European Parliament’s Scrutiny on the ongoing assessment by the Commission and the Council of the national recovery and resilience plans

European Parliament resolution of 10 June 2021 on the views of Parliament on the ongoing assessment by the Commission and the Council of the national recovery and resilience plans (2021/2738(RSP))

The European Parliament,

– having regard to Articles 174 and 175 of the Treaty on the Functioning of the European Union (TFEU),
– having regard to its resolution of 20 May 2021 on the right of information of the Parliament regarding the ongoing assessment of the national recovery and resilience plans²,
– having regard to Rule 132(2) and (4) of its Rules of Procedure,

A. whereas the RRF Regulation was adopted under the ordinary legislative procedure;

B. whereas the RRF is an unprecedented instrument in terms of volume and means of financing; whereas the Commission is preparing to issue common EU debt, since all EU Member States have now successfully ratified the Own Resources Decision³;

C. whereas the green investment under the RRF will be financed through the issuance of green bonds;

D. whereas democratic control and parliamentary scrutiny over the implementation of the RRF is only possible with the full involvement of Parliament and the consideration of all its recommendations in all stages;

¹ OJ L 57, 18.2.2021, p. 17.
E. whereas Article 26 of the RRF Regulation establishes a recovery and resilience dialogue in order to ensure greater transparency and accountability and for the Commission to provide information to Parliament concerning, among other things, the recovery and resilience plans of the Member States and their assessment;

F. whereas Parliament expresses its views on the issues under the recovery and resilience dialogue, including through resolutions and exchanges with the Commission; whereas the Commission has to take these views into account;

G. whereas the RRF Regulation identifies six areas of European interest, all of which represent the scope and objective of the instrument;

H. whereas the RRF Regulation is based on Article 175 of the Treaty on European Union (TEU) and establishes that the general objective is to reach the objectives set out in Article 174 in order to strengthen the Union’s economic, social and territorial cohesion by improving the resilience, crisis preparedness, adjustment capacity and growth potential of the Member States, by mitigating the social and economic impact of the crisis, in particular on women, children and youth, and contributing to the implementation of the European Pillar of Social Rights, by supporting the green transition, by contributing to the achievement of the Union’s updated 2030 climate targets in the new EU Climate Law and by complying with the objective of EU climate neutrality by 2050 – in particular through the national energy and climate plans adopted in the framework of the governance of the Energy Union and Climate Action, established by Regulation (EU) 2018/1999\(^1\), and of the digital transition, thereby contributing to upward economic and social convergence, restoring and promoting sustainable growth and the integration of the economies of the Union, fostering high-quality employment creation, and contributing to the strategic autonomy of the Union alongside an open economy and generating European added value;

I. whereas during the Porto Social Summit held on 7 and 8 May 2021, the EU’s leaders recognised the European Pillar of Social Rights as a fundamental element of the recovery and whereas in the Porto declaration they underlined their determination to continue deepening its implementation at EU and national level;

J. whereas the specific objective of the RRF is to provide the Member States with financial support with a view to achieving the reform and investment milestones and targets set out in their recovery and resilience plans; whereas this means that the plans (including digital and green measures) have to contribute to the principles of the European Pillar of Social Rights, quality job creation and upward social convergence;

K. whereas European added value does not materialise merely because the RRF is a European initiative;

L. whereas as a rule, the Member States should have submitted their national recovery and resilience plans to the Commission by 30 April 2021; whereas to date, 23 Member States have submitted their recovery and resilience plans to the Commission;

M. whereas Parliament held a plenary debate followed by the adoption of a resolution on 18 May 2021 on the right of information of Parliament regarding the ongoing assessment of the national recovery and resilience plans;

N. whereas in order to ensure proper democratic oversight over and parliamentary scrutiny of the implementation of the RRF, as well as greater transparency and democratic accountability, the Commission must regularly inform Parliament, orally and in writing, of the status of the assessment of the national recovery and resilience plans, including the reforms and investment related to the scope based on the six pillars (including the general and specific objectives and the horizontal principles) and the 11 assessment criteria set out in the RRF Regulation;

1. Considers that the RRF constitutes a historic EU instrument to foster economic, social and territorial cohesion, bring convergence, enhance competitiveness and help the Member States to mitigate the economic and social impact of the COVID-19 pandemic, set their economies on strong and sustainable growth trajectories, prepare the EU to address long-term challenges such as the just, green transition and digital transformation, and generate EU added value;

2. Expects the Commission to only approve plans that fully meet the provisions and targets of the RRF Regulation and to make no political concession that goes against the regulation and its spirit, while distancing itself from the fact that it was closely involved in the development of the plans ahead of their submission; requests that the Commission meticulously applies the letter and the spirit of the RRF Regulation in the assessment process of the national recovery and resilience plans and provides deep and comprehensive assessments before the adoption of the relevant draft Council implementing decision; welcomes, however, the Commission’s efforts to ensure the swift adoption of the relevant Council implementing decisions before the summer, and its continuous engagement with the Member States to help them deliver high-quality plans that significantly contribute to our shared European objectives;

3. Is convinced that the funds must be fairly distributed across sectors, societies and future generations to ensure the highest possible impact on economic and social upward and territorial convergence, prosperity for all and economic stability; calls on the Commission to insist on ambitious reform measures as part of the national plans in all Member States and stresses that ambitious plans and sound execution are essential in order to make full use of this opportunity; calls for full transparency and accountability in the allocation and use of the funds; recalls that the RRF must not be perceived as business as usual;

4. Calls on the Commission to carefully assess whether RRF resources are serving the RRF Regulation’s objective to advance economic, social and territorial cohesion in the Member States; calls on the Commission to discourage the practice of repackaging projects without a real added value, notably for lagging regions, especially when this risks widening the social, economic and territorial convergence gap of the EU;

5. Reiterates Parliament’s call to ensure the right of information of Parliament regarding the ongoing assessment of the national recovery and resilience plans, in order to enable the democratic scrutiny of Parliament in the Commission’s assessment and implementation of the RRF;
6. Calls on the Commission to carefully assess and ensure that each national recovery and resilience plan effectively contributes to all six pillars referred to in Article 3 of the RRF Regulation in a comprehensive and balanced manner; recalls that each measure should contribute to one or more of the policy areas of European relevance structured in the six pillars;

7. Stresses that plans must meet the regulatory requirements, including the 37 % and 20 % shares for the green and digital transitions respectively, throughout its implementation phase; calls on the Commission to assess the qualitative and quantitative side of the measures proposed in order to ensure that they effectively meet both quantitative and qualitative targets, including for the implementation phase;

8. Recalls that in accordance with the RRF Regulation, the RRF must not finance recurring national expenditure, such as permanent tax breaks, unless in duly justified cases, and calls on the Commission to assess this criterion in a holistic manner;

9. Notes that cross-border projects encompassing more than one Member State generate high European added value and spill-over effects and regrets that few national plans contain cross-border projects; calls on the Commission to strongly encourage Member States to facilitate cross-border projects financed through the RRF;

10. Notes that few Member States have chosen to request loans in the national recovery and resilience plans already submitted; calls on the Member States to consider the best use of the loans available to avoid any loss of opportunity; is concerned that a significant amount of the loans may remain unused at the end of the RRF and calls on the Member States to carefully assess their needs and to make the best use of this possibility when submitting their recovery and resilience plans or by amending their plans;

11. Calls on the Commission to take into account the possible future need to amend national plans to ensure compliance with the requirements of the RRF Regulation in preparation for the draft Council implementing decision;

12. Recalls that the recovery and resilience plans 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 with Union and national law and practices;

13. Highlights that investments must have a lasting impact; calls on the Commission to assess to what extent the reforms and investments made under the RRF will further enable the closing of the investment gap in all areas in Europe, as estimated by the Commission, in order to deliver on the digital transition and on climate, environmental and social sustainability goals, including the Paris Agreement and the UN Sustainable Development Goals (SDGs);

Green transition

14. Stresses that in line with the methodology set out in Annex VI to the RRF Regulation, all plans should dedicate at least 37 % of the total allocation (grants and loans) of the individual plans to the climate; calls on the Commission to pay attention when assessing the 37 % climate spending target in order to ensure that there is no double, mis- or false tagging of the measures and to prevent greenwashing; is concerned that some
investments are labelled as green investments despite not being covered by the tracking methodology set out in Annex VI; suggests applying additional scrutiny on any extension of the climate tracking methodology in Annex VI of the RRF Regulation; insists that the necessary safeguards to meet the target in the implementation phase are fully included in the targets and milestones in the draft Council implementing decision; calls on the Commission to encourage the Member States to undertake the reforms that will facilitate the successful implementation of the investments;

15. Recalls that the ‘do no significant harm’ provisions are a crucial tool for supporting the green transition, alongside the requirement that a minimum of 37 % of expenditure (grants and loans) on investments and reforms contained in each national recovery and resilience plan should support climate objectives, and for avoiding the financing of measures that contradict the Union’s climate objectives; recalls that all measures must respect the ‘do no significant harm’ principle within the meaning of Article 17 of Regulation (EU) 2020/852, as required under the RRF Regulation; is concerned, in this context, about the lack of compliance with this principle in the assessment of the plans and calls on the Commission to ensure full respect for the ‘do no significant harm’ principle, including during the implementation phase, and to publish all the related assessments; insists that the implementation of the RRF cannot lead to any lowering of environmental standards or run against environmental laws and regulations; highlights in this respect the concerns about the potential negative impact of operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas);

16. Recalls that, reflecting the importance of tackling the dramatic loss of biodiversity, the RRF should contribute to the mainstreaming of biodiversity action in Union policies; calls on the Commission to publish an overview of measures that effectively contribute to the green transition, including the biodiversity-related measures listed that effectively contribute to biodiversity in the recovery and resilience plans; is concerned that most of the recovery and resilience plans contain very limited or no measures at all in favour of biodiversity; expects the Commission to strictly apply the ‘do no significant harm’ principle in that respect, too, and notably to reject reforms or investments that could harm biodiversity or are not accompanied by adequate flanking measures;

17. Is concerned about the fact that many national recovery and resilience plans focus on short-term investments; is supportive of green investments that lead to Europe’s economic transformation, and in particular those that do not excessively subsidise the purchase of durable consumption goods;

**Digital transformation**

18. Stresses that in accordance with the RRF Regulation, all plans should have measures that effectively contribute to the digital transition or address the challenges resulting therefrom, and that account for an amount which represents at least 20 % of a recovery

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and resilience plan’s total allocation, based on the methodology and provisions outlined in the RRF Regulation;

19. Recalls that for investments in digital capacities and connectivity, Member States should provide in their plans a security self-assessment based on common objective criteria identifying any security issues, and detailing how those issues will be addressed in order to comply with the relevant Union and national law; calls on the Commission to ensure that all national plans containing such investments provide such an assessment and that the respective measures do not run counter to the strategic interests of the Union;

20. Believes that digital actions have great potential for boosting the EU’s competitiveness internationally and for the creation of high-quality jobs, and is concerned that there are national plans that do not achieve an adequate balance in terms of investments in digital transformation, and notably in digital infrastructure;

21. Calls on the Commission to encourage the Member States to fully adhere to the principles of interoperability, energy efficiency and personal data protection, as well as to promote the use of open-source solutions in digital investments;

**Boosting growth, economic, social and territorial cohesion and prosperity for all**

22. Welcomes notably the measures in the recovery and resilience plans submitted to support smart, sustainable and inclusive growth, economic cohesion, productivity, competitiveness, research and innovation, health and a well-functioning single market with strong small and medium-sized enterprises (SMEs), enhance the creation of high-quality employment, fight poverty and inequality, promote culture and education, develop competences and skills, support children and youth, increase crisis preparedness and crisis response capacity, and mitigate the effects of the COVID-19 crisis on the economy;

23. Calls on the Commission to assess and ensure that national recovery and resilience plans pay adequate attention to measures for children and youth, especially in countries in which structural problems have been identified in areas such as early-school leaving, youth unemployment, child poverty and early childhood education; insists that reforms and investments in youth, in particular those related to upskilling, reskilling, education, vocational training and dual education, digital skills, lifelong learning, active labour market policies, policies investing in access and opportunities for children and youth and policies that bridge the generational gap, should encourage the development of competences in addition to purchasing equipment, and should be aligned with the Youth Guarantee and other national measures; stresses that reforms and investments for children should be aligned with the principles of the Child Guarantee and focus on the right of access to high-quality public services, free healthcare, free education, free childcare, decent housing and adequate nutrition for every child in poverty;

24. Welcomes the measures included in the plans contributing to the implementation of the European Pillar of Social Rights and EU initiatives in the employment, education, health and social care areas to strengthen social cohesion, strengthen social protection systems and reduce vulnerabilities; reminds the Commission that the recovery and resilience plans have to comply satisfactorily with the assessment criteria and calls on the Commission to carefully assess the social consequences and impact of each measure
to ensure compliance with the RRF Regulation; insists, therefore, that the Commission ensure that each plan adequately reflects these criteria;

25. Believes that green and digital investments have great potential for quality job creation, reducing inequalities and narrowing the digital gap; calls on the Commission to ensure that the most vulnerable communities and regions, such as lignite and coal regions in transition, and those most affected by climate change, benefit from green and digital investment; stresses that the expected social and economic return on green and digital investments should be identified in the national recovery and resilience plans in order to ensure maximum impact;

26. Requests that the Commission and the Council ensure that gender equality and equal opportunities for all, and the mainstreaming of those objectives, are taken into account and promoted throughout the preparation and implementation of recovery and resilience plans; expects the Commission to systematically collect, analyse and report on existing sex-disaggregated data for the implementation of the RRF in line with European Court of Auditors (ECA) Special Report 10/2021; is deeply concerned that most recovery and resilience plans fall short of significantly contributing to and mainstreaming these objectives and fail to include explicit and concrete measures to address the issue of gender inequality, thereby risking to endanger the ability of those plans to mitigate the social and economic effects of the crisis on women and to respond to the relevant country-specific recommendations (CSRs);

27. Asks the Commission to assess national recovery and resilience plans in terms of addressing national measures to fight aggressive tax planning, tax evasion or tax avoidance or ineffective anti-money laundering measures;

28. Recalls that the recovery and resilience plans should comprise measures for the implementation of reforms and public investment projects through a coherent package; reminds the Commission that national recovery and resilience plans must address sustainable and growth-enhancing reforms and investments that address the structural weaknesses of Member State economics, and that, to this end, all plans are expected to contribute to effectively address all or a significant subset of the challenges identified in the relevant CSRs, including the fiscal aspects thereof; underlines that the recovery and resilience plans shall be consistent with the relevant country-specific challenges and priorities identified in the context of the European Semester, and aligned with the RRF Regulation; highlights that all measures, and notably those linked to the digital and green transformations, should also be assessed from economic and social perspectives; insists that the Commission devote particular attention to ensuring that the proposed reforms are genuine, new and more ambitious, starting as soon as possible;

29. Calls on the Commission to ensure balance between reforms and investments and consistency of the national plans, including new reforms, with existing achievements and challenges identified in the relevant CSR;

30. Stresses that creating and fostering high-quality employment creation is one of the objectives included in the RRF Regulation and that this should be done through a comprehensive package of reforms and investments in order to promote stable contracts, decent wages, collective bargaining coverage and social protection floors, including decent pensions above the poverty threshold;
31. Regrets the fact that the national recovery and resilience plans are not being coordinated sufficiently with partnership agreements and EU programmes such as InvestEU; calls for the creation of synergies and complementarities between the RRF, the partnership agreements, InvestEU and other EU actions; invites the Commission and the Member States to facilitate the use of the national compartment of InvestEU, which could favour, in particular, the creation of solvency support instruments for SMEs;

32. Reminds the Commission that the significant involvement of SMEs and start-ups is an explicit objective of the RRF Regulation, including in public procurement processes; calls on Commission to ensure that RRF funds will not predominantly benefit large corporations and will not inhibit fair competition; calls on the Commission to pay the utmost attention to ensure that SMEs and start-ups benefit from RRF financing, including through the formulation of milestones and the ongoing guidance on programme implementation in the Member States; suggests to include the share of RRF funds whose ultimate recipients are SMEs be included in the ongoing monitoring, inter alia through common indicators;

**Involvement of stakeholders**

33. Recalls that Article 18(4)(q) of the RRF Regulation states that the national recovery and resilience plans should contain ‘a summary of the consultation process, conducted in accordance with the national legal framework, of local and regional authorities, social partners, civil society organisations, youth organisations and other relevant stakeholders, and how the input of the stakeholders is reflected in the recovery and resilience plan’; calls on the Commission to prompt the Member States to consult all national stakeholders and to ensure their involvement, including that of civil society, social partners, and local and regional authorities, in the implementation and, in particular, the monitoring of the plans to ensure that consultations take place for future amendments or new plans, if any;

34. Recalls that Article 152 TFEU establishes that the Union recognises and promotes the role of the social partners at its level and must respect their autonomy; underlines that adequate involvement of national stakeholders, such as the national parliaments, local and regional authorities, social partners, NGOs and civil society, in the preparation and implementation of the recovery and resilience plans is decisive in the success of the national plans and of the RRF as a whole, so as to enhance national ownership of the plans, ensure the fast, transparent, effective and qualitative absorption of the funds, increase transparency, and prevent overlapping, gap and double funding; echoes the concerns raised by the Committee of the Regions and other stakeholders and deplores the fact that many Member States have not or only inadequately involved regional and local authorities in the drafting process of the plans, as well as the lack of transparency of these processes despite relying on them to channel a large portion of the RRF’s funds; further deplores the fact that in some instances not even national parliaments were adequately involved or informed; encourages the Commission to set up a structured dialogue with regional and local authorities and to have a dedicated dialogue with European social partners;

**Arrangements, milestones and targets**

35. Insists that all reforms and investments must be linked to milestones, targets and costing that are relevant, clear, detailed and adequately monitored, and in particular that ensure
full compliance with the RRF Regulation and the EU acquis, representing clear commitments from Member States;

36. Demands that the Commission ensure that, prior to the assessment of the fulfilment of the milestones and targets agreed in the Council implementing decision and the national recovery and resilience plans, Parliament is provided with the preliminary findings concerning the fulfilment of the milestones and targets, as required by Article 25(4) of the RRF Regulation;

37. Reminds the Commission that investments should be accompanied by reforms and calls to ensure that all approved retroactive measures are clearly accompanied by corresponding milestones and targets and fulfil all the requirements of the legislation, and invites the Member States to use this provision wisely; reiterates that the RRF is designed to support projects that respect the principle of additionality of Union funding; notes that the lack of truly additional projects financed by the RRF could limit its macroeconomic impact;

38. Highlights that the structures put in place at national level to channel, implement or monitor the RRF should be adequate to support a lasting impact of the measures in the recovery and resilience plans;

Institutional resilience, governance, administrative capacity and rule of law

39. Recalls that the RRF and each of the national recovery and resilience plans should fully respect the Rule of Law Regulation\(^1\) and that the measures set out in those plans should not go against the EU values enshrined in Article 2 TEU; insists that to this end, the Commission must ensure that no projects or measures go against these values during both the assessment and implementation phases and requests that it take appropriate action for a review;

40. Underlines that the success of the RRF and of the national recovery and resilience plans requires robust transparency and accountability from the Commission, the Member States and all implementing partners; calls on the Commission to increase the resources of the ECA, the European Anti-Fraud Office and the European Public Prosecutor’s Office to ensure that they have sufficient financial and human resources to scrutinise this unprecedented amount of EU expenditure; calls on the Commission to present, this year, a draft amending budget or a request for a transfer to mitigate these budgetary needs, to this end;

41. Recalls that the implementation of the RRF should be carried out in line with the principle of sound financial management, including the effective prevention and prosecution of fraud, including tax fraud, tax evasion, corruption and conflicts of interest, and aim to avoid double funding from the RRF and other Union programmes, in particular in the governance structures related to the national plans;

42. Asks the Commission to thoroughly assess the arrangements proposed by the Member States to prevent, detect and correct corruption, fraud and conflicts of interest when

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using the funds provided under the RRF and to give a particular attention in this context that the national plans include all necessary reforms, together with relevant milestones and targets, in particular related to the relevant CSRs, where appropriate; urges the Commission to monitor very carefully the risks to EU financial interests in the implementation of the RRF of any breach or potential breach of the principles of the rule of law, with a detailed and in particular attention to public procurement; expects the Commission not to proceed with any payments under the RRF if milestones linked to measures to prevent, detect and correct corruption, fraud and conflicts of interest when using the funds provided under the RFF are not met;

43. Urges the Commission to insist that Member States implement reform and investment measures, especially in areas which increase the administrative and institutional resilience and crisis preparedness;

44. Calls on Member States to collect and record data on final recipients and beneficiaries as well as the objectives, amount and location of projects funded by the RRF in an electronic standardised and interoperable format and use the single data mining tool to be provided by the Commission; furthermore, calls on the Commission to finalise the single data mining tool as soon as possible; recalls that Article 22(2) of the RRF Regulation sets the obligations of the Member States to collect and ensure access to standardised categories of data; reminds the Commission to ensure those obligations for the purpose of audit and control and to provide for comparable information on the use of funds in relation to measures for the implementation of reforms and investment projects under the recovery and resilience plans; further reminds the Commission of the need to ensure the transparency of final beneficiaries and to ensure that appropriate arrangements are in place in order to avoid double funding;

Parliament’s assessment of the delegated acts

45. Stresses that the draft delegated acts subsequent to the RRF Regulation, namely the delegated act on the recovery and resilience scoreboard and the delegated act setting out common indicators for reporting on the progress of the facility and the methodology for reporting social expenditure, do not live up to Parliament’s expectations and must take fully into account the relevant elements of the recovery and resilience dialogue; calls on the Commission to ensure full transparency with regard to the timeline for the approval of the delegated acts subsequent to the RRF Regulation;

46. Highlights the importance of agreeing on a social tracking methodology to evaluate the national recovery and resilience plans, in order to make sure that the actions set out in the plans contribute to the social objectives as established in the RRF Regulation; believes that the social tracking methodology must follow the structure of the European Pillar of Social Rights and analyse the contribution to it;

47. States that the scoreboard and common indicators needed to evaluate the progress of the implementation of the recovery and resilience plans in each of the six pillars towards the achievement of the general and specific objectives needs to be efficient; insists that the best evaluation mechanism to follow the progress towards upward social convergence is the Social Scoreboard; Calls on the Commission to include the social indicators from the Social Scoreboard, in particular those related to decent work, social justice, equal opportunities, robust social welfare systems and fair mobility, in the common indicators to be used in the RRF for reporting on social progress, and
monitoring and evaluating the plans, as well as in the methodology for social tracking, including for the Child Guarantee and Youth Guarantee; stresses that Parliament will closely analyse the delegated acts that the Commission will present on this matter, in order to establish if the social indicators, scoreboard and social methodology comply with the objectives, and to verify that there are no objections to be made;

Conclusions

48. Calls on the Commission to assess the submitted plans adequately and in accordance with the RRF Regulation; expresses serious concerns about the compliance of several measures in national recovery and resilience plans with the requirements of the underlying RRF Regulation and asks the Commission to ensure all elements in all of the plans are in full compliance with the RRF Regulation;

49. Recalls its demand for the Commission to fulfil its obligations under the RRF Regulation to provide Parliament with all the relevant information on the state of play of the implementation of the RRF Regulation and to take into account any elements arising from the views expressed through the recovery and resilience dialogue, including the views shared by the relevant committees and in plenary resolutions; welcomes the Commission’s improved efforts to provide adequate information during regular meetings with Parliament;

50. Insists that the Commission ensure that the national recovery and resilience plans contain provisions ensuring that the recipients of Union funding shall acknowledge the origin and ensure the visibility of the Union funding, including, where applicable, by displaying the emblem of the Union and an appropriate funding statement that reads ‘funded by the European Union – NextGenerationEU’;

51. Welcomes the Commission’s written replies to Parliament’s written questions as well as the machine translation of national plans, and expects to receive replies to all future requests of information, such as the matrix for the assessment of the national plans; reiterates Parliament’s expectation that information is provided in a clear and comparable format in a timely manner;

52. Reminds the Council that, particularly at the stage of the adoption of the implementing decision, ‘relevant outcomes of discussions held in Council preparatory bodies shall be shared with the competent committee of the European Parliament’;

53. Invites the Commission to continue to follow an open, transparent and constructive approach during the recovery and resilience dialogues;

54. Recalls Parliament’s position in 2020 for a stronger recovery plan and invites the Commission and the Council to assess whether additional measures or funds would be necessary to tackle this crisis;

55. Instructs its President to forward this resolution to the Council, the European Council and the Commission.