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3 AN ECONOMY THAT WORKS FOR PEOPLE

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ESTABLISHING A RECOVERY AND RESILIENCE FACILITY

[ARRIVED]

CONTENT

For a brief overview of the key points of the adopted text and its significance for the citizen, please see the corresponding [summary note](#).

On 28 May 2020 the European Commission (EC) adopted a Proposal for a Regulation of the European Parliament and of the Council establishing a Recovery and Resilience Facility (the 'Facility') following the outbreak of COVID-19 pandemic which abruptly changed the economic outlook in the European Union (EU). Its target is to offer large-scale financial support for public investments and reforms aiming to reduce the economic and social consequences of the pandemic in the Member States; and make EU economies more sustainable.

The scope of application refers 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.

The Commission proposes that the funds (grants and loans) are available until end 2024. Member States shall prepare recovery and resilience plans including their reform and investment programmes that shall be consistent with the priorities identified in:

- the European Semester framework;
- the National Reform Programmes;
- the National Energy and Climate Plans;
- the Just Transition Plans;
- the Partnership Agreements and Operational Programmes.

To ensure a sustainable recovery, the Commission proposed the creation of a new recovery instrument, Next Generation EU, supported by a modern long-term EU budget. The 'Facility' is a major programme of this instrument.

The total amount of the Recovery and Resilience Facility shall be financed from the borrowing operations of the European Union. The funding shall be provided in the form of grants and loans. Concerning the grants, a maximum amount per Member State will be determined based on a defined allocation key.

At its Plenary Session of 16 July 2020, the European Economic and Social Committee (EESC) adopted an opinion strongly supporting the proposal of the Commission.

The July 2020 European Council reached a political agreement on the modalities of the Recovery and Resilience Facility. While the Commission proposed €310 billion of grants and €250 billion of loans, the European Council agreed €312.5 billion of grants and €360 billion of loans, limiting the timeline for committing the funds, until end 2023. The maximum volume of the loan for each Member State shall not exceed 6.8% of its GNI instead of the proposed by the Commission up to 4.7%.

On 1 September 2020, the Responsible EP Committees, Budgets; and Economic and Monetary Affairs adopted a Draft Report on the proposed regulation. Furthermore, measures linking the 'Facility' to the protection of the Union budget in case of generalised deficiencies as regards the rule of law (new Article 9a) are proposed.

Another modification indicates that the Commission shall report to the European Parliament on a quarterly basis, through public hearings, on the implementation of the Facility in Member States. It is finally proposed that spending under the 'Facility' is subject to a discharge procedure by the European Parliament (new Article 21b).

The European Court of Auditors' (ECA) Opinion No 6/2020 from 9 September 2020 highlights that the scope and objectives of the 'Facility' are quite broad and may overlap with other funding instruments. It shows concern about the timely implementation because of absorption problems at Member State level, as well as due to the complex procedures for the assessment of the plans. ECA insists on the importance of effective measures against fraud and irregularities.

There have been Working Party meetings on the 'Facility' in Financial Counsellors.

Following the political agreement reached by the ministers for economy and finance on 6 October 2020, Member States' EU ambassadors formally agreed the Council's position on the Recovery and Resilience Facility.

At its Plenary Session of 12-14 October, the European Committee of the Regions (CoR) adopted an opinion on the Recovery and Resilience Facility and Technical Support Instrument.

The vote in the EP Committees Budgets (BUDG); and Economic and Monetary Affairs (ECON) took place on 9 November 2020 followed by a decision to open interinstitutional negotiations with report adopted in Committee. On 10 November 2020 was published a Report on the proposal for a regulation of the European Parliament and of the Council establishing a Recovery and Resilience Facility, including the opinions of several Committees.

On 18 December 2020, Parliament's negotiators agreed with Council on the 'Facility'. The [agreed](#) text by negotiators from Budgets and Economic and Monetary Affairs committees and the Council, lays down the objectives, financing and rules for accessing the Recovery

and Resilience Facility funding. Coreper endorsed the Recovery and Resilience Facility on 22 December 2020. BUDG and ECON committees achieved a provisional agreement on 11 January 2021.

Parliament approved the Recovery and Resilience Facility on 9 February 2021. Council adopted it on 11 February 2021.

The final act has been published in Official Journal on 18 February 2021.

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- European Commission, [Proposal for a Regulation of the European Parliament and of the Council establishing a Recovery and Resilience Facility](#), COM(2020) 408 final
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- European Committee of the Regions, [Opinion of the European Committee of the Regions – Recovery plan for Europe in response to the COVID-19 pandemic: Recovery and Resilience Facility and Technical Support Instrument](#), ECON-VII/009
- European Economic and Social Committee, [Opinion on the Proposal for a Regulation of the European Parliament and of the Council establishing a Recovery and Resilience Facility \[COM\(2020\) 408 final – 2020/0104 \(COD\)\] - Proposal for a Regulation of the European Parliament and of the Council establishing a Technical Support Instrument \[COM\(2020\) 409 final – 2020/0103 \(COD\)\]](#), ST 10073 2020 INIT
- European Parliament, Committee on Budgets Committee on Economic and Monetary Affairs, [Draft Report on the proposal for a regulation of the European Parliament and of the Council establishing a Recovery and Resilience Facility](#), (COM(2020)0408 – C9-0150/2020 – 2020/0104(COD)), 1 September 2020
- European Parliament, [Report on the proposal for a regulation of the European Parliament and of the Council establishing a Recovery and Resilience Facility](#), (COM(2020)0408 – C90150/2020 – 2020/0104(COD)), 10 November 2020
- [Regulation \(EU\) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility](#)
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Further reading:

- European Parliament, EPRS, [Recovery and Resilience Facility](#), Briefing, February 2020
- European Parliament, EPRS, [Establishing a Recovery and Resilience Facility](#), At A Glance, February 2020

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