

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) - 16/12/2020 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 663 votes to 17, with 15 abstentions, a legislative resolution 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).

As a reminder, the ‘REACT-EU’ proposal aims at mitigating the economic and social consequences of the COVID-19 pandemic in EU regions through an amendment to the Regulation laying down common provisions for the Structural and Cohesion Funds for the period 2014-2020.

Parliament adopted its position at first reading under the ordinary legislative procedure by amending the Commission proposal as follows:

REACT-EU resources

The aid would be implemented under the Structural Funds for a maximum amount of EUR 47.5 billion in 2018 prices. These additional resources for 2021 and 2022 would come from the EU's recovery instrument and would be implemented as follows:

- 2021: EUR 37.5 billion;

- 2022: EUR 10 billion.

REACT-EU resources would also cover administrative expenditure up to EUR 18 million at 2018 prices.

Terms and conditions of application

Expenditure for operations would be eligible from 1 February 2020. Resources could be used until the end of 2023.

Technical assistance at the initiative of the Commission (0.35% of REACT-EU resources) would be allocated with particular attention to those Member States most affected by the COVID-19 pandemic and those Member States with lower absorption and implementation rates.

Resources would be made available under the Investment for growth and jobs goal, but Member States could also jointly allocate part of their REACT-EU resources to the cross-border cooperation programmes under the European Territorial Cooperation goal in which they participate.

Up to 6% of the ERDF REACT-EU resources allocated to a cross-border cooperation programme under the European Territorial Cooperation objective could be allocated to technical assistance.

As the COVID-19 pandemic has affected regions and municipalities in Member States differently, the involvement of regional and local actors from authorities, economic and social partners and civil society, in accordance with the partnership principle, is important for the preparation, implementation, monitoring and evaluation of crisis repair supported by REACT-EU.

Use of resources

Member States could propose to use some of the REACT-EU resources to increase support for the European Fund for the Most Deprived (EAFRD) and to increase support for the Youth Employment Initiative (YEI).

With regard to the ERDF, it is stated that REACT-EU resources should be used for:

- support investments in products and services for health services or social infrastructure;
- provide assistance in the form of working capital or investment support for SME investments in sectors with high job creation potential.

As far as the ESF is concerned, REACT-EU resources would mainly be used for:

- support access to the labour market by safeguarding the employment of employees and the self-employed, including through short-time work schemes;
- support job creation and quality employment, especially for people in vulnerable situations;
- extend youth employment measures in line with the reinforced youth guarantee.

Investment in education, training and skills development should address the ecological and digital transitions.

REACT-EU resources should also support:

- social systems contributing to social inclusion, anti-discrimination and poverty eradication measures, with particular attention to child poverty, and
- improve equal access to social services of general interest, including for children, the elderly, people with disabilities, ethnic minorities and the homeless.

Except for those cases where derogations are provided for, expenditure under REACT-EU should be subject to the same obligations and safeguards as all cohesion funding. That includes respect for fundamental rights and compliance with the Charter of Fundamental Rights of the European Union as well as effective anti-fraud measures.