respond more efficiently to shocks and recover more swiftly from them. The medium and long-term consequences of the COVID-19 crisis on the overall economy, and especially on the health sector, will critically depend on how quickly Member States’ economies will recover from the crisis, which in turn depends on the fiscal space Member States have available to take measures to mitigate the social and economic impact of the crisis, and on the resilience of their economies. Reforms and investments to address structural weaknesses of the economies and strengthen their resilience will therefore be essential to set the economies back on a sustainable and cohesive recovery path and avoid further widening of the divergences in the Union.

Amendment 2
Proposal for a regulation
Recital 5

Text proposed by the Commission

(5) The implementation of reforms contributing to achieve a high degree of resilience of domestic economies, strengthening adjustment capacity and unlocking growth potential are among the Union’s policy priorities. They are therefore crucial to set the recovery on a sustainable path and support the process of upward economic and social convergence. This is even more necessary in the aftermath of the pandemic crisis to pave health inequalities throughout the Union, while guaranteeing equal protection with specific attention to the most vulnerable in the society. The current COVID-19 pandemic as well as the previous economic and financial crisis have shown that developing sound and resilient economies and financial systems built on strong economic and social structures helps Member States to tackle and respond more efficiently to shocks and recover more swiftly from them. The medium and long-term consequences of the COVID-19 crisis on the overall economy, and especially on the health sector, will critically depend on how quickly Member States’ economies will recover from the crisis, which in turn depends on the fiscal space Member States have available to take measures to mitigate the social and economic impact of the crisis, and on the resilience of their economies. Reforms and investments to address structural weaknesses of the economies and strengthen their resilience will therefore be essential to set the economies back on a sustainable and cohesive recovery path and avoid further widening of the divergences in the Union.

Amendment

(5) The implementation of reforms contributing to achieve a high degree of resilience of domestic economies, strengthening adjustment capacity and unlocking growth potential are among the Union’s policy priorities in order to avoid the mistakes made during the handling of the last global economic, social and financial crisis, which resulted in deepening the economic and social divergences. The reforms are therefore crucial to set the recovery on a sustainable
the way for a swift recovery. path and support the process of upward economic, social and territorial cohesion. This is even more crucial to pave the way for a swift recovery and a medium and long-term economic development.

Amendment 3
Proposal for a regulation
Recital 5 a (new)

Text proposed by the Commission

(5 a) Good governance is a precondition for successfully managing and administering a reform. Administrative capacity of public authorities and a diverse range of stakeholders play a key role in that respect and in the presentation and implementation of the budget, presenting and auditing accounts and provision for checks and responsibility of financial actors, in accordance with the financial rules adopted on the basis of Article 322 of the Treaty. Therefore, capacity building by public authorities and beneficiaries should be undertaken at an appropriate scale.

Amendment 4
Proposal for a regulation
Recital 6

Text proposed by the Commission

(6) Past experiences have shown that investment is often drastically cut during crises. However, it is essential to support investment in this particular situation to speed up the recovery and strengthen long-term growth potential. Investing in green and digital technologies, capacities and processes aimed at assisting clean energy transition, boosting energy efficiency in housing and other key sectors of the economic are important to achieve sustainable growth and help create jobs. It

(6) Past experiences have shown that investment is often drastically cut during crises. However, it is essential to support investments with European added value that can contribute in this particular situation to speed up the recovery in the Member States, avoid thousands of job losses and strengthen medium and long-term growth potential. Investing in green and digital technologies, capacities and processes aimed at assisting the transition to clean, affordable and renewable energy,
will also help make the Union more resilient and less dependent by diversifying key supply chains.

boosting energy efficiency in housing, and other key sectors of the economy, as well as its productivity are important to promote and achieve inclusive sustainable growth and help create high quality jobs, as well as to foster competitiveness. It will also help make the Union more resilient and less dependent by diversifying key supply chains and boosting knowledge-based economy, to reduce inequalities, exposed by the Covid-19 pandemic, especially the digital divide in regions covered by Article 174 of the Treaty. Greater investment is needed in digitalisation, digit innovation and digital connectivity which would enable a fair transition, especially for the most vulnerable in society, such as elderly, to the digital economy.

Amendment 5

Proposal for a regulation
Recital 6 a (new)

Text proposed by the Commission

Amendment

(6a) For investments under the Facility, the partnership principle and multi-level governance should be strengthened in all regions and municipalities. Multi-level governance is important in the European Semester process, as the COVID-19 pandemic has impacted territories within a Member State in different ways. Consequently, the involvement of regional and local public authorities, as well as that of economic and social partners and the relevant bodies representing civil society, such as NGOs, is crucial for the work of the Facility. Member States should consult all partners when drawing up and implementing their recovery and resilience plans, and ensure that funds swiftly reach beneficiaries in need. Furthermore, as sectors in which young people under 25 and women predominate
have been disproportionately hit by the COVID-19 crisis, and unemployment numbers are rising there, their specific situation needs to be addressed. Consequently, gender equality should be promoted as a matter of priority, in all stages of the preparation and implementation of the recovery and resilience plans, in order to address the existing gender gap. Attention should be paid to both, urban areas as drivers of green and digital transformation, and to regions, suffering from natural or demographic handicaps.

Amendment 6
Proposal for a regulation
Recital 8

*Text proposed by the Commission*

(8) Against this background, it is necessary to strengthen the current framework for the provision of support to Member States and provide direct financial support to Member States through an innovative tool. To that end, a Recovery and Resilience Facility (the ‘Facility’) should be established under this Regulation to provide effective financial and significant support to step up the implementation of reforms and related public investments *in the* Member States. The Facility should be comprehensive and should also benefit from the experience gained by the Commission and the Member States from the use of the other instruments and programmes.

*Amendment*

(8) Against this background, it is necessary to strengthen the current framework for the provision of support to Member States and provide *robust* direct financial support to Member States through an innovative tool. To that end, the ‘Facility’ should be established under this Regulation to provide effective financial and significant support to step up the implementation of reforms and related public investments *that will entail an improvement of the sustainability and competitiveness of* the Member States. The Facility should be comprehensive and should also benefit from the experience gained by the Commission and the Member States from the use of the other instruments and programmes.
Amendment 7
Proposal for a regulation
Recital 8 a (new)

Text proposed by the Commission

(8 a) Horizontal principles as set out in Articles 8, 10, 11 of the Treaty and in the Charter of Fundamental Rights of the European Union should be respected, as well as the obligations of the United Nations Convention of the Rights of the Child and of the United Nations Convention on the Rights of Persons with Disabilities. Furthermore, the objectives of the Facility cover sustainable development and the Union’s promotion of the aim of preserving, protecting and improving the quality of the environment as set out in the Article 191(1) of the Treaty, and the commitments entered into under the Paris Agreement.

Amendment 8
Proposal for a regulation
Recital 11

Text proposed by the Commission

(11) Reflecting the European Green Deal as Europe’s sustainable growth strategy and the translation of the Union’s commitments to implement the Paris Agreement and the United Nations’ Sustainable Development Goals, the Facility established by this Regulation will contribute to mainstreaming climate actions and environmental sustainability and to the achievement of an overall target of 25 % of the EU budget expenditures supporting climate objectives.

Amendment

(11) Reflecting the European Green Deal as Europe’s sustainable growth strategy, together with its other development objectives, and the translation of the Union's commitments to implement the Paris Agreement and the United Nations’ Sustainable Development Goals, the Facility established by this Regulation will contribute to mainstreaming climate actions and environmental sustainability and to the achievement of an overall target of 30 % of the Union budget expenditures supporting climate objectives. The Commission and the Member States should ensure consistency, coherence and synergies with the UN 2030 Agenda. For the purposes of qualifying an investment


Amendment 9

Proposal for a regulation

Recital 12

**Text proposed by the Commission**

(12) In order to implement these overall objectives, relevant actions will be identified during the Facility’s preparation and implementation, and reassessed in the context of the relevant evaluations and review processes. Also, due attention should be paid to the impact of the national plans submitted under this Regulation on fostering not only the green transition, but also the digital transformation. They will both play a priority role in relaunching and modernising our economy.

**Amendment**

(12) In order to implement these overall objectives, relevant actions will be identified during the Facility’s preparation and implementation, and reassessed in the context of the relevant evaluations and review processes. Also, while taking into account Member State’s growth priorities, due attention should be paid to the impact of the national plans submitted under this Regulation on fostering not only the green transition, but also the digital transformation, that is knowledge-based. They will both play a crucial role in transforming and modernising our economy.

Amendment 10

Proposal for a regulation

Recital 13
(13) In order to enable measures to be taken that link the Facility to sound economic governance, with a view to ensuring uniform implementing conditions, the power should be conferred on the Council to suspend, on a proposal from the Commission and by means of implementing acts, the period of time for the adoption of decisions on proposals for recovery and resilience plans and to suspend payments under this Facility, in the event of significant non-compliance in relation to the relevant cases related to the economic governance process laid down in the Regulation (EU) No XXX/XX of the European Parliament and of the Council [CPR] (...). The power to lift those suspensions by means of implementing acts, on a proposal from the Commission, should also be conferred on the Council in relation to the same relevant cases.

Amendment 11

Proposal for a regulation
Recital 14

Text proposed by the Commission

(14) The Facility’s general objective should be the promotion of economic, social and territorial cohesion. For that purpose, it should contribute to improving the resilience and adjustment capacity of the Member States, mitigating the social and economic impact of the crisis, and supporting the green and digital transitions aimed at achieving a climate neutral Europe by 2050, thereby restoring the growth potential of the economies of the Union in the aftermath of the crisis, fostering employment creation and to promoting sustainable growth.

Amendment

(14) The Facility’s general objective should be the promotion of economic, social and territorial cohesion for a more harmonious development across Member States. For that purpose, it should contribute to improving the resilience and adjustment capacity of the Member States, mitigating the social and economic impact of the crisis, and supporting the green and digital transitions aimed at achieving a climate neutral Europe by 2050 the latest, thereby restoring the growth potential of the economies of the Union and boosting investments in key sectors, fostering high-quality job creation and preservation, including for young people under 25 and
women, strengthening of social rights, in conformity with the European Pillar of Social Rights, as well as promoting medium and long-term sustainable economic growth. In order to ensure, that no one is left behind, special attention should be given to the most vulnerable segments of the population. The Facility should also contribute to the achievement of gender equality, as specified in Article 8 of the Treaty.

Amendment 12
Proposal for a regulation
Recital 16

Text proposed by the Commission

(16) To ensure its contribution to the objectives of the Facility, the recovery and resilience plan should comprise measures for the implementation of reforms and public investment projects through a coherent recovery and resilience plan. The recovery and resilience plan should be consistent with the relevant country-specific challenges and priorities identified in the context of the European Semester, with the national reform programmes, the national energy and climate plans, the just transition plans, and the partnership agreements and operational programmes adopted under the Union funds. To boost actions that fall within the priorities of the European Green Deal and the Digital Agenda, the plan should also set out measures that are relevant for the green and digital transitions. The measures should enable a swift delivery of targets, objectives and contributions set out in national energy and climate plans and updates thereof. All supported activities should be pursued in full respect of the climate and environmental priorities of the Union.

Amendment

(16) To ensure its contribution to the objectives of the Facility, the recovery and resilience plan should comprise measures for the implementation of reforms and public investment projects through a coherent recovery and resilience plan. The recovery and resilience plan should be consistent with the relevant country-specific challenges and priorities identified in the context of the European Semester, with the national reform programmes, the national energy and climate plans, the just transition plans, and the partnership agreements and operational programmes adopted under the Union funds. To boost actions that fall within the priorities of the European Green Deal and the Digital Agenda, the plan should also set out measures that are relevant for the green and digital transitions. The measures should enable a swift delivery of targets, objectives and contributions set out in national energy and climate plans and updates thereof. All supported activities should be pursued in full respect of the climate and environmental and digital priorities of the Union, as well as social, economic and territorial cohesion.
Amendment 13

Proposal for a regulation
Recital 19

Text proposed by the Commission

(19) In order to ensure a meaningful financial contribution commensurate to the actual needs of Member States to undertake and complete the reforms and investments included in the recovery and resilience plan, it is appropriate to establish a maximum financial contribution available to them under the Facility as far as the financial support (i.e. the non-repayable financial support) is concerned. That maximum contribution should be calculated on the basis of the population, the inverse of the per capita Gross Domestic Product (GDP) and the relative unemployment rate of each Member State.

Amendment

(19) In order to ensure a meaningful financial contribution commensurate to the actual needs of Member States to undertake and complete the reforms and investments included in the recovery and resilience plan, it is appropriate to establish a maximum financial contribution available to them under the Facility as far as the financial support (i.e. the non-repayable financial support) is concerned. That maximum contribution should be calculated on the basis of the population, the inverse of the per capita Gross Domestic Product (GDP) and the relative unemployment rate of each Member State, taking into account the percentage of young people neither in employment nor in education or training (NEET) and the rate of people at risk of poverty.

Amendment 14

Proposal for a regulation
Recital 20

Text proposed by the Commission

(20) It is necessary to establish a process for the submission of proposals for recovery and resilience plans by the Member States, and the content thereof. With a view to ensuring the expediency of procedures, a Member State should submit a recovery and resilience plan at the latest by 30 April, in the form of a separate annex of the National Reform Programme. To ensure a fast implementation, Member States should be able to submit a draft plan together with the draft budget of the

Amendment

(20) It is necessary to establish a process for the submission of proposals for recovery and resilience plans by the Member States, and the content thereof. With a view to ensuring the expediency of procedures, a Member State should submit a recovery and resilience plan at the latest by 30 April, in the form of a separate annex of the National Reform Programme. To ensure a fast implementation, Member States should submit a draft plan together with the draft budget of the forthcoming
forthcoming year, on 15 October of the preceding year.

Recovery and resilience plans submitted by Member States should be publicly available.

Amendment 15

Proposal for a regulation
Recital 21

Text proposed by the Commission

(21) In order to ensure the national ownership and a focus on relevant reforms and investments, Member States wishing to receive support should submit to the Commission a recovery and resilience plan that is duly reasoned and substantiated. The recovery and resilience plan should set out the detailed set of measures for its implementation, including targets and milestones, and the expected impact of the recovery and resilience plan on growth potential, job creation and economic and social resilience; it should also include measures that are relevant for the green and the digital transitions; it should also include an explanation of the consistency of the proposed recovery and resilience plan with the relevant country-specific challenges and priorities identified in the context of the European Semester. Close cooperation between the Commission and the Member States should be sought and achieved throughout the process.

Amendment

(21) In order to ensure the national ownership and a focus on relevant reforms and investments, Member States wishing to receive support should submit to the Commission a recovery and resilience plan that is duly reasoned and substantiated. The European Parliament should have access to all information on the negotiations between Commission and Member States on individual recovery and resilience plans at all stages of the process. The recovery and resilience plan should identify sectors that are lagging behind, set out the detailed set of measures for its implementation, including targets and milestones, and the expected impact of the recovery and resilience plan on growth potential, high-quality job creation, including for young people under 25 and women, strengthening of social rights, as well as enhancing economic and social resilience for a better reaction to different types of asymmetric and symmetric shocks; it should also include measures that are relevant for the green and the digital transitions and a stronger competitiveness; it should also include an explanation of the consistency of the proposed recovery and resilience plan with the relevant country-specific challenges and priorities identified in the context of the European Semester. Close cooperation between the Commission and the Member States should be sought and achieved throughout the process.
Amendment 16

Proposal for a regulation
Recital 22

Text proposed by the Commission

(22) The Commission should assess the recovery and resilience plan proposed by the Member States and should act in close cooperation with the Member State concerned. The Commission will fully respect the national ownership of the process and will therefore take into account the justification and elements provided by the Member State concerned and assess whether the recovery and resilience plan proposed by the Member State is expected to contribute to effectively address challenges identified in the relevant country-specific recommendation addressed to the Member State concerned or in other relevant documents officially adopted by the Commission in the European Semester; whether the plan contains measures that effectively contribute to the green and the digital transitions and to addressing the challenges resulting from them; whether the plan is expected to have a lasting impact in the Member State concerned; whether the plan is expected to effectively contribute to strengthen the growth potential, job creation and economic and social resilience of the Member State, mitigate the economic and social impact of the crisis and contribute to enhancing economic, social and territorial cohesion; whether the justification provided by the Member State of the estimated total costs of the recovery and resilience plan submitted is reasonable and plausible and is commensurate to the expected impact on the economy and employment; whether the proposed recovery and resilience plan contains measures for the implementation of reforms and public investment projects that

Amendment

(22) The Commission should assess the recovery and resilience plan proposed by the Member States and should act in close cooperation with the Member State concerned. The Commission will take into account the justification and elements provided by the Member State concerned and the consent given by the stakeholders involved, and assess whether the recovery and resilience plan proposed by the Member State is expected to contribute to effectively address challenges identified in the relevant country-specific recommendation addressed to the Member State concerned or in other relevant documents officially adopted by the Commission in the European Semester; whether the plan contains measures that effectively contribute to the green and the digital transitions, better health care resilience, as well as to a stronger competitiveness, and to addressing the challenges resulting from them; whether the plan is expected to have a lasting impact in the Member State concerned; whether it is expected to effectively contribute to strengthen the sustainable and inclusive growth potential, attraction of investments, high-quality job creation for all and economic and social resilience of the Member State, mitigate the economic and social impact of the crisis and contribute to enhancing economic, social and territorial cohesion; whether the justification provided by the Member State of the estimated total costs of the recovery and resilience plan submitted is reasonable and plausible and is commensurate to the expected impact on the economy and employment; whether the proposed
represent coherent actions; and whether the arrangement proposed by the Member State concerned are expected to ensure effective implementation of the recovery and resilience plan, including the proposed milestones and targets, and the related indicators.

Amendment 17
Proposal for a regulation
Recital 25

Text proposed by the Commission
(25) For the purpose of simplification, the determination of the financial contribution should follow simple criteria. The financial contribution should be determined on the basis of the estimated total costs of the recovery and resilience plan proposed by the Member State concerned.

Amendment
(25) For the purpose of simplification, the determination of the financial contribution should follow simple criteria which respect the needs of the Member State. The financial contribution should be determined on the basis of the estimated total costs of the recovery and resilience plan proposed by the Member State concerned.

Amendment 18
Proposal for a regulation
Recital 27

Text proposed by the Commission
(27) To ensure that the financial support is frontloaded in the initial years after the crisis, and to ensure compatibility with the available funding for this instrument, the allocation of funds to the Member States should be made available until 31 December 2024. To this effect, at least 60 percent of the amount available for non-repayable support should be legally committed by 31 December 2022. The remaining amount should be legally

Amendment
(27) To ensure that the financial support is frontloaded in the initial years after the crisis, and to ensure compatibility with the available funding for this instrument, the allocation of funds to the Member States should be made available until 31 December 2025. To this effect, at least 60 percent of the amount available for non-repayable support should be legally committed by 31 December 2024. The remaining amount should be legally
committed by 31 December 2024.

Amendment 19
Proposal for a regulation
Recital 29

Text proposed by the Commission

(29) The request for a loan should be justified by the financial needs linked to additional reforms and investments included in the recovery and resilience plan, notably relevant for the green and digital transitions, and by therefore, by a higher cost of the plan than the maximum financial contribution (to be) allocated via the non-repayable contribution. It should be possible to submit the request for a loan together with the submission of the plan. In case the request for loan is made at a different moment in time, it should be accompanied by a revised plan with additional milestones and targets. To ensure frontloading of resources, Member States should request a loan support at the latest by 31 August 2024. For the purposes of sound financial management, the total amount of all the loans granted under this Regulation should be capped. In addition, the maximum volume of the loan for each Member State should not exceed 4.7% of its Gross National Income. An increase of the capped amount should be possible in exceptional circumstances subject to available resources. For the same reasons of sound financial management, it should be possible to pay the loan in instalments against the fulfilment of results.

Amendment

(29) The request for a loan should be justified by the financial needs linked to additional reforms and investments included in the recovery and resilience plan, notably relevant for the green and digital transitions, and by therefore, by a higher cost of the plan than the maximum financial contribution (to be) allocated via the non-repayable contribution. It should be possible to submit the request for a loan together with the submission of the plan. In case the request for loan is made at a different moment in time, it should be accompanied by a revised plan with additional milestones and targets. To ensure frontloading of resources, Member States should request a loan support at the latest by 31 August 2025. For the purposes of sound financial management, the total amount of all the loans granted under this Regulation should be capped. In addition, the maximum volume of the loan for each Member State should not exceed 4.7% of its Gross National Income. An increase of the capped amount should be possible in exceptional circumstances subject to available resources. For the same reasons of sound financial management, it should be possible to pay the loan in instalments against the fulfilment of results.

Amendment 20
Proposal for a regulation
Recital 32

Text proposed by the Commission

Amendment

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(32) For the purpose of sound financial management, specific rules should be laid down for budget commitments, payments, suspension, cancellation and recovery of funds. To ensure predictability, it should be possible for Member States to submit requests for payments on a biannual basis. Payments should be made in instalments and be based on a positive assessment by the Commission of the implementation of the recovery and resilience plan by the Member State. Suspension and cancellation of the financial contribution should be possible when the recovery and resilience plan has not been implemented in a satisfactory manner by the Member State. Appropriate contradictory procedures should be established to ensure that the decision by the Commission in relation to suspension, cancellation and recovery of amounts paid respects the right of Member States to provide observations.

Amendment 21

Proposal for a regulation
Recital 34

Text proposed by the Commission

(34) For the purposes of transparency, the recovery and resilience plans adopted by the Commission should be communicated to the European Parliament and the Council and communication activities should be carried out by the

Amendment

(34) For the purposes of transparency, the recovery and resilience plans adopted by the Commission, as well as a full list of final beneficiaries shall be communicated to the European Parliament and the Council, and communication activities
Commission as appropriate.

Amendment 22

Proposal for a regulation
Recital 40

Text proposed by the Commission

(40) In accordance with the Financial Regulation, Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council\(^\text{14}\), Council Regulation (Euratom, EC) No 2988/95\(^\text{15}\), Council Regulation (Euratom, EC) No 2185/96\(^\text{16}\) and Council Regulation (EU) 2017/1939\(^\text{17}\), the financial interests of the Union are to be protected through proportionate measures, including the prevention, detection, correction and investigation of irregularities and fraud, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, the imposition of administrative sanctions. In particular, in accordance with Regulation (EU, Euratom) No 883/2013 and Regulation (Euratom, EC) No 2185/96, the European Anti-Fraud Office (OLAF) may carry out administrative investigations, including on-the-spot checks and inspections, with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union. In accordance with Regulation (EU) 2017/1939, the European Public Prosecutor’s Office (EPPO) may investigate and prosecute fraud and other criminal offences affecting the financial interests of the Union as provided for in Directive (EU) 2017/1371 of the European Parliament and of the Council\(^\text{18}\). In accordance with the Financial Regulation, any person or entity receiving Union funds is to fully cooperate in the protection of the Union’s financial interests, to grant the necessary rights and access to the Commission, OLAF, the EPPO and the

Amendment

(40) In accordance with the Financial Regulation, Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council\(^\text{14}\), Council Regulation (Euratom, EC) No 2988/95\(^\text{15}\), Council Regulation (Euratom, EC) No 2185/96\(^\text{16}\) and Council Regulation (EU) 2017/1939\(^\text{17}\), the financial interests of the Union are to be protected through proportionate measures, including the prevention, detection, correction and investigation of irregularities and fraud, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, the imposition of administrative sanctions. In particular, in accordance with Regulation (EU, Euratom) No 883/2013 and Regulation (Euratom, EC) No 2185/96, the European Anti-Fraud Office (OLAF) may carry out administrative investigations, including on-the-spot checks and inspections, with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union. In accordance with Regulation (EU) 2017/1939, the European Public Prosecutor’s Office (EPPO) may investigate and prosecute fraud and other criminal offences affecting the financial interests of the Union as provided for in Directive (EU) 2017/1371 of the European Parliament and of the Council\(^\text{18}\). In accordance with the Financial Regulation, any person or entity receiving Union funds is to fully cooperate in the protection of the Union’s financial interests, to grant the necessary rights and access to the Commission, OLAF, the EPPO and the
European Court of Auditors and to ensure that any third parties involved in the implementation of Union funds grant equivalent rights to the Commission, OLAF, the EPPO and the European Court of Auditors.

The European Parliament should exercise its ex-ante democratic scrutiny and ex post verification that means provided under the Facility is well spent, constitutes Union added value and supports economic and social resilience of Member States. Therefore, Member States are encouraged to adopt and apply effective anti-fraud measures, with the support of existing anti-fraud agencies at Member State and Union level, such as OLAF and, where relevant, the EPPO, as well as to enforce the rule of law.


16 Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities’ financial interests against fraud and other irregularities (OJ L292,15.11.96, p.2)


18 Directive (EU) 2017/1371 of the European Parliament and of the Council of European Court of Auditors and to ensure that any third parties involved in the implementation of Union funds grant equivalent rights to the Commission, OLAF, the EPPO and the European Court of Auditors.


16 Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities’ financial interests against fraud and other irregularities (OJ L292,15.11.96, p.2)


Amendment 23

Proposal for a regulation
Article 2 – paragraph 1 – point 3

Text proposed by the Commission

3. ‘European Semester of economic policy coordination’ (hereinafter ‘European Semester’) means the process set out by Article 2-a of Council Regulation (EC) No 1466/97 of 7 July 1997\(^20\).

Amendment

3. ‘European Semester of economic policy coordination’ (hereinafter ‘European Semester’) means the process set out by Article 2-a of Council Regulation (EC) No 1466/97 of 7 July 1997\(^20\). For the purpose of this regulation, it shall be complemented by the involvement of regions, cities and municipalities.


Amendment 24

Proposal for a regulation
Article 3

Text proposed by the Commission

Article 3
Scope

The scope of application of the Recovery and Resilience Facility established by this Regulation shall refer to policy areas related to economic, social and territorial cohesion, the green and digital transitions, health, competitiveness, resilience, productivity, education and skills, research and innovation, smart, sustainable and inclusive growth, jobs and investment, and

Amendment

Article 3
Scope

The scope of application of the Recovery and Resilience Facility established by this Regulation shall refer to policy areas related to economic, social and territorial cohesion, the green and digital transitions, health, including care, competitiveness, resilience, coordination capacity, crisis response procedures, productivity, education and skills, research and
Amendment 25

Proposal for a regulation
Article 4 – paragraph 1

Text proposed by the Commission

1. The general objective of the Recovery and Resilience Facility shall be to promote the Union’s economic, social and territorial cohesion by improving the resilience and adjustment capacity of the Member States, mitigating the social and economic impact of the crisis, and supporting the green and digital transitions, thereby contributing to restoring the growth potential of the economies of the Union, fostering employment creation in the aftermath of the COVID-19 crisis, and promoting sustainable growth.

Amendment

1. The general objective of the Recovery and Resilience Facility shall be to promote the Union’s economic, social and territorial cohesion for a more harmonious development by improving the resilience and adjustment capacity of the Member States, mitigating the social and economic impact of the crisis, while tackling social inequalities and supporting the green and digital transitions, thereby contributing to restoring the growth potential of the economies of the Union, making it a more competitive, knowledge based economy, fostering employment creation and preservation in the aftermath of the COVID-19 crisis, in particular in the health care sector, as well as promoting sustainable medium and long-term growth.

Amendment 26

Proposal for a regulation
Article 4 a (new)

Text proposed by the Commission

Amendment

Article 4a

Horizontal principles

1. Member States and the Commission shall ensure respect for fundamental rights and compliance with the Charter of Fundamental Rights of the European Union in the implementation of
the Facility.

As this Charter comprises all rights covered in the case law of the Court of Justice of the European Union, the rights and freedoms enshrined in the European Convention on Human Rights and other rights and principles resulting from common constitutional traditions of European Union countries and other international instruments, appropriate steps shall be taken to prevent infringement of these fundamental rights, such as anti-discrimination, and gender inequality.

2. The objectives of the Facility shall be pursued in line with the objective of promoting sustainable development as set out in the Article 11 of the Treaty;

Amendment 27

Proposal for a regulation
Article 5 – paragraph 2

*Text proposed by the Commission*

2. The amounts referred to in paragraph 1(a) may also cover expenses pertaining to preparatory, monitoring, control, audit and evaluation activities, which are required for the management of each instrument and the achievement of its objectives, in particular studies, meetings of experts, information and communication actions, including corporate communication of the political priorities of the Union, in so far as they are related to the objectives of this Regulation, expenses linked to IT networks focusing on information processing and exchange, corporate information technology tools, and all other technical and administrative assistance expenses incurred by the Commission for the management of each instrument. Expenses may also cover the costs of other supporting activities such as quality control and monitoring of projects on the ground and the costs of peer counselling for the assessment and implementation of reforms and investments.

*Amendment*

2. The amounts referred to in paragraph 1(a) may also cover expenses pertaining to preparatory, monitoring, control, audit and evaluation activities, which are required for the management of each instrument and the achievement of its objectives, information and communication actions, including corporate communication of the political priorities of the Union, administrative assistance expenses incurred by the Commission, Member States or management authorities regarding the functioning of each instrument. Expenses may also cover the costs of other supporting activities such as quality control and monitoring of projects on the ground and the costs of peer counselling for the assessment and implementation of reforms and investments.
on the ground and the costs of peer counselling and experts for the assessment and implementation of reforms and investments.

Amendment 28

Proposal for a regulation
Article 6

Text proposed by the Commission  Amendment

Article 6  deleted

Resources from shared management programmes

Resources allocated to Member States under shared management may, at their request, be transferred to the Facility. The Commission shall implement those resources directly in accordance with point (a) of Article 62(1) of the Financial Regulation. Those resources shall be used for the benefit of the Member State concerned.

Amendment 29

Proposal for a regulation
Article 8 – paragraph 1

Text proposed by the Commission  Amendment

Support under the Recovery and Resilience Facility shall be additional to the support provided under other Union funds and programmes. Reform and investment projects may receive support from other Union programmes and instruments provided that such support does not cover the same cost.

Support under the Recovery and Resilience Facility shall be additional to the support provided under other Union funds and programmes, however, any overlap shall be avoided. Reform and investment projects may receive support from other Union programmes and instruments provided that such support does not cover the same cost.

Amendment 30

Proposal for a regulation
Article 9

Text proposed by the Commission

Amendment

Article 9

Measures linking the Facility to sound economic governance

1. In the event of significant non-compliance in relation to any of the cases laid down in Article 15(7) of the Regulation laying down common provisions on the […] CPR, the Council shall, on a proposal from the Commission, adopt a decision by means of an implementing act to suspend the time period for the adoption of the decisions referred to in Articles 17(1) and 17(2) or to suspend payments under the Recovery and Resilience Facility.

The decision to suspend payments referred to in paragraph 1 shall apply to payment applications submitted after the date of the decision to suspend.

The suspension of the time period referred to in Article 17 shall apply from the day after the adoption of the decision referred to in paragraph 1.

In case of suspension of payments Article 15(9) of Regulation laying down common provisions on the […] shall apply.

2. In the event of occurrence of any of the cases referred to in Article 15(11) of the Regulation laying down common provisions on the […], the Council shall, on a proposal from the Commission, adopt a decision by means of an implementing act to lift the suspension of the time period or of payments referred to in the previous paragraph.

The relevant procedures or payments shall resume the day after the lifting of the suspension.

Amendment 31
Proposal for a regulation
Article 10 – paragraph 1

Text proposed by the Commission

A maximum financial contribution shall be calculated for each Member State for the allocation of the amount referred to in Article 5(1)(a), using the methodology set out in Annex I, based on the population, the inverse of the per capita Gross Domestic Product (GDP) and the relative unemployment rate of each Member State.

Amendment

A maximum financial contribution shall be calculated for each Member State for the allocation of the amount referred to in Article 5(1)(a), using the methodology set out in Annex I, based on the population, the inverse of the per capita Gross Domestic Product (GDP) relative unemployment rate of each Member State, taking into account the percentage of young people neither in employment nor in education or training (NEET) and the rate of people at risk of poverty.

Amendment 32

Proposal for a regulation
Article 11 – paragraph 1

Text proposed by the Commission

1. For a period until 31 December 2022, the Commission shall make available for allocation EUR 334 950 000 000, referred to in point (a) of Article 5(1). Each Member State may submit requests up to their maximum financial contribution, referred to in Article 10, to implement their recovery and resilience plans.

Amendment

1. For a period until 31 December 2024, the Commission shall make available for allocation EUR 334 950 000 000, referred to in point (a) of Article 5(1). Each Member State may submit requests up to their maximum financial contribution, referred to in Article 10, to implement their recovery and resilience plans.

Amendment 33

Proposal for a regulation
Article 11 – paragraph 1 a (new)

Text proposed by the Commission

1 a. By way of revision of the regulation through delegated act, and based on a reasoned request of a Member State, the additional resources may also be made available for budgetary commitment in 2023 and 2024;

Amendment

1 a. By way of revision of the regulation through delegated act, and based on a reasoned request of a Member State, the additional resources may also be made available for budgetary commitment in 2023 and 2024;
Amendment 34
Proposal for a regulation
Article 11 – paragraph 2

Text proposed by the Commission

2. For a period starting after 31 December 2022 until 31 December 2024, where financial resources are available, the Commission may organise calls in line with the calendar of the European Semester. To that effect, it shall publish an indicative calendar of the calls to be organised in that period, and shall indicate, at each call, the amount available for allocation. Each Member State may propose to receive up to a maximum amount corresponding to its allocation share of the available amount for allocation, as referred to in Annex I, to implement the recovery and resilience plan.

Amendment 35
Proposal for a regulation
Article 12 – paragraph 1

Text proposed by the Commission

1. Until 31 December 2024, upon request from a Member State, the Commission may grant to the Member State concerned a loan support for the implementation of its recovery and resilience plans.

Amendment 36
Proposal for a regulation
Article 12 – paragraph 2

Text proposed by the Commission

1. Until 31 December 2025, upon request from a Member State, the Commission may grant to the Member State concerned a loan support for the implementation of its recovery and resilience plans.
2. A Member State may request a loan at the same time of the submission of a recovery and resilience plan referred to in Article 15, or at a different moment in time until 31 August 2024. In the latter case, the request shall be accompanied by a revised plan, including additional milestones and targets.

Amendment 37
Proposal for a regulation
Article 14 – paragraph 1

Text proposed by the Commission

1. In pursuance of the objectives set out in Article 4, Member States shall prepare national recovery and resilience plans. These plans shall set out the reform and investment agenda of the Member State concerned for the subsequent four years. Recovery and resilience plans eligible for financing under this instrument shall comprise measures for the implementation of reforms and public investment projects through a coherent package.

Amendment

1. In pursuance of the objectives set out in Article 4, Member States shall prepare national recovery and resilience plans. These plans shall set out the reform and investment agenda of the Member State concerned for the subsequent four years, as well as set out yearly objectives. Recovery and resilience plans eligible for financing under this instrument shall comprise measures for the implementation of reforms and public, as well as public-private investment projects through a coherent package, which shall include yearly objectives, as well as implementation evaluation scheme.

Amendment 38
Proposal for a regulation
Article 14 – paragraph 2

Text proposed by the Commission

2. The recovery and resilience plans shall be consistent with the relevant country-specific challenges and priorities identified in the context of the European Semester, in particular those relevant for or resulting from the green and digital transition. The recovery and resilience plans shall also be consistent with the

Amendment

2. The recovery and resilience plans shall be consistent with the relevant country-specific challenges and priorities identified in the context of the European Semester, in particular those relevant for or resulting from the green and digital transition, such as investments in internet connectivity, to keep citizens, especially
information included by the Member States in the national reform programmes under the European Semester, in their national energy and climate plans and updates thereof under the Regulation (EU)2018/1999, in the territorial just transition plans under the Just Transition Fund, and in the partnership agreements and operational programmes under the Union funds.

Moreover, as a consequence of the pandemic, national health services need to be supported via modernisation of health infrastructure and improvement of the efficiency of health care systems in the Union. The recovery and resilience plans shall also be consistent with the information included by the Member States in the national reform programmes under the European Semester, in their national energy and climate plans and updates thereof under the Regulation (EU) 2018/1999, in the territorial just transition plans under the Just Transition Fund, and in the partnership agreements and operational programmes under the Union funds.

\[\text{\ldots}\]

\[\text{\ldots}\]

**Amendment 39**

**Proposal for a regulation**

**Article 15 – paragraph 1 a (new)**

*Text proposed by the Commission*

*Amendment*

1a. *The Member States shall involve*
stakeholders, in particular representatives or authorities at the regional and local level, economic and social partners, as well as civil society organisations, in the preparation and implementation of the recovery and resilience plan, under the Delegated Regulation (EU) No. 204/2014. They are essential to identify and assess specific investment needs in a given Member State.

Amendment 40
Proposal for a regulation
Article 15 – paragraph 2

Text proposed by the Commission

2. The recovery and resilience plan presented by the Member State concerned shall constitute an annex to its National Reform Programme and shall 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.

Amendment

2. The recovery and resilience plan presented by the Member State concerned shall constitute an annex to its National Reform Programme and shall be officially submitted at the latest by 30 April. A draft plan shall be submitted by Member States starting from 15 October of the preceding year, together with the draft budget of the subsequent year.

Amendment 41
Proposal for a regulation
Article 15 – paragraph 3 – point a

Text proposed by the Commission

(a) an explanation of the way the relevant country-specific challenges and priorities identified in the context of the European Semester are expected to be addressed;

Amendment

(a) an explanation of the way the relevant country-specific challenges and priorities identified in the context of the European Semester are expected to be addressed, bearing in mind the Member State development targets;

Amendment 42
Proposal for a regulation
Article 15 – paragraph 3 – point b
(b) an explanation of how the plan strengthens the growth potential, job creation and economic and social resilience of the Member State concerned, mitigates the economic and social impact of the crisis, and its contribution to enhance economic, social and territorial cohesion and convergence;

(b) an explanation of how the plan strengthens the growth potential, job creation and/or preservation, including for young people under 25 and women, and economic and social resilience of the Member State concerned, mitigates the economic and social impact of the crisis, improves the business fabric, and contributes to enhanced economic, social and territorial cohesion and convergence, including how territories with geographical specificities will be targeted, and the way the relevant country-specific challenges and priorities are expected to be addressed in this plan;

Amendment 43
Proposal for a regulation
Article 15 – paragraph 3 – point c

Text proposed by the Commission

(c) an explanation of how the measures in the plan are expected to contribute to the green and the digital transitions or to the challenges resulting from them;

(c) an explanation of how the measures in the plan are expected to contribute to the knowledge-based economy, to the green and the digital transitions or to the challenges resulting from them; this explanation shall include, inter alia, the measures that Member States take to ensure that the Union’s 2030 targets for climate and energy are reached, as well as the measures that Member States take to achieve a climate-neutral economy by 2050 at the latest;

Amendment 44

Proposal for a regulation
Article 15 – paragraph 3 – point d

Text proposed by the Commission

(d) envisaged milestones, targets and an indicative timetable for the implementation of the reforms over a

(d) envisaged milestones, targets and indicators which allow the measurement of those targets and an indicative timetable
maximum period of four years, and of the investments over a maximum period of seven years;

for the implementation of the reforms over a maximum period of four years, and of the investments over a maximum period of seven years;

Amendment 45

Proposal for a regulation
Article 15 – paragraph 3 – point g a (new)

Text proposed by the Commission

Amendment

(ga) an explanation how it addresses challenges to good and effective governance and capacity gaps including through capacity building among public authorities and beneficiaries at the appropriate scale;

Amendment 46

Proposal for a regulation
Article 15 – paragraph 3 – point h

Text proposed by the Commission

(h) the accompanying measures that may be needed;

Amendment

(h) any other accompanying measures that may be needed, including reduction of an unnecessary administrative burden and increase in number of public-private partnerships;

Amendment 47

Proposal for a regulation
Article 15 – paragraph 4

Text proposed by the Commission

Amendment

4. In the preparation of proposals for their recovery and resilience plan, Member States may request the Commission to organise an exchange of good practices in order to allow the requesting Member States to benefit from the experience of other Member States. Member States may
also request technical support under the Technical Support Instrument in accordance with the regulation thereof.
Article 16 – paragraph 3 – point b

Text proposed by the Commission

(b) whether the plan contains measures that effectively contribute to the green and the digital transitions or to addressing the challenges resulting from them;

Amendment

(b) whether the plan contains measures that effectively contribute to the knowledge-based economy and the digital transitions so as to develop a competitive economy or to addressing the challenges resulting from them;
Amendment 53

Proposal for a regulation
Article 16 – paragraph 3 – point f

Text proposed by the Commission

(f) whether the recovery and resilience plan contains measures for the implementation of reforms and public investments projects that represent coherent actions;

Amendment

(f) whether the recovery and resilience plan contains measures for the implementation of reforms and public investments projects that represent effective and coherent actions, to help create jobs, growth and development of a knowledge-based society;

Amendment 54

Proposal for a regulation
Article 16 – paragraph 3 – point g

Text proposed by the Commission

(g) whether the arrangements proposed by the Member States concerned are expected to ensure an effective implementation of the recovery and resilience plan, including the envisaged timetable, milestones and targets, and the related indicators.

Amendment

(g) whether the arrangements proposed by the Member States concerned are expected to ensure an effective implementation of the recovery and resilience plan, including the envisaged timetable, payment plan, milestones and targets, and the related indicators.

Amendment 55

Proposal for a regulation
Article 17 – paragraph 1

Text proposed by the Commission

1. The Commission shall adopt a decision within four months of the official submission of the recovery and resilience plan by the Member State, by means of an implementing act. In the event that the Commission gives a positive assessment to a recovery and resilience plan, that decision shall set out the reforms and investment projects to be implemented by

Amendment

1. After consulting the European Parliament, the Commission shall adopt a decision within two months of the official submission of the recovery and resilience plan by the Member State, by means of an implementing act. In the event that the Commission gives a positive assessment to a recovery and resilience plan, that decision shall set out the reforms and
the Member State, including the milestones and targets, and the financial contribution allocated in accordance with Article 11.

Amendment 56

Proposal for a regulation
Article 17 – paragraph 4 – point f

Text proposed by the Commission

(f) the arrangements for providing access by the Commission to the underlying relevant data;

Amendment

(f) the arrangements for providing access by the Commission to the underlying relevant data, including from the national, regional and local administrations;

Amendment 57

Proposal for a regulation
Article 19 – paragraph 4 – subparagraph 1

Text proposed by the Commission

The suspension shall be lifted where the Member State has taken the necessary measures to ensure a satisfactory implementation of the milestones and targets referred to in Article 17(1).

Amendment

The suspension shall be lifted where the Member State has taken the necessary measures to ensure a satisfactory implementation of the milestones and targets referred to in Article 17(1) and guaranteed that funds spent in a non-satisfactory manner will be reimbursed.

Amendment 58

Proposal for a regulation
Article 21 – title

Text proposed by the Commission

Information to the European Parliament and the Council and communication on the Member States’ recovery and resilience plans

Amendment

Involvement of the European Parliament and the Council and communication on the Member States’ recovery and resilience plans
Amendment 59

Proposal for a regulation
Article 21 – paragraph 1

Text proposed by the Commission

1. The Commission shall transmit the recovery and resilience plans as approved in the implementing act of the Commission in accordance with Article 17 to the European Parliament and the Council without undue delay. The Member State concerned may request the Commission to redact sensitive or confidential information, the disclosure of which would jeopardise public interests of the Member State.

Amendment

1. The Commission shall transmit the recovery and resilience plans as approved in the implementing act of the Commission in accordance with Article 17 to the European Parliament and the Council without undue delay. The Member State concerned may request the Commission to redact sensitive or confidential information, the disclosure of which would jeopardise public interests of the Member State. Such a request shall not be interpreted extensively.

Amendment 60

Proposal for a regulation
Article 21 – paragraph 2

Text proposed by the Commission

2. The Commission may engage in communication activities to ensure the visibility of the Union funding for the financial support envisaged in the relevant recovery and resilience plan, including through joint communication activities with the national authorities concerned.

Amendment

2. The Commission may engage in communication activities to ensure the visibility of the Union funding for the financial support envisaged in the relevant recovery and resilience plan, including through joint communication activities with the national, regional and local authorities as well as with professional and relevant civil society organisations.

Amendment 61

Proposal for a regulation
Article 22 – paragraph 1 – introductory part

Text proposed by the Commission

The Commission and the Member States concerned shall, in a measure commensurate to their respective

Amendment

The Commission and the Member States concerned shall, in order to avoid any overlap, foster synergies and ensure
responsibilities, foster synergies and ensure effective coordination between the instruments established by this Regulation and other Union programmes and instruments, and in particular with measures financed by the Union funds. For that purpose, they shall:

effective coordination between the instruments established by this Regulation and other Union programmes and instruments, and in particular with measures financed by the Union funds. For that purpose, they shall:

Amendment 62
Proposal for a regulation
Article 26 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. In order to create visibility for the Union’s support through the Facility, Member States shall inform their citizens about projects that are being financed;

Amendment 63
Proposal for a regulation
Annex II – point 2 – paragraph 3 – point 2.1 – paragraph 1 – subparagraph 2 – indent 1

Text proposed by the Commission

Amendment

— these challenges are considered as significant to boost the growth potential of the economy of the Member State concerned,

— these challenges are considered as significant to boost the growth potential of the economy of the Member State concerned, for example through the responsible development of sustainable growth potential,

Amendment 64
Proposal for a regulation
Annex II – point 2 – paragraph 3 – point 2.2 – paragraph 1 – subparagraph 2 – indent 1

Text proposed by the Commission

Amendment

— the implementation of the envisaged measures is expected to significantly contribute to the digital transformation of economic or social sectors and facilitate wider access to
sectors; digital technologies;

Amendment 65

Proposal for a regulation
Annex II – point 2 – paragraph 3 – point 2.4 – introductory part

<table>
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<th>Text proposed by the Commission</th>
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<td>2.4 The recovery and resilience plan is expected to effectively contribute to strengthen the growth potential, job creation, and economic and social resilience of the Member State, mitigate the economic and social impact of the crisis, and contribute to enhance economic, social and territorial cohesion;</td>
<td>2.4 The recovery and resilience plan is expected to effectively contribute to strengthen the growth potential, job creation, including jobs for young people under 25 and women, and economic and social resilience of the Member State, mitigate the economic and social impact of the crisis, and contribute to enhance economic, social and territorial cohesion;</td>
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## PROCEDURE – COMMITTEE ASKED FOR OPINION

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<th>Title</th>
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<td>Committees responsible</td>
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<tr>
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<td>17.6.2020</td>
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<td>Rapporteur</td>
<td>Date appointed</td>
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<td>Corina Crețu</td>
<td>16.6.2020</td>
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<td>Rule 58 – Joint committee procedure</td>
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<td>Members present for the final vote</td>
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<td>Substitutes present for the final vote</td>
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## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

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**Key to symbols:**
- + : in favour
- - : against
- 0 : abstention
POSITION IN THE FORM OF AMENDMENTS
OF THE COMMITTEE ON WOMEN'S RIGHTS AND GENDER EQUALITY

for the Committee on Budgets and the Committee on Economic and Monetary Affairs


On behalf of the Committee on Women's Rights and Gender Equality: Sirpa Pietikäinen (rapporteur)

AMENDMENTS

The Committee on Women's Rights and Gender Equality presents the following amendments to the Committee on Budgets and the Committee on Economic and Monetary Affairs, as the committees responsible:

Amendment 1
Proposal for a regulation
Recital 2 a (new)

Text proposed by the Commission

Amendment

(2a) Article 2 and 8 of the Treaty provides that, in all its activities, the Union shall aim to eliminate inequalities, and to promote equality between men and women. Gender mainstreaming, including gender budgeting, should therefore be implemented in all policies and regulations of the EU.

Amendment 2
Proposal for a regulation
Recital 3

Text proposed by the Commission

Amendment

(3) At Union level, the European
Semester of economic policy coordination (‘European Semester’), including the principles of the European Pillar of Social Rights, is the framework to identify national reform priorities and monitor their implementation. Member States develop their own national multiannual investment strategies in support of those reforms. Those strategies should be presented alongside the yearly National Reform Programmes as a way to outline and coordinate priority investment projects to be supported by national and/or Union funding.

Amendment 3
Proposal for a regulation
Recital 4

Text proposed by the Commission

(4) 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. The challenges linked to the demographic context have been amplified by COVID-19. The current COVID-19 pandemic as well as the previous economic and financial crisis have shown that developing sound and resilient economies and financial systems built on strong economic and social structures helps Member States to respond more efficiently to shocks and recover more swiftly from them. The medium and long-term consequences of the COVID-19 crisis will critically depend on how quickly Member States’ economies will recover from the crisis, which in turn depends on the fiscal space Member States have available to take measures to mitigate the social and economic impact of the crisis, and on the

Amendment

(4) 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 COVID-19 crisis is having a disproportioned impact on women and girls due to existing inequalities that lead to, among others, an increased risk of gender based violence during the lockdown and a higher drop-out of the labour market linked to a higher burden on care tasks, a higher share of women employed in sectors affected by the lockdown, in informal economy and in sectors with higher precarious conditions. The current COVID-19 pandemic as well as the previous economic and financial crisis have shown that developing a strong welfare system based on public services and sound and resilient economies and financial systems built on strong economic
resilience of their economies. Reforms and investments to address structural weaknesses of the economies and strengthen their resilience will therefore be essential to set the economies back on a sustainable recovery path and avoid further widening of the divergences in the Union.

and social structures helps Member States to respond more efficiently and in a more inclusive manner to shocks and recover more swiftly from them. The medium and long-term consequences of the COVID-19 crisis will critically depend on how quickly Member States’ economies will recover from the crisis, which in turn depends on the fiscal space Member States have available to take measures to mitigate the social and economic impact of the crisis, and on the resilience of their economies. Reforms and investments to address *inequalities and structural weaknesses of the economies and strengthen their resilience and inclusiveness* will therefore be essential to set the economies back on a sustainable recovery path and avoid further widening of the social divergences in the Union *and accelerate progress to achieve gender equality;*

Amendment 4
Proposal for a regulation
Recital 4 a (new)

*Text proposed by the Commission*

Amendment

(4a) The outbreak of the COVID-19 pandemic has also showed its important gender impact on the societies reflecting various inequalities between women and men. With the majority of the EU’s care and other essential service workers being female, not only has the disproportionate burden of the crisis that fell on women became evident, but so has the degree of horizontal and vertical labour market segregation, exacerbated by the lack of child and elderly care services and infrastructures. Furthermore, the spike in gender-based violence during the confinement across the EU has showed a worrying lack of protection and support measures for women who are victims or at risk of domestic violence. This instrument should assist the Member States in supporting and developing initiatives
directed at women’s access to entrepreneurship, microfinancing and STEM, also advancing employment opportunities especially in the digital and green economy priority sectors ensuring discrimination-free employment initiatives. Special attention should be paid to tackling labour market segregation, with measures aiming at closing the gender employment, pay and pension gap. The Member States should also use the programme for putting in place and strengthening initiatives to promote and improve work-life balance, with specific focus on care infrastructure and services. The infrastructure and services such as shelters and support for the victim of violence will also be important on the path to crisis recovery.

Amendment 5
Proposal for a regulation
Recital 5

Text proposed by the Commission

(5) The implementation of reforms contributing to achieve a high degree of resilience of domestic economies, strengthening adjustment capacity and unlocking growth potential are among the Union’s policy priorities. They are therefore crucial to set the recovery on a sustainable path and support the process of upward economic and social convergence. This is even more necessary in the aftermath of the pandemic crisis to pave the way for a swift recovery.

Amendment

(5) The implementation of reforms contributing to achieve a high degree of resilience of domestic economies, strengthening adjustment capacity and unlocking growth potential are among the Union’s policy priorities. They are therefore crucial to set the recovery on a sustainable path and support the process of upward economic and social convergence. **The reforms must be implemented by paying special attention to the vulnerable populations and respecting gender equality.** This is even more necessary in the aftermath of the pandemic crisis to pave the way for a swift recovery.

Amendment 6
Proposal for a regulation
Recital 5 a (new)
Women have been at the forefront of the COVID-19 crisis, forming the majority of healthcare workers across the EU, and balancing unpaid care work with their employment responsibilities, made increasingly difficult for single parents in which women form 85% of. Investment in robust care infrastructure is also essential in order to ensure gender equality, women’s economic empowerment, build resilient societies, combat precarious conditions in a female dominated sector, boost job creation, prevent poverty and social exclusion and has a positive effect on GDP as it allows more women to take part in paid work.

Past experiences have shown that investment is often drastically cut during crises. However, it is essential to support investment in this particular situation to speed up the recovery and strengthen long-term growth potential. Investing in green and digital technologies, capacities and processes aimed at assisting clean energy transition, boosting energy efficiency in housing and other key sectors of the economic are important to achieve sustainable growth and help create jobs. It will also help make the Union more resilient and less dependent by diversifying key supply chains.
resilient and less dependent by diversifying key supply chains. *Furthermore, it is a crucial opportunity to ease a transition towards a resilient care economy and achieve a gender-balanced society*

**Amendment 8**  
Proposal for a regulation  
Recital 11

*Text proposed by the Commission*

(11) Reflecting the European Green Deal as Europe’s sustainable growth strategy and the translation of the Union's commitments to implement the Paris Agreement and the United Nations’ Sustainable Development Goals, the Facility established by this Regulation will contribute to mainstreaming climate actions and environmental sustainability and to the achievement of an overall target of 25 % of the EU budget expenditures supporting climate objectives.

*Amendment*

(11) Reflecting the European Green Deal as Europe’s sustainable growth strategy and the translation of the Union's commitments to implement the Paris Agreement and the United Nations’ Sustainable Development Goals, the Facility established by this Regulation will contribute to mainstreaming climate actions and environmental sustainability and to the achievement of an overall target of 25 % of the EU budget expenditures supporting climate and other environmental objectives inline with EU taxonomy and the Do No Significant Harm principle. Climate change and environmental degradation disproportionately affect women, but women are under-represented in decision-making concerning climate change mitigation policies. We need to ensure that women and other vulnerable groups are included in all levels of decision-making in national and EU levels.

**Amendment 9**  
Proposal for a regulation  
Recital 11 a (new)

*Text proposed by the Commission*

(11a) Reflecting the European Gender Equality Strategy 2020-2025 and the translation of the Union's commitments to implement the United Nations’
Sustainable Development Goals in particular Goal 5, the Facility established by this Regulation will contribute to the promotion of gender equality, the principle of gender mainstreaming and the elimination of gender discrimination and inequalities.

Amendment 10

Proposal for a regulation
Recital 12

Text proposed by the Commission

(12) In order to implement these overall objectives, relevant actions will be identified during the Facility’s preparation and implementation, and reassessed in the context of the relevant evaluations and review processes. Also, due attention should be paid to the impact of the national plans submitted under this Regulation on fostering not only the green transition, but also the digital transformation. They will both play a priority role in relaunching and modernising our economy.

Amendment

(12) In order to implement these overall objectives, relevant actions will be identified during the Facility’s preparation and implementation, and reassessed in the context of the relevant evaluations and review processes. Also, due attention should be paid to the impact of the national plans submitted under this Regulation on fostering not only the green and care transition, but also the digital transformation. They will both play a priority role in relaunching and modernising our economy.

Amendment 11

Proposal for a regulation
Recital 14

Text proposed by the Commission

(14) The Facility’s general objective should be the promotion of economic, social and territorial cohesion. For that purpose, it should contribute to improving the resilience and adjustment capacity of the Member States, mitigating the social and economic impact of the crisis, and supporting the green and digital transitions aimed at achieving a climate neutral Europe by 2050, thereby restoring the growth potential of the economies of the

Amendment

(14) The Facility’s general objective should be the promotion of economic, social and territorial cohesion. For that purpose, it should contribute to improving the resilience and adjustment capacity of the Member States, mitigating the social and economic impact of the crisis, promoting gender equality and supporting the green and digital transitions, as well as the transition towards a resilient care economy, aimed at achieving a climate
Union in the aftermath of the crisis, fostering employment creation and to promoting sustainable growth.

neutral Europe by 2050 and a gender-balanced society, thereby restoring the growth potential of the economies of the Union in the aftermath of the crisis, fostering gender-responsive employment creation and promoting sustainable and inclusive growth.

Amendment 12
Proposal for a regulation
Recital 16

_Text proposed by the Commission_

(16) To ensure its contribution to the objectives of the Facility, the recovery and resilience plan should comprise measures for the implementation of reforms and public investment projects through a coherent recovery and resilience plan. The recovery and resilience plan _should_ be consistent with the relevant country-specific challenges and priorities identified in the context of the European Semester, with the national reform programmes, the national energy and climate plans, the just transition plans, and the partnership agreements and operational programmes adopted under the Union funds. To boost actions that fall within the priorities of the European Green Deal and the Digital Agenda, the plan should also set out measures that are relevant for the green and digital transitions. The measures should enable a swift deliver of targets, objectives and contributions set out in national energy and climate plans and updates thereof. All supported activities should be pursued in full respect of the climate and environmental priorities of the Union.

_Amendment_

(16) To ensure its contribution to the objectives of the Facility, the recovery and resilience plan should comprise measures for the implementation of reforms and public investment projects through a coherent recovery and resilience plan. The recovery and resilience plan _shall_ be consistent with the relevant country-specific challenges and priorities identified in the context of the European Semester, with the national reform programmes, the national energy and climate plans, the just transition plans, _gender equality plans_ and the partnership agreements and operational programmes adopted under the Union funds. To boost actions that fall within the priorities of the European _Gender Equality Strategy, European Green Deal and the Digital Agenda_, the plan should also set out measures that are relevant for the _promotion of gender equality_ and the green and digital transitions, _such as addressing the digital gender gap_. The measures should enable a swift deliver of targets, objectives and contributions set out in national energy and climate plans and updates thereof. All supported activities should be pursued in full respect of the _equality_, climate and environmental priorities of the Union.

Amendment 13
Proposal for a regulation
Recital 21

Text proposed by the Commission

(21) In order to ensure the national ownership and a focus on relevant reforms and investments, Member States wishing to receive support should submit to the Commission a recovery and resilience plan that is duly reasoned and substantiated. The recovery and resilience plan should set out the detailed set of measures for its implementation, including targets and milestones, and the expected impact of the recovery and resilience plan on growth potential, job creation and economic and social resilience; it should also include measures that are relevant for the green and the digital transitions; it should also include an explanation of the consistency of the proposed recovery and resilience plan with the relevant country-specific challenges and priorities identified in the context of the European Semester. Close cooperation between the Commission and the Member States should be sought and achieved throughout the process.

Amendment

(21) In order to ensure the national ownership and a focus on relevant reforms and investments, Member States wishing to receive support should submit to the Commission a recovery and resilience plan that is duly reasoned and substantiated. The recovery and resilience plan should set out the detailed set of measures for its implementation, including targets and milestones, and the expected impact of the recovery and resilience plan on growth potential, gender responsive job creation, economic, social resilience and gender equality; it should also include measures that are relevant for the green and the digital transitions, as well as the transition towards a resilient care economy; and promotion of gender equality; it should also include an explanation of the consistency of the proposed recovery and resilience plan with the relevant country-specific challenges and priorities identified in the context of the European Semester. Close cooperation between the Commission and the Member States should be sought and achieved throughout the process.

Amendment 14
Proposal for a regulation
Recital 22

Text proposed by the Commission

(22) The Commission should assess the recovery and resilience plan proposed by the Member States and should act in close cooperation with the Member State concerned. The Commission will fully respect the national ownership of the process and will therefore take into account the justification and elements provided by

Amendment

(22) The Commission should assess the recovery and resilience plan proposed by the Member States and should act in close cooperation with the Member State concerned and with the participation of social partners and civil society organisations. The Commission will fully respect the national ownership of the
the Member State concerned and assess whether the recovery and resilience plan proposed by the Member State is expected to contribute to effectively address challenges identified in the relevant country-specific recommendation addressed to the Member State concerned or in other relevant documents officially adopted by the Commission in the European Semester; whether the plan contains measures that effectively contribute to the green and digital transitions and to addressing the challenges resulting from them; whether the plan is expected to have a lasting impact in the Member State concerned; whether the plan is expected to effectively contribute to strengthen the growth potential, job creation and economic and social resilience of the Member State, mitigate the economic and social impact of the crisis and contribute to enhancing economic, social and territorial cohesion; whether the justification provided by the Member State of the estimated total costs of the recovery and resilience plan submitted is reasonable and plausible and is commensurate to the expected impact on the economy and employment; whether the proposed recovery and resilience plan contains measures for the implementation of reforms and public investment projects that represent coherent actions; and whether the arrangement proposed by the Member State concerned are expected to ensure effective implementation of the recovery and resilience plan, including the proposed milestones and targets, and the related indicators.

process and will therefore take into account the justification and elements provided by the Member State concerned and assess whether the recovery and resilience plan proposed by the Member State is expected to contribute to effectively address challenges identified in the relevant country-specific recommendation addressed to the Member State concerned or in other relevant documents officially adopted by the Commission in the European Semester; whether the plan contains measures that effectively contribute to the green, care and digital transitions and to addressing the challenges resulting from them; whether the plan contains measures that effectively contribute to the promotion of gender equality and the principle of gender mainstreaming and the elimination of gender discrimination or to addressing the challenges resulting from it; whether the plan is expected to have a lasting impact in the Member State concerned; whether the gender equality plan included in the recovery and resilience plan effectively addresses the impact of the crisis on gender equality, in particular in the area of employment and access to finance, as well as whether it includes measures to prevent and combat gender-based violence; whether the plan is expected to effectively contribute to strengthen the growth potential, gender-responsive job creation, gender equality and economic and social resilience of the Member State, mitigate the economic and social impact of the crisis and contribute to enhancing economic, social and territorial cohesion; whether the justification provided by the Member State of the estimated total costs of the recovery and resilience plan submitted is reasonable and plausible and is commensurate to the expected impact on the economy and employment; whether the proposed recovery and resilience plan contains measures for the implementation of reforms and public investment projects that represent coherent actions; and
whether the arrangement proposed by the Member State concerned are expected to ensure effective implementation of the recovery and resilience plan, including the proposed milestones and targets, and the related indicators.

Amendment 15
Proposal for a regulation
Recital 33

Text proposed by the Commission

(33) For effective monitoring of implementation, the Member States should report on a quarterly basis within the European Semester process on the progress made in the achievement of the recovery and resilience plan. Such reports prepared by the Member States concerned should be appropriately reflected in the National Reform Programmes, which should be used as a tool for reporting on progress towards completion of recovery and resilience plans.

Amendment

(33) For effective monitoring of implementation, the Member States should report on a quarterly basis within the European Semester process, in consultation with social partners and civil society organisations, on the progress made in the achievement of the recovery and resilience plan. Such reports prepared by the Member States concerned should be appropriately reflected in the National Reform Programmes, which should be used as a tool for reporting on progress towards completion of recovery and resilience plans.

Amendment 16
Proposal for a regulation
Recital 36

Text proposed by the Commission

(36) Pursuant to paragraphs 22 and 23 of the Interinstitutional Agreement for Better Law-Making of 13 April 2016, there is a need to evaluate the Recovery and Resilience Facility established by this Regulation on the basis of information collected through specific monitoring requirements, while avoiding overregulation and administrative burdens, in particular on Member States. These requirements, where appropriate, should include measurable indicators, as a basis

Amendment

(36) Pursuant to paragraphs 22 and 23 of the Interinstitutional Agreement for Better Law-Making of 13 April 2016, there is a need to evaluate the Recovery and Resilience Facility established by this Regulation on the basis of information collected through specific monitoring requirements, while avoiding overregulation and administrative burdens, in particular on Member States. These requirements, where appropriate, should include measurable indicators, as a basis
for evaluating the effects of the instruments on the ground. Data collected for monitoring purposes shall be collected disaggregated by gender.

Amendment 17
Proposal for a regulation
Recital 37

Text proposed by the Commission
(37) It is opportune that the Commission provides an annual report to the European Parliament and the Council on the implementation of the Facility set out in this Regulation. This report should include information on the progress made by Member States under the recovery and resilience plans approved; it should also include information on the volume of the proceeds assigned to the Facility under the European Union Recovery Instrument in the previous year, broken down by budget line, and the contribution of the amounts raised through the European Union Recovery Instrument to the achievements of the objectives of the Facility.

Amendment
(37) It is opportune that the Commission provides an annual report to the European Parliament and the Council on the implementation of the Facility set out in this Regulation. This report should include information on the progress made by Member States under the recovery and resilience plans approved and their impact on gender equality; it should also include information on the volume of the proceeds assigned to the Facility under the European Union Recovery Instrument in the previous year, broken down by budget line, and the contribution of the amounts raised through the European Union Recovery Instrument to the achievements of the objectives of the Facility.

Amendment 18
Proposal for a regulation
Recital 38

Text proposed by the Commission
(38) An independent evaluation, looking at the achievement of the objectives of the Facility established by this Regulation, the efficiency of the use of its resources and its added value should be carried out. Where appropriate, the evaluation should be accompanied by a proposal for amendments to this Regulation. An independent ex-post evaluation should, in addition, deal with the long-term impact of

Amendment
(38) An independent gender-responsive evaluation, in consultation with women’s civil society organisations and gender budgeting experts, looking at the achievement of the objectives of the Facility established by this Regulation, the efficiency of the use of its resources and its added value should be carried out. Where appropriate, the evaluation should be accompanied by a proposal for
the instruments. amendments to this Regulation. An independent ex-post evaluation should, in addition, deal with the long-term impact of the instruments, including on gender equality.

Amendment 19
Proposal for a regulation
Article 3 – paragraph 1

**Text proposed by the Commission**

The scope of application of the Recovery and Resilience Facility established by this Regulation shall refer to policy areas related to economic, social and territorial cohesion, the green and digital transitions, health, competitiveness, resilience, productivity, education and skills, research and innovation, smart, sustainable and inclusive growth, jobs and investment, and the stability of the financial systems.

**Amendment**

The scope of application of the Recovery and Resilience Facility established by this Regulation shall refer to policy areas related to economic, social and territorial cohesion, the green and digital transitions, as well as the transition towards a resilient care economy, health, competitiveness, resilience, productivity, education and skills, gender equality, research and innovation, smart, sustainable and inclusive growth, jobs and investment, and the stability of the financial systems.

Amendment 20
Proposal for a regulation
Article 4 – paragraph 1

**Text proposed by the Commission**

1. The general objective of the Recovery and Resilience Facility shall be to promote the Union’s economic, social and territorial cohesion by improving the resilience and adjustment capacity of the Member States, mitigating the social and economic impact of the crisis, and supporting the green and digital transitions, thereby contributing to restoring the growth potential of the economies of the Union, fostering employment creation in the aftermath of the COVID-19 crisis, and promoting sustainable growth.

**Amendment**

1. The general objective of the Recovery and Resilience Facility shall be to promote the Union’s economic, social and territorial cohesion by improving the resilience and adjustment capacity of the Member States, mitigating the social, economic and gender related impact of the crisis, and supporting the green and digital transitions, and the promotion of gender equality, thereby contributing to restoring the growth potential of the economies of the Union, fostering employment creation in the aftermath of the COVID-19 crisis,
and promoting sustainable and inclusive growth and gender equality.

Amendment 21
Proposal for a regulation
Article 14 – paragraph 2

Text proposed by the Commission

2. The recovery and resilience plans shall be consistent with the relevant country-specific challenges and priorities identified in the context of the European Semester, in particular those relevant for or resulting from the green and digital transition. The recovery and resilience plans shall also be consistent with the information included by the Member States in the national reform programmes under the European Semester, in their national energy and climate plans and updates thereof under the Regulation (EU)2018/199921, in the territorial just transition plans under the Just Transition Fund22, and in the partnership agreements and operational programmes under the Union funds.

Amendment

2. The recovery and resilience plans shall be consistent with and have as a priority the relevant country-specific challenges and priorities identified in the context of the European Semester, in particular those relevant for or resulting from the green and digital transitions, as well as the transition towards a resilient care economy. The recovery and resilience plans shall also be consistent with the information included by the Member States in the national reform programmes under the European Semester, in their national energy and climate plans and other environmental targets, updates thereof under the Regulation (EU)2018/199921, in the territorial just transition plans under the Just Transition Fund22, and in the partnership agreements and operational programmes under the Union funds. The recovery and resilience plans shall also be consistent with the national gender equality strategies.

22 […]

Amendment 22
Proposal for a regulation
Article 15 – paragraph 3 – point b
(b) an explanation of how the plan strengthens the growth potential, job creation and economic and social resilience of the Member State concerned, mitigates the economic and social impact of the crisis, and its contribution to enhance economic, social and territorial cohesion and convergence;

(b) an explanation of how the plan strengthens the growth potential gender responsive, job creation and economic and social resilience of the Member State concerned, mitigates the economic and social impact of the crisis, and its contribution to enhance economic, social and territorial cohesion and convergence and gender equality;

Amendment 23
Proposal for a regulation
Article 15 – paragraph 3 – point c

Text proposed by the Commission

(c) an explanation of how the measures in the plan are expected to contribute to the green and the digital transitions or to the challenges resulting from them;

Amendment

(c) an explanation of how the measures in the plan are expected to contribute to the green and digital transitions, as well as the transition towards a resilient care economy, or to address the challenges resulting from them;

Amendment 24
Proposal for a regulation
Article 15 – paragraph 3 – point c a (new)

Text proposed by the Commission

(ca) a national gender equality plan for recovery, in-line with the objectives outlined in the Gender Equality Strategy, to effectively address the negative impact of the crisis on gender equality, in particular by ensuring job creation for women, the reduction of the gender pay gap and access to credit for women entrepreneurs, including measures to prevent and combat gender-based and domestic violence and sexual harassment; the national gender equality plan shall be developed and implemented in
coordination with the relevant national
gender equality bodies and in consultation
with women’s rights organisations and
gender budgeting experts;

Amendment 25
Proposal for a regulation
Article 15 – paragraph 3 – point c b (new)

Text proposed by the Commission

Amendment

(cb) an explanation of how the
measures in the plan are expected to
contribute to the promotion of gender
equality and the principle of gender
mainstreaming and elimination of gender
discrimination or to the challenges
resulting from it;

Amendment 26
Proposal for a regulation
Article 15 – paragraph 3 – point c c (new)

Text proposed by the Commission

Amendment

(cc) a gender impact assessment that
shall inform the measures included in the
plan;

Amendment 27
Proposal for a regulation
Article 16 – paragraph 2

Text proposed by the Commission

Amendment

2. When assessing the recovery and
resilience plan and in the determination of
the amount to be allocated to the Member
State concerned, the Commission shall take
into account the analytical information on
the Member State concerned available in
the context of the European Semester as
well as the justification and the elements
provided by the Member State concerned,
as referred to in Article 15(3), and any other relevant information including, in particular, the one contained in the National Reform Programme and the National Energy and Climate Plan of the Member State concerned and, if relevant, information from technical support received via the Technical Support Instrument.

**Amendment 28**

Proposal for a regulation
Article 16 – paragraph 3 – introductory part

*Text proposed by the Commission*

The Commission shall assess the importance and coherence of the recovery and resilience plan and its contribution to the green and digital transitions, and for that purpose, shall take into account the following criteria:

*Amendment*

The Commission shall assess the importance and coherence of the recovery and resilience plan and its contribution to the green and digital transitions, as well as the transition towards a resilient care economy and the promotion of gender equality, and for that purpose, shall take into account the following criteria:

**Amendment 29**

Proposal for a regulation
Article 16 – paragraph 3 – point b

*Text proposed by the Commission*

(b) whether the plan contains measures that effectively contribute to the green and digital transitions or to addressing the challenges resulting from them;

*Amendment*

(b) whether the plan contains measures that effectively contribute to the green and digital transitions, as well as the transition towards a resilient care economy, or to addressing the challenges resulting from them;

**Amendment 30**
Proposal for a regulation
**Article 16 – paragraph 3 – point c a (new)**

**Text proposed by the Commission**

(ca) whether the gender equality plan included in the recovery and resilience plan effectively addresses the gender issues emerging in the crisis, ensures gender equality in particular in the area of employment, equal pay and access to finance, contributes to the promotion of the principle of gender mainstreaming and the elimination of gender discrimination, as well as whether it includes measures to prevent and combat gender-based and domestic violence and sexual harassment;

**Amendment 31**

Proposal for a regulation
**Article 16 – paragraph 3 – point d**

**Text proposed by the Commission**

(d) whether the recovery and resilience plan is expected to effectively contribute to strengthen the growth potential, job creation, and economic and social resilience of the Member State, mitigate the economic and social impact of the crisis, and contribute to enhance economic, social and territorial cohesion;

**Amendment**

(d) whether the recovery and resilience plan is expected to effectively contribute to strengthen the growth potential, **gender responsive** job creation, and economic and social resilience of the Member State, mitigate the economic and social impact of the crisis, and contribute to enhance economic, social and territorial cohesion **and to enhance gender equality**;

**Amendment 32**

Proposal for a regulation
**Article 23 – paragraph 2**

**Text proposed by the Commission**

2. The performance reporting system shall ensure that data for monitoring the implementation of the activities and results

**Amendment**

2. The performance reporting system shall ensure that data for monitoring the implementation of the activities and results
are collected efficiently, effectively, and in a timely manner. To that end, proportionate reporting requirements shall be imposed on recipients of Union funding.

**Amendment 33**

Proposal for a regulation

Article 24 – paragraph 2

**Text proposed by the Commission**

2. The annual report shall include information on the progress made with the recovery and resilience plans of the Member States concerned under the Facility.

**Amendment**

2. The annual report shall include information on the progress made with the recovery and resilience plans of the Member States concerned under the Facility and their impact on gender equality.

**Amendment 34**

Proposal for a regulation

Article 25 – paragraph 1

**Text proposed by the Commission**

1. Four years after the entry into force of this Regulation, the Commission shall provide the European Parliament, and the Council, the European Economic and Social Committee and the Committee of the Regions with an independent evaluation report on its implementation and with an independent ex post evaluation report no later than three years after the end of 2027.

**Amendment**

1. Four years after the entry into force of this Regulation, the Commission shall provide the European Parliament, and the Council, the European Economic and Social Committee and the Committee of the Regions with an independent evaluation report on its implementation and with an independent ex post gender-responsive evaluation report no later than three years after the end of 2027.

**Amendment 35**

Proposal for a regulation

Article 25 – paragraph 2

**Text proposed by the Commission**

2. The evaluation report shall, in particular, assess to which extent the

**Amendment**

2. The evaluation report shall, in particular, assess to which extent the
objectives have been achieved, the
efficiency of the use of resources and the
European added value. It shall also consider the continued relevance of all objectives and actions.

Amendment 36
Proposal for a regulation
Article 25 – paragraph 4

Text proposed by the Commission

4. The ex-post evaluation report shall consist of a global assessment of the instruments established by this Regulation and shall include information on its impact in the long-term.

Amendment

4. The ex-post evaluation report shall consist of a global assessment of the instruments established by this Regulation and shall include information on its impact in the long-term, including on gender equality.

Amendment 37
Proposal for a regulation
Annex II – point 2 – paragraph 1 – introductory part

Text proposed by the Commission

In accordance with Article 16(3), the Commission shall assess the importance and coherence of the recovery and resilience plans, and its contribution to the green and digital transitions, and for that purpose, it shall take into account the following criteria:

Amendment

In accordance with Article 16(3), the Commission shall assess the importance and coherence of the recovery and resilience plans, and its contribution to the green, care and digital transitions and the promotion of gender equality, and for that purpose, it shall take into account the following criteria:

Amendment 38
Proposal for a regulation
Annex II – point 2 – paragraph 1 – point b

Text proposed by the Commission

(b) whether the plan contains measures that effectively contribute to the green and digital transitions or to addressing the challenges resulting from them;

Amendment

(b) whether the plan contains measures that effectively contribute to the green, care and digital transitions or to addressing the challenges resulting from them;
Amendment 39
Proposal for a regulation
Annex II – point 2 – paragraph 1 – point b a (new)

Text proposed by the Commission

(ba) whether the plan contains measures that effectively contribute to the promotion of gender equality and the principle of gender mainstreaming and the elimination of gender discrimination or to addressing the challenges resulting from it, specifically measures which address the gender pay gap, adequate family leave and flexible working arrangements, provision of accessible and affordable child and long-term care, and increased labour market participation of women, including through ensuring equal opportunities and career progression;

Amendment 40
Proposal for a regulation
Annex II – point 2 – paragraph 1 – point c a (new)

Text proposed by the Commission

(ca) whether the gender equality plan included in the recovery and resilience plan is in line with the objectives set out in the Gender Equality Strategy and effectively addresses the impact of the crisis on gender equality, in particular in the area of employment, equal pay and access to finance, as well as whether it includes measures to prevent and combat gender-based violence and sexual harassment;

Amendment 41
Proposal for a regulation
Annex II – point 2 – paragraph 1 – point d
(d) whether the recovery and resilience plan is expected to effectively contribute to strengthen the growth potential, job creation, and economic and social resilience of the Member State, mitigate the economic and social impact of the crisis, and contribute to enhance economic, social and territorial cohesion;

(d) whether the recovery and resilience plan is expected to effectively contribute to strengthen the growth potential, job creation, gender equality and economic and social resilience of the Member State, mitigate the economic and social impact of the crisis, and contribute to enhance economic, social and territorial cohesion;

Amendment 42
Proposal for a regulation
Annex II – point 2 – paragraph 3 – point 2.2 – heading

Text proposed by the Commission

2.2 The plan contains measures that effectively contribute to the green and the digital transitions or to addressing the challenges resulting from them.

Amendment

2.2 The plan contains measures that effectively contribute to the green, care and digital transitions or to addressing the challenges resulting from them.

Amendment 43
Proposal for a regulation
Annex II – point 2 – paragraph 3 – point 2.2 – paragraph 1 – subparagraph 1 a (new)

Text proposed by the Commission

—or

the implementation of the envisaged measures is expected to significantly contribute to the transformation towards a care economy;

Amendment

—or

the implementation of the envisaged measures is expected to significantly contribute to address the challenges resulting from the green and/or care economy.

Amendment 44
Proposal for a regulation
Annex II – point 2 – paragraph 3 – point 2.2 – paragraph 1 – subparagraph 3 – indent 1

Text proposed by the Commission

— the implementation of the envisaged measures is expected to significantly contribute to address the challenges resulting from the green and/or care economy;

Amendment

— the implementation of the envisaged measures is expected to significantly contribute to address the challenges resulting from the green, care economy;
Amendment 45
Proposal for a regulation
Annex II – point 2 – paragraph 3 – point 2.2 a (new)

Text proposed by the Commission

2.2a The plan contains measures that effectively contribute to the promotion of gender equality and the principle of gender mainstreaming and the elimination of gender discrimination or to addressing the challenges resulting from it.

The Commission shall take into account the following elements for the assessment under this criterion:

Scope

- the implementation of the envisaged measures is expected to significantly contribute to promotion of gender equality and the principle of gender mainstreaming; or - the implementation of the envisaged measures is expected to significantly contribute to the elimination of gender discrimination; or

- the implementation of the envisaged measures is expected to significantly contribute to address the challenges resulting from gender inequality and/or discrimination and

- the implementation of the envisaged measures is expected to have a lasting impact.

Rating

A – To a large extent
B – To a moderate extent
C – To a small extent
Amendment 46
Proposal for a regulation
Annex II – point 2 – paragraph 3 – point 2.3 a (new)

Text proposed by the Commission

2.3a The gender equality plan included in the recovery and resilience plan effectively addresses the impact of the crisis on gender equality, in particular in the area of employment, equal payment and access to finance, and includes measures to prevent and combat gender-based violence and sexual harassment;

The Commission shall take into account the following elements for the assessment under this criterion:

Scope
- the implementation of the gender equality plan, developed in consultation with women's civil society organisations, included in the recovery and resilience plan is expected to significantly contribute to address the impact of the crisis on gender equality;

and

- the implementation of the gender equality plan included in the recovery and resilience plan is expected to significantly contribute to create jobs for women;

and

- the implementation of the gender equality plan included in the recovery and resilience plan is expected to reduce the gender pay gap

and

- the implementation of the gender equality plan included in the recovery and resilience plan is expected to significantly contribute to facilitate access to credit for women entrepreneurs;

and

- the implementation of the gender equality plan included in the recovery and resilience plan is expected to significantly contribute to

Amendment
resilience plan is expected to significantly contribute to prevent and combat gender-based violence and sexual harassment.

Rating

A – The recovery and resilience plan contributes to effectively address the impact of the crisis on gender equality.

B – The recovery and resilience plan contributes to partially address the impact of the crisis on gender equality.

C – The recovery and resilience plan does not contribute to address the impact of the crisis on gender equality.

Amendment 47
Proposal for a regulation
Annex II – point 2 – paragraph 3 – point 2.4 – heading

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>Amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.4 The recovery and resilience plan is expected to effectively contribute to strengthen the growth potential, job creation, and economic and social resilience of the Member State, mitigate the economic and social impact of the crisis, and contribute to enhance economic, social and territorial cohesion;</td>
<td>2.4 The recovery and resilience plan is expected to effectively contribute to strengthen the growth potential, job creation, gender equality and economic and social resilience of the Member State, mitigate the economic and social impact of the crisis, and contribute to enhance economic, social and territorial cohesion;</td>
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</table>

Amendment 48
Proposal for a regulation
Annex II – point 2 – paragraph 3 – point 2.4 – paragraph 1 – subparagraph 1 – indent 1

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>Amendment</th>
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</thead>
<tbody>
<tr>
<td>— the recovery and resilience plan contains measures that aim at addressing weaknesses of the economy of the Member States and at boosting the growth potential of the economy of the Member State concerned, stimulating job creation and mitigating the adverse effects of the crisis, while avoiding adverse impacts of those</td>
<td>— the recovery and resilience plan contains measures that aim at addressing weaknesses of the economy of the Member States and at boosting the growth potential of the economy of the Member State concerned, stimulating job creation and mitigating the adverse effects of the crisis, while promoting gender equality and the</td>
</tr>
</tbody>
</table>
measures on climate and environment. green transition.
LETTER OF THE COMMITTEE ON CONSTITUTIONAL AFFAIRS

Mr Johan Van Overtveldt  
Chair  
Committee on Budgets  
BRUSSELS

Ms Irene Tinagli  
Chair  
Committee on Economic and Monetary Affairs,  
BRUSSELS

Dear Mr Chair,

Under the procedure referred to above, the Committee on Constitutional Affairs is submitting an opinion to your committees. At its meeting of 24 September 2020, the committee decided to send the opinion in the form of a letter.

The Committee on Constitutional Affairs considered the matter at its meeting of 12 October 2020. At that meeting, it decided to call on the Committee on Budgets and the Committee on Economic and Monetary Affairs, as the committees responsible, to incorporate the following suggestions into their motion for a resolution.

Yours sincerely,

Antonio Tajani

SUGGESTIONS

In its resolutions on the Future of Europe of 16 February 2017, Parliament underlined the need to improve the Union’s capacity to act and to enhance democratic accountability and the transparency of its decision-making, considering that the Community method is best suited for the functioning of the Union. It considered that the decision-making procedures in Council for both own resources and the MFF should be shifted from unanimity to qualified majority voting and stressed the need to apply the ordinary legislative procedure for the adoption of the MFF Regulation. Though some of these improvements require Treaty reform, Article 312(2) TFEU already allows the activation of qualified majority voting for the adoption of the MFF by Council.

In keeping with this position, in its opinion to the Committee on Budgets on the draft Council decision on the system of own resources of the European Union, the Committee on Constitutional Affairs pointed to the benefits of creating temporary financial capacity by way of funds borrowed on the markets by the Commission on behalf of the EU for the recovery instrument (Next Generation EU) and the need for the introduction of new genuine own resources over the 2021-2027 MFF period, in order to ensure the credibility and sustainability of the package’s repayment plan, while insisting that the new mechanism requires the

1 The following were present for the final vote: Antonio Tajani (Chair and rapporteur for opinion), Gabriele Bischoff (Vice-Chair), Charles Goerens (Vice-Chair), Giuliano Pisapia (Vice-Chair), Gerolf Annemans, Damian Boeselager, Geert Bourgeois, Jorge Buxadé Villalba (for Jacek Saryusz-Wolski), Fabio Massimo Castaldo, Leila Chaibi, Włodzimierz Cimoszewicz, Gwendoline Delbos-Corfield, Pascal Durand, Daniel Freund, Esteban González Pons, Sandro Gozi, Brice Hortefeux, Laura Huhtasaari, Sophia in ’t Veld (for Guy Verhofstadt), Miapetra Kumpula-Natri (for Pedro Silva Pereira), Paulo Rangel, Antonio Maria Rinaldi, Domènec Ruiz Devesa, Helmut Scholz, László Trócsányi, Mihai Tudose, Loránt Vincze, and Rainer Wieland.
appropriate parliamentary co-decision and accountability and as much transparency as possible. This holds true also for the decisions on priority setting and disbursements of funds for all instruments financed via the externally assigned revenues under the Next Generation EU Programme.

Since the proposed Recovery and Resilience Facility is one of the main pillars of the ‘Next Generation EU’ recovery measures it is therefore pertinent that this instrument contains the following provisions to ensure democratic scrutiny and accountability, with due respect for the principle of institutional balance:

- clear European priority setting and spending targets on the priorities identified in the regulation as well as a focus on projects furthering the integration of the Union;

- the use of delegated instead of implementing acts for the adoption of recovery and resilience plans;

- a compulsory, timely, and well-framed review of the Facility’s implementation;

- multi-level stakeholder consultations, with representatives or authorities at regional and local level, economic and social partners, as well as civil society organisations and other relevant stakeholders, also in the preparation of the recovery and resilience plans without creating undue delays in the process, in accordance with the partnership principle;

- regular and timely reporting and information provision to the European Parliament and the Council, simultaneously and on equal terms, both in writing and through the participation of the Commission’s and Member States’ representatives in meetings of the European Parliament’s competent committees;

- the setting up of appropriate tools, such as a public scoreboard, to monitor and evaluate the implementation and involvement of the European Parliament in the appointment of eventual experts assisting the Commission;

- access for the European Parliament to a single database containing in an electronic format detailed information on all final recipients of funds from the Facility;

- Access to funding conditioned to the respect of the values enshrined in Article 2 of the TEU in accordance with the rules that will be defined in that respect for the entire EU budget;

- a discharge procedure by the European Parliament for spending under this instrument, clearly distinguishing the Facility spending from the general Commission discharge procedure.

Furthermore, the Committee on Constitutional Affairs would like to point out that ‘Next Generation EU’ is prone to continuing divisive discussions on so-called moral hazard between net contributors and net-beneficiaries, should no new own resources be introduced to finance the repayments to the EU budget of this unprecedented recovery package. This would be detrimental to the unity, solidarity and cohesion on which our Union is built. The committee therefore calls again for the introduction of a basket of new own resources following a
legally binding timeline which should cover at least the costs related to the ‘Next Generation EU’ recovery package (principal and interest) thus ensuring the credibility and sustainability of the package’s repayment plan. To this effect, it is essential to include a binding calendar for the introduction of the said basket of new own resources over the 2021-2027 MFF period in the Inter-institutional Agreement on budgetary matters. This Agreement should also aim to enhance the role of the European Parliament regarding the application of the Treaty provisions on which the recovery package relies.

Finally, taking into account the unprecedented nature of the recovery instrument - a step of historic importance, which has coincided with the 70th anniversary of the Schuman Declaration of 9 May 1950- and its importance for the further integration of the Union, the Committee on Constitutional Affairs believes that the Conference on the Future of Europe is an opportune moment to discuss, among other things, the democratic and constitutional challenges linked to the institutional set-up of the recovery instrument and the decision-making procedures on the MFF and own resources more in general, taking into account the currently limited role of the European Parliament in these procedures.
### PROCEDURE – COMMITTEE RESPONSIBLE

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<thead>
<tr>
<th>Title</th>
<th>Establishing a Recovery and Resilience Facility</th>
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<tr>
<td>Date submitted to Parliament</td>
<td>28.5.2020</td>
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<tr>
<td>Committees responsible</td>
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<tr>
<td>Date announced in plenary</td>
<td>BUDG 17.6.2020, ECON 17.6.2020</td>
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<td>Committees asked for opinions</td>
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<tr>
<td>Not delivering opinions</td>
<td></td>
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<tr>
<td>Date of decision</td>
<td>IMCO 15.6.2020</td>
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<td>Associated committees</td>
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<td>Date announced in plenary</td>
<td>ENVI 23.7.2020, EMPL 23.7.2020, ITRE 23.7.2020, TRAN 23.7.2020</td>
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<td>Rapporteurs</td>
<td></td>
</tr>
<tr>
<td>Date appointed</td>
<td>Eider Gardiazabal Rubial 22.7.2020, Siegfried Mureşan 22.7.2020, Dragoș Pîslaru 22.7.2020</td>
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<td>Rule 58 – Joint committee procedure</td>
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<td>Date announced in plenary</td>
<td>23.7.2020</td>
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<td>Discussed in committee</td>
<td>9.11.2020</td>
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<tr>
<td>Date adopted</td>
<td>9.11.2020</td>
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<tr>
<td>Result of final vote</td>
<td>+: 73, -: 11, 0: 15</td>
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<td><strong>Substitutes present for the final vote</strong></td>
<td>Hansen, Sirpa Pietikäinen, Dragoș Pislaru, Evelyn Regner, Karlo Ressler, Antonio Maria Rinaldi, Bogdan Rzońca, Alfred Sant, Martin Schirdewan, Ralf Seekatz, Pedro Silva Pereira, Nicolae Ştefănuţă, Paul Tang, Cristian Terhes, Irene Tinagli, Nils Torvalds, Ernest Urtasun, Nils Ušakovs, Inese Vaidere, Johan Van Overtveldt, Rainer Wieland, Angelika Winzig, Stéphanie Yon-Courtin, Marco Zanni, Roberts Zīle</td>
</tr>
<tr>
<td><strong>Date tabled</strong></td>
<td>10.11.2020</td>
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| **Substitutes present for the final vote** | Gerolf Annemans, Manon Aubry, Damian Boeselager, Niels Fuglsang, Mircea-Gheorghe Hava, Martin Hojsík, Patryk Jaki, Eva Kaili, Younous Omarjee |
| **Date tabled** | 10.11.2020 |
## FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

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<thead>
<tr>
<th>Party</th>
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<tbody>
<tr>
<td>ECR</td>
<td>Johan Van Overtveldt</td>
</tr>
<tr>
<td>GUE/NGL</td>
<td>Younous Omarjee, Dimitrios Papadimoulis</td>
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<tr>
<td>NI</td>
<td>Pierinnica Pedicini</td>
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<tr>
<td>Renew</td>
<td>Gilles Boyer, Olivier Chastel, Luis Garicano, Valérie Hayer, Martin Hojsík, Billy Kelleher, Moritz Körner, Ondřej Kovafík, Dragos Pislaru, Nicolae Ştefănuţă, Nils Torvalds, Stéphanie Yon-Courtin</td>
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<tr>
<td>Verts/ALE</td>
<td>Rasmus Andresen, Damian Boeselager, David Cormand, Alexandra Geese, Sven Giegold, Claude Gruffat, Stasys Jakeliūnas, Philippe Lamberts, Kira Marie Peter-Hansen, Ernest Urtasun</td>
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<tr>
<td>ECR</td>
<td>Derk Jan Eppink, Patryk Jaki</td>
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<tr>
<td>ID</td>
<td>Gerolf Annemans, Gunnar Beck, Francesca Donato, Joachim Kuhs, Jörg Meuthen</td>
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<tr>
<td>NI</td>
<td>Lefteris Nikolau-Alavanos</td>
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<tr>
<td>PPE</td>
<td>Enikő Győrí</td>
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<tr>
<td>Renew</td>
<td>Engin Eroğlu, Caroline Nagtegaal</td>
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<tr>
<td>ECR</td>
<td>Raffaële Fitto, Zbigniew Kuźmiuk, Bogdan Rzońca, Cristian Terheş, Roberts Zīle</td>
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<tr>
<td>GUE/NGL</td>
<td>Manon Aubry, José Gusmão, Martin Schirdewan</td>
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<tr>
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<td>NI</td>
<td>Mislav Kolakušić</td>
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<td>S&amp;D</td>
<td>Alfred Sant</td>
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0 : abstention