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) - 09/09/2020 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Regional Development adopted the report by Andrey NOVAKOV (EPP, BG) and Constanze KREHL (S&D, DE) on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) No 1303/2013 as regards 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).

The REACT-EU proposal seeks to amend the Common Provisions Regulation for the 2014-2020 cohesion funds. It provides for an additional budget in two parts, for 2020 and for 2021-2022, and also sets out a number of derogations from the normal rules for cohesion spending, which specifically relate to the additional budget for the economic and social recovery.

The committee recommended that the European Parliament’s position adopted at first reading under the ordinary legislative procedure should amend the Commission proposal as follows:

Additional resources

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

- 2020: EUR 5 000 000 000 in current prices (EUR 4 805 843 906 in 2018 prices);

- 2021: EUR 42 434 400 000 in current prices (EUR 39 987 184 320 in 2018 prices);

- 2022: EUR 10 820 400 000 in current prices (EUR 9 996 674 058 in 2018 prices).

The additional resources for 2020 shall stem from an increase in the overall resources for economic, social and territorial cohesion in the multi-annual financial framework 2014-2020 and shall be included in the budget. The resources for 2021 and 2022 shall constitute external assigned revenues.

Members proposed:

- that at least 95% of the additional resources be made available under the "Investment for Growth and Jobs" goal and that at least 3% and up to 5% of these resources be made available under the "European Territorial Cooperation" goal (i.e. Interreg), since border regions have been particularly affected by the crisis;

- that additional resources may also be made available in 2023 and 2024 for budgetary commitments by means of a delegated act and on the basis of a reasoned request from a Member State.

Terms and conditions of application

REACT-EU is considering creating a new, separate thematic objective for additional resources entitled “Fostering crisis repair in the context of the COVID-19 pandemic and preparing a green, digital and resilient recovery of the economy”.

As far as the ERDF is concerned, resources shall mainly be used to support:

- investment in products and services for health and social infrastructure, health systems and services for all, including cross-border health services, as well as for care homes to provide support in the form of working capital or investment support and advice for SMEs and social economy enterprises;

- investments that contribute to the transition to a digital and green economy, including adaptation to teleworking;

- investments in infrastructure providing universal basic services for citizens living in rural, border, less developed, island, mountain, sparsely populated and outermost regions, as well as areas affected by industrial transition and depopulation;

- economic measures in regions dependent on sectors most affected by the crisis, such as tourism and culture.

As far as the ESF is concerned, resources shall be used to support:

- the labour market, the social economy, health and social systems, measures to maintain employment, including through short-time work schemes, support to self-employed, protection against dismissal and lower wages;

- measures for social inclusion, combating discrimination and the poverty eradication, with particular attention to child poverty;

- the creation of quality employment, especially for people in vulnerable situations, including the long-term unemployed, people further away from the labour market, as well as those living in sparsely populated and outermost regions or in areas affected by industrial transition and depopulation;

- measures in favour of youth employment, lifelong learning, e-learning, skills development, reskilling and upskilling, in particular for disadvantaged groups.

Member States may also use some of these additional resources (at least 3%) to increase support the Fund for European Aid to the Most Deprived (‘FEAD’), in order to address the situation of those who have been hit to an unprecedented degree by the COVID-19 crisis. A share of the additional resources may also be used to increase support for the Youth Employment Initiative, before or at the same time as the allocation to the ERDF and the ESF.

The additional resources shall be subject to a 50% pre-financing rate. They shall be used in accordance with the principles of sustainable development and the ‘do no harm’ principle.

Except for those cases where derogations are provided for by this Regulation, expenditure under REACT-EU shall be subject to the same obligations and safeguards as all cohesion funding. This includes respect for fundamental rights and compliance with the Charter of Fundamental Rights of the European Union as well as effective anti-fraud measures implemented with the support of existing anti-fraud agencies at Member State and Union level, such as OLAF and, where relevant, the European Public Prosecutor's Office.