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*Committee on Regional Development  
The Chair*

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25.2.2021

Ms Irene Tinagli  
Chair  
Committee on Economic and Monetary Affairs  
BRUSSELS

Subject: Opinion on the European Semester for economic policy coordination: Annual Sustainable Growth Strategy 2021, COM (2020)575, 2021/2004(INI)

Dear Madam Chair,

Under the procedure referred to above, the Committee on Regional Development has been asked to submit an opinion to your committee. The Committee on Regional Development decided to send the opinion in the form of a letter.

The Committee on Regional Development considered the matter at its meeting of 24/02/2021, the opinion was adopted with 41 votes in favour, 0 votes against and 0 abstentions.

At that meeting<sup>1</sup>, the Committee on Regional Development decided to call on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following suggestions into its motion for a resolution.

Yours sincerely,



Younous Omarjee

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<sup>1</sup> The following were present for the final vote: Raffaele Fitto, Elżbieta Kruk, Andżelika Anna Możdżanowska, Veronika Vrecionová, Mathilde Androuët, Rosanna Conte, Francesca Donato, Alessandro Panza, André Rougé, Chiara Gemma, Pascal Arimont, Isabel Benjumea Benjumea, Tom Berendsen, Franc Bogovič, Tamás Deutsch, Christian Doleschal, Mircea-Gheorghe Hava, Krzysztof Hetman, Manolis Kefalogiannis, Andrey Novakov, Stéphane Bijoux, Vlad-Marius Botoş, Ondřej Knotek, Susana Solís Pérez, Irène Tolleret, Yana Toom, Adrian-Dragoş Benea, Erik Bergkvist, Andrea Cozzolino, Corina Creţu, Constanze Krehl, Cristina Maestre Martín De Almagro, Nora Mebarek, Tsvetelina Penkova, Martina Michels, Younous Omarjee, Rosa D'Amato, Niklas Nienaa, Caroline Roose, Bronis Ropé, Monika Vana

## SUGGESTIONS

### *The REGI Committee*

1. Notes that the COVID 19 pandemic has thrown the world into a sudden and deep recession and that many uncertainties remain. Believes that this pandemic is far more than a health crisis and that its economic and social impact varies from country to country, with an increase in poverty, inequalities and disparities between EU regions. Emphasises that more must be done to fight these inequalities and to encourage a quick and sustained recovery in particular by supporting those regions, which are experiencing slower growth, and high unemployment, particularly where young people are concerned. Notes with concern, in this regard, that the unemployment rate is over 7 % and the youth unemployment rate has risen to 17 % in the EU as a whole and is expected to increase further due to COVID-19<sup>2</sup>. In addition to the youth, the crisis has disproportionately affected women, and disadvantaged groups such as low-income households, people with disabilities and minorities;
2. Underlines the importance of the Recovery and Resilience Facility as one of the main tools for the recovery with EUR 672,5 billion in loans and grants of financial support in the first years of the recovery. The importance of achieving a high degree of resilience of domestic economies is one of the lessons learnt from the last global economic, social and financial crisis and it is crucial to avoid further deepening and exacerbating of pre-existing economic and social differences. Stresses the need to improve preparedness and resilience of the national health and social protection systems as well as to ensure equal access to education, affordable and quality health care, long-term care and childhood care systems. Therefore, it is necessary to ensure that the resources from this fund are used effectively where they are most needed so that the burden and debt for the next generation is as low as possible;
3. Highlights that the Facility should contribute to the promotion of economic, social and territorial cohesion, thereby improving the economic and social resilience and adjustment capacity of Member States, and supporting the green and digital transitions aimed at enhancing economic competitiveness and achieving a climate neutral Europe by 2050. To this end, it hopes that there will be a high level of complementarity between the actions envisaged in the National Recovery Plans and those envisaged by the Cohesion Policy. Regrets that in RRF Regulation the partnership principle is not mandatory and that as a consequence, in most EU countries, cities have not been fully involved in the preparation of National Recovery Plan<sup>3</sup> and that there is also a risk of inconsistency between RRF and ESI Funds' implementation;

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<sup>2</sup> Unemployment statistics: Eurostat July 2020 [f45c24be-3304-e6b7-80c8-04eae7529519 \(europa.eu\)](https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&plugin=1)

<sup>3</sup> <https://cor.europa.eu/en/news/Pages/post-COVID-recovery-plans-.aspx>. And also: <https://eurocities.eu/latest/involve-cities-in-a-green-and-digital-recovery/>

4. Stresses that the involvement of regional and local public authorities, as well as that of economic and social partners, professional associations and the relevant bodies representing civil society, such as NGOs, is crucial for the successful implementation of the Facility in light of a rapid recovery from the current crisis. Calls on the Commission to put forward an assessment tool to ensure that the criteria of Member States' consultations with local, regional and national civil society organisations is respected;
5. Stresses that the regions must be fully involved in the National Recovery Plans and in their management at national level in order to tackle the current multidimensional challenges at the most appropriate territorial level. Considers that the principles of cohesion should also be reflected in the Plans. Investments should boost key sectors, in particular those hit the most by the crisis, fostering high-quality job creation and preservation and ensuring equal access to the labour market in conformity with the European Pillar of Social rights; special attention should be given to the most vulnerable segments of the population including the elderly; the Facility should also contribute to the achievement of gender equality, as specified in Article 8 of the Treaty taking into account that the gender employment gap (11.4 %) , gender pay gap (14 %) and gender pension gap (30 %) remain unacceptably high<sup>4</sup>. Moreover gender equality objectives and the economic independence of women shall be ensured in all dimensions and in all stages of the preparation, monitoring, implementation and evaluation of programmes financed under the Recovery and Resilience Facility in a timely and consistent manner. Insists on the fact that the pandemic highlights the need to strengthen local production in order to avoid future shortages in the economic sectors of agriculture, industry and health; supports short circuits and local production to reduce significantly greenhouse gas emissions and to strengthen local economies weakened by the crisis;
6. Calls on the need to further strengthen the link between quality employment, gender equality, sustainable growth, social and climate goals, with the European Semester, with the ultimate objective of improving quality of life and citizens' wellbeing;
7. For investments under the Facility, multi-level governance is important in the European Semester process, since the COVID-19 pandemic has affected territories within Member States in different ways. . Recalls that among the many inequalities exposed by the COVID-19 pandemic, the digital divide is a serious one, affecting in particular less developed regions, women, elderly people, low-income households and people living in the outermost regions. Greater investment is needed in digitalisation, digital innovation and digital connectivity, which would enable a fair and equal transition towards a digital economy, especially for the most vulnerable in society;

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<sup>4</sup> [https://ec.europa.eu/eurostat/statistics-explained/index.php/Gender\\_statistics](https://ec.europa.eu/eurostat/statistics-explained/index.php/Gender_statistics)

8. Welcomes the role of the Recovery and Resilience Facility in guiding and building a more sustainable, resilient and fairer Europe for the next generation while aligning with the “do not significant harm” principle, as defined by Article 17 of the Taxonomy Regulation, and through investments and reforms in seven flagship areas focused on environmental sustainability, renewable energy, renovation, sustainable mobility, biodiversity, productivity, fairness, and macroeconomic stability; highlights that to achieve a climate mainstreaming target of 30% for both the multiannual financial framework and Next Generation EU in line with the UN Sustainable Development Goals, each recovery and resilience plan will have to include a minimum of 37% of expenditure related to climate; calls on the Commission and the Member States to ensure consistency, coherence and synergies with the UN 2030 Agenda;
9. Acknowledges that technological trends in the labour market and the transition to a sustainable economy are enormous challenges but also opportunities for regional cohesion; reiterates the crucial role of the European Structural and Investment Funds, as the main investment tool for Cohesion policy in Europe, to help regional recovery processes. Attention should be paid to urban areas as drivers of green and digital transformation, to all regions, suffering from natural or demographic handicaps and most affected by the transition to more sustainable and greener economy and to islands and outermost regions;
10. Stresses that the European Semester, the new Recovery and Resilience Facility and the cohesion policy funds are intrinsically linked and that it is therefore necessary to ensure better coordination, as well as swift and tailored actions with a view to creating jobs, enhancing education, innovation, re-building a robust economy, while reaching the climate targets. Stresses that the conclusions of the European Semester and the reports by Member States have important implications in the regions, and that these implications should be regularly monitored in the context of cohesion policy implementation. Considers that the inclusion of SDGs and the Social Pillar within the scope of the European Semester will require the adjustment of existing indicators and the creation of new ones to monitor the implementation of EU economic, environmental and social policies, as well as coherence between policy goals and budgetary means.