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*Committee on Constitutional Affairs  
The Chair*

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12.5.2022

Mr Johan Van Overtveldt  
Chair  
Committee on Budgets  
BRUSSELS

Ms Irene Tinagli  
Chair  
Committee on Economic and Monetary  
Affairs  
BRUSSELS

Subject: Opinion on the implementation report on the Recovery and Resilience  
Facility(2021/2251(INI))

Dear Chairs,

Under the procedure referred to above, the Committee on Constitutional Affairs (AFCO) decided at its meeting of 28 March 2022 to submit an opinion to your committees. Due to the urgency of the matter, the AFCO coordinators proposed to the Committee to send the opinion in the form of a letter.

At its meeting of 28 April 2022, the Committee on Constitutional Affairs considered the matter and adopted its opinion in the form of a letter by 22 votes in favour, 5 against and 1 abstention<sup>1</sup>, calling on the Committee on Budgets and the Committee on Economic and Monetary Affairs, as the committees responsible, to incorporate its 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 the opinion), Gabriele Bischoff (1st Vice-Chair), Charles Goerens (2nd Vice-Chair), Giuliano Pisapia (3rd Vice-Chair), Loránt Vincze (4th Vice-Chair), Gerolf Annemans, Vladimír Bilčík (for Esteban González Pons), Damian Boeselager, Leila Chaibi, Włodzimierz Cimoszewicz, Gwendoline Delbos-Corfield, Pascal Durand, Angel Dzhambazki (for Geert Bourgeois), Daniel Freund, Sandro Gozi, Brice Hortefeux, Laura Huhtasaari, Sophia in 't Veld (for Guy Verhofstadt), Victor Negrescu, Paulo Rangel, Antonio Maria Rinaldi, Domènec Ruiz Devesa, Jacek Saryusz-Wolski, Helmut Scholz, Pedro Silva Pereira, Sven Simon, László Trócsányi, 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.

The Conference for the Future of Europe (thereafter referred to as 'COFOE') has been discussing since October 2021, among other topics, the democratic and constitutional challenges faced by the Union; such discussions are relevant for the institutional set-up of the RRF and the democratic control that Parliament should exert on disbursements of funds via the externally assigned revenues under the Recovery and Resilience Facility (RRF).

By letter dated 13 October 2020 to the Chairs of the Committee on Budgets and of the Committee on Economic and Monetary Affairs, the Committee on Constitutional Affairs submitted its 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)).

The Committee on Constitutional Affairs has taken note of the draft report of 17 February 2022 by the Committee on Budgets and the Committee on Economic and Monetary Affairs on the implementation of the Recovery and Resilience Facility (2021/2125(INI)), thereafter referred to as the "Draft Report".

In its letter of 13 October 2020 referred to above, the Committee, with due respect for the principle of institutional balance, requested that the RRF Regulation<sup>1</sup> should contain provisions to ensure democratic scrutiny and accountability. Some of those provisions are quoted in italics below and are followed by recommendations by the Committee:

- *“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”*; in this regard, the Committee regrets, as stated in the Parliament's RRF scrutiny resolution of 10 June 2021, that many Member States have not, or not adequately, involved regional and local authorities in the drafting process of national recovery and resilience plans; in accordance with Article 18(4)(q) of the RRF Regulation, the Committee insists on the need to efficiently involve the widest range of stakeholders, including local and regional organisations, social partners and NGOs, in the implementation and monitoring process of the RRF; the Committee calls therefore for the establishment of a structured dialogue with civil society at EU level, for instance through the creation of a system of local EU Councillors as a way to reduce the distance between them and the Union<sup>2</sup>; the Committee notes that citizens in COFOE hinted in general at the necessity to strengthen links between citizens and local institutions<sup>3</sup> in

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<sup>1</sup> Council Regulation (EU) 2020/2094 of 14 December 2020 establishing a European Union Recovery Instrument to support the recovery in the aftermath of the COVID-19 crisis (OJ L 433 I, 22.12.2020, p. 23).

<sup>2</sup> Final Kantar Report, page 85

<sup>3</sup> Citizens' Panel 4, Sub-stream 2.3 – Promotion of European values -- Recommendation 18: "To bring EU citizens

order to increase transparency and better communicate with them about concrete EU initiatives;

- *“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”*; in this regard, the Committee welcomes the fact that a regular dialogue in accordance with Article 26 of the RRF Regulation has been taking place between Commission and Parliament; it insists that those exchanges should continue to take place as often as requested by Parliament and not less frequently than the “every two months” minimum standard set out in Article 26(1) of the RRF Regulation, and that Commission is required to take into account Parliament’s views; the Committee emphasises that those exchanges should be based on a transparent, full and timely communication of information by the Commission in accordance with the standards set out in Article 25 of the RRF Regulation, which are minimum standards; in that vein, the Committee requests that the operational agreements signed between Commission and Member States are communicated to Parliament; the Committee insists that the Commission should regularly inform Parliament of the status of the assessment of the NRRPs, including how targets and milestones have been implemented by the Member States;
- *“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”*; in this regard, in line with paragraph 11 of the Draft Report, the Committee requests that Commission demands from Member States to set-up appropriate reporting tools which include a detailed data set related to end-beneficiaries; it calls for more granular reporting, focusing on outcome and impact indicators rather than output, to allow for better understanding the role and the additionality of the RRF; the Committee requests that such data be communicated in full transparency to Parliament;
- *“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”*; in this regard, recalls that according to Article 8 of the RRF Regulation, the RRF shall be implemented in accordance with the Regulation on a general regime of conditionality<sup>4</sup>; the Committee welcomes the judgments of the Court of Justice of the Union of 16 February 2022 in cases C-156/21 and C-157/21 dismissing the actions for annulment lodged by Hungary and Poland in March 2021 against the Regulation on a general regime of conditionality; the Committee notes (co)incidentally that a draft resolution<sup>5</sup> in the COFOE has called for the application of the conditionality regime to be extended to all breaches of the Rule of Law, i.e. beyond breaches affecting only the Union Budget; the Committee welcomes further the Commission’s decision to trigger the conditionality regime in the case of Hungary; the Committee refers to the joint report adopted on 31 March 2022 jointly with the Committee on Civil Liberties, Justice

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closer to the Union by creating and strengthening links with citizens and local institutions, such as local governments, schools and municipalities. This would drastically improve transparency, as well as reaching the citizens and communicate better with them about concrete EU initiatives and general EU information”

<sup>4</sup> Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget (OJ L 433I, 22.12.2020, p. 1).

<sup>5</sup> Citizens’ panel 2 (Sub-stream 2.1 – Protecting the Rule of Law -- Recommendation 10).

and Home Affairs in relation to their joint mission on the respect of the Rule of Law in Poland; according to this joint report and irrespective of the current geopolitical context, the EU should continue to insist with the Polish authorities that Poland respects the obligations stemming from the Treaties as regards to respect for democracy, the rule of law and fundamental rights; the joint report states that all relevant instruments of the rule of law toolbox should be used to that effect, including the annual rule of law report, the Article 7(1) TEU procedure, infringement procedures, and the Rule of Law conditionality regime; as a consequence, the Committee requests the Commission to trigger Article 6(1) of the Regulation on a general conditionality regime also in the case of Poland; finally, the Committee emphasizes that no project should be financed under RRF if it is contrary to the EU values enshrined in Article 2 TUE;

Furthermore, in accordance with Recital 20 and Article 5(1) of the RRF Regulation, and in line with paragraph 26 of the Draft Report, the Committee insists on the necessity that projects funded by the RRF should respect the principle of additionality of Union funding and that the RRF should not, unless in duly justified cases, be a substitute for recurring national expenditures.

Finally, in line with paragraph 9 of the Draft Report, the Committee encourages Member States to ask for loans under the RRF insofar as the Union borrowing's interest rates are attractive to them.

In a longer-term perspective, the Committee notes that the current 2021-2027 Multiannual Financial Framework and the Next Generation EU, also against the new geopolitical background triggered by the war in Ukraine, might not provide the necessary funds the Union needs; the Committee asks therefore the Commission to assess whether the RRF should be extended beyond its current commitment period or even become a permanent instrument, while ensuring that the current shortcomings in parliamentary accountability and oversight will be overcome.