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*Committee on Constitutional Affairs  
The Chair*

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26.10.2020

Mr Johan Van Overtveldt  
Chair  
Committee on Budgets  
BRUSSELS

Ms Irene Tinagli  
Chair  
Committee on Economic and Monetary Affairs,  
BRUSSELS

Subject: Opinion on the proposal for a regulation of the European Parliament and of the Council establishing a Recovery and Resilience Facility (RRF) (COM(2020)0408 – C9-0150/2020 – 2020/0104(COD))

Dear Chairs,

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<sup>1</sup>, 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

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<sup>1</sup> 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.

## 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 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.