

Exceptional additional resources and implementing arrangements under the Investment for growth and jobs goal to provide assistance for fostering crisis repair in the context of the COVID-19 pandemic and preparing a green, digital and resilient recovery of the economy (REACT-EU)

2020/0101(COD) - 28/05/2020 - Legislative proposal

PURPOSE: to introduce more flexibility in the support provided by the European Structural and Investment Funds to help repair the damage following the crisis caused by the COVID-19 pandemic and to prepare for an ecological, digital and resilient economic recovery (REACT-EU).

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure on an equal footing with the Council.

BACKGROUND: in order to address the repercussions of the coronavirus crisis, the Commission has presented a number of proposals to ensure that all available financial means from the programmes for the period 2014-2020 financed by the European Structural and Investment Funds (ESI Funds) can be mobilised to provide immediate responses to the direct and indirect effects of the crisis.

These proposals have made it possible to mobilise funds available to respond to the needs arising from increased pressure on health care systems and to help employers and workers to overcome this exceptional situation. This provided Member States and regions with immediate liquidity and flexibility to allocate funds where they were most needed.

Nevertheless, the direct and indirect effects of the crisis have already taken their toll in many sectors. The economy is contracting and unemployment is rising. The uncertainty of the situation to follow may lead to slower recovery.

In order to prevent the widening of disparities as well as to avoid an uneven recovery process, the Commission considers it necessary to provide additional support over the short and medium term to Member States and regions, in particular those whose economy has been hardest hit by the pandemic, to help their economies and societies weather the situation and to prepare the foundations of a swift recovery of their economies.

These additional resources can only be deployed quickly in the real economy, if they are made available in the context of the still ongoing programmes of the 2014-2020 programming period.

CONTENT: the Commission proposes to amend [Regulation \(EU\) No 1303/2013](#) (the Common Provisions Regulation) to ensure that exceptional additional resources amounting to EUR 58 272 800 000 in current prices are made available to the Structural Funds under the ‘Investment for Growth and Employment’ objective for the period 2020-2022.

The aim is to provide support to help repair the damage caused by the crisis caused by the COVID-19 pandemic in those geographical areas of Europe whose economy and employment have been hit the hardest.

Additional resources

The additional resources shall be available for budgetary commitments for the years 2020 to 2022, in addition to the global resources, as follows:

- 2020: EUR 5 000 000 000 000;
- 2021: EUR 42 434 400 000;
- 2022: EUR 10 820 400 000.

The additional resources for 2020 stem from an increase of global resources for economic, social and territorial cohesion in the multiannual financial framework 2014-2020 and constitute additional global resources for the ERDF and ESF for the current period. The additional resources for 2021 and 2022 constitute external assigned revenue from the European Recovery Instrument.

The Commission shall be empowered to set out in an implementing decision the breakdown of the totality of the additional resources for each Member State for the years 2020 and 2021 on the basis of the allocation criteria based on the latest available objective statistical data concerning Member States’ relative prosperity and the extent of the effect of the current crisis on their economies and societies. This implementing decision shall be revised in 2021.

Application procedures

The exceptional additional resources shall be made available for Member States from the Structural Funds to provide assistance for fostering crisis repair in the context of the COVID19 pandemic for the geographical areas of Europe whose economy and jobs have been harder hit and preparing a green, digital and resilient recovery of the economy under a new cross-cutting thematic objective:

- for the ERDF, the additional resources shall primarily be used to support investment in product and services for health services and to provide support in the form of working capital or investment support to SMEs including operational and personnel costs and health and safety measures;
- for the ESF, the additional resources shall primarily be used to support job maintenance, including through short-time work schemes and support to self-employed, job creation, in particular for people in vulnerable situations, support to youth employment measures, skills development and to enhance access to social services of general interest, including for children;
- Member States may also use some of these additional resources for the European Fund for the most deprived (FEAD).

The proposal foresees that 50% of the additional resources for the year 2020 will be paid as initial pre-financing to the programmes concerned in order to allow the rapid implementation of the actions

supported. In addition, the additional support may be fully financed from the EU budget without any national co-financing.

Member States shall ensure that at least one evaluation is carried out before 31 December 2024 in order to assess the effects of the deployment of the additional resources.

Budgetary implications

The proposal shall lead to additional commitments in the year 2020, financed from an increase of the ceiling of the 2014-2020 Multiannual Financial Framework. It shall also lead to additional commitments for the years 2021 and 2022, financed from external assigned revenues and shall trigger additional payments in the years 2020 to 2025.