Implementation report on the Recovery and Resilience Facility

2021/2251(INI) - 23/06/2022 - Text adopted by Parliament, single reading

The European Parliament adopted by 420 votes to 90, with 83 abstentions, a resolution on the implementation of the Recovery and Resilience Facility (RRF).

The Recovery and Resilience Facility (RRF) is the main building block of the NextGenerationEU (NGEU) stimulus package which will come to an end in 2026 and is the EU's main pandemic response tool to prepare EU economies for the new challenges.

Parliament believes that the RRF has so far had a positive impact on GDP and that its effective implementation will be essential for the EU's economic growth. **The RRF has already helped cushion the worst impacts of the pandemic** on EU economies and citizens and is contributing positively to EU recovery and resilience, including economic and social cohesion, employment, productivity, competitiveness, research, development and innovation, and the proper functioning of the internal market.

The Commission expects that RIF grants will finance 24% of total recovery support measures in 2022. Members stressed that the RRF grants will continue to provide important budgetary support to Member States. They called for a successful and transparent implementation of the RRF and stressed the imperative that Member States implement the agreed reforms and investments in a thorough and timely manner. Indeed, the RRF will only mitigate the social and economic consequences of the crisis if the funds are effectively absorbed and spent.

Financing aspects of the RRF

Members noted at in the 26 National Recovery and Resilience Plans (NRRPs) submitted so far, Member States have requested a total of EUR 331.7 billion in grants out of the EUR 338 billion available. However, they are concerned that only seven Member States have requested loans totalling EUR 166 billion out of the EUR 385.8 billion available for loans. The Commission should analyse the reasons why Member States have not applied for loans corresponding to their full allocation.

Parliament called on Member States to provide timely, detailed and transparent information to the Commission to ensure meaningful reporting on the impact of the RRF. It reaffirmed the importance of the Recovery and Resilience Scoreboard in this regard. It also invited the Commission and Member States to sign operational arrangements as soon as possible.

The Commission is invited to continue to assess whether milestones and targets are being met in a timely manner, to ensure prompt disbursement of payments and to closely monitor reforms and investments.

The RRF’s role in mitigating the consequences of the Russian invasion of Ukraine

Parliament stressed the need to enhance the contribution of EU funding instruments, notably the RRF, to tackle current challenges including those caused by the unprovoked and unjustified Russian military aggression and invasion of Ukraine. In this context, Members expect the RRF, therefore, to contribute significantly to **EU energy sovereignty** through energy efficiency, diversification and investments in the just green transition.

National Recovery and Resilience Plans (NRRPs)

Parliament welcomed the fact that **24 NRRPs** have been approved and noted that as of mid-June 2022, one Member State had not yet put forward its NRRP. In addition, one NRRP is pending assessment by the Commission.

Members reminded the Commission that compliance with the rule of law and Article 2 TFEU is a precondition for access to the fund and that the rule of law conditionality mechanism fully applies to the RRF. They invited the Commission and the Council to **refrain from approving Hungary's draft NRRP** as long as concerns regarding the respect of the rule of law, the independence of the judiciary, and the prevention, detection and combating of fraud, conflicts of interest and corruption persist.

The Commission is invited to monitor very carefully the risks to the Union's financial interests in the implementation of the RRF.

The resolution made the following findings:

- all approved NRRPs foresee meeting the **climate target** of at least 37% set in the RRF regulation and that the total climate spending of all approved NRRPs amounts to almost 220 billion;

- all approved NRRPs plan to reach the **digital target** of at least 20% set in the RRF Regulation, while some Member States have gone so far as to allocate more than half of their RRF funds to measures under the digital target. The total digital spending of all approved NRRPs amounts to almost 29%, or EUR 130 billion;

- the NRRPs are to devote almost 50% of total spending, or EUR 203 billion, to measures to support the **smooth functioning of the single market**, improve the business environment and promote private investment; Members reiterated the importance of the private sector in the successful deployment of the RRF;

- the Commission estimates that **social spending** in the NRRPs accounts for around 20% of the grants and loans requested. All the NRRPs approved so far address social and employment issues but some Member States are lagging behind in strengthening the social dimension of their plans;

- 37 billion on **health care measures**, which corresponds to 8% of total NRRP expenditure. The largest contribution is for the renovation and expansion of hospital infrastructure;

- **modernisation of public administration** features prominently in many NRRPs, with an investment of around EUR 1.8 billion planned for strengthening public administration;

- 49 billion, which corresponds to around 11.5% of total NRRP expenditure.

In total, Member States have put forward 228 measures with a focus on supporting children and the youth. Members are concerned that many NRRPs do not properly reflect the ambitions set out in the European Child Guarantee and only partially reflect those of the reinforced Youth Guarantee.

Transparency, monitoring and control mechanisms

Parliament stressed the importance of transparency and good governance throughout procurement procedures and practices. In this regard, it called on Member States to ensure equal and fair access, including for micro, small and medium-sized enterprises, to the procurement process. It regretted that the Council had rejected the creation, supported by the Parliament and the Commission, of an online platform where final beneficiaries would be made public. It called on Member States to collect and record data on recipients and final beneficiaries of EU funding in a standardised and interoperable electronic format.

Governance, transparency and visibility of the RRF implementation

Members reaffirmed **Parliament's role** in monitoring the implementation of the RRF and called on the Commission to forward the relevant documents and information simultaneously and under the same conditions to both the European Parliament and the Council. National parliaments and relevant stakeholders, in accordance with national legal frameworks, are called upon to follow Parliament's example and to scrutinise the implementation of their NRRPs in an open, transparent and democratic manner.

The Commission is invited to present different scenarios on how the lessons learned from the design and implementation of the RRF could inspire the **review of the Union's macroeconomic governance framework**, in particular with regard to improving transparency, democracy, participation, coordination and oversight.

Stressing that the RRF has demonstrated the importance of a strong involvement of the European Parliament in the definition of the Union's common priorities, Members reiterated that **Parliament should be on an equal footing with the Council** in monitoring the implementation of the Facility and called on the Commission to ensure that equal treatment between the two institutions is applied in future Union initiatives.

Lastly, the Commission should implement information and communication actions on the Facility through its representation offices in the Member States.