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From:	Presidency
To:	Working Party on Structural Measures
Subject:	REACT-EU Regulation: Debrief by the Presidency of the trilogue on 24 September

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In view of the Structural Measures Working Party on 8 October, delegations will find attached a working paper including the outcome of the trilogue negotiations on 24 September on the REACT-EU Regulation.

## REACT-EU REGULATION

DATE: 29/9/2020


**Version:** Outcome of trilogue on 24/9/2020

*N.B.: Council position expected to be updated around the end of September 2020, pending agreement on full mandate by Coreper.*

Commission proposal COM(2020) 451 final	European Parliament position	Council Position (COREPER partial mandate 22/7/20)	Compromise proposal, comments	Rows
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)	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 <b>goal and the European territorial cooperation</b> 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)			1
THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,	<i>[no change]</i>			2
Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 177 and 322(1)(a) thereof,	<i>[no change]</i>			3
Having regard to the proposal from the European Commission,	<i>[no change]</i>			4
After transmission of the draft legislative act to the national parliaments,	<i>[no change]</i>			5
Having regard to the opinion of the European Economic and Social Committee ,	<i>[no change]</i>			6

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Having regard to the opinion of the Committee of the Regions ,	<i>[no change]</i>			7
Having regard to the opinion of the Court of Auditors,	<i>[no change]</i>			8
Acting in accordance with the ordinary legislative procedure,	<i>[no change]</i>			9
Whereas:	<i>[no change]</i>			10
(1) Member States have been affected by the crisis due to the consequences of the COVID-19 pandemic in an unprecedented manner. The crisis hampers growth in Member States, which in turn aggravates the serious liquidity shortages due to the sudden and important increase in public investments needed in their health systems and other sectors of their economies. This has created an exceptional situation which needs to be addressed with specific measures.	(1) Member States have been affected by <b><i>a social, economic and health</i></b> crisis due to the consequences of the COVID-19 pandemic in an unprecedented manner. The crisis hampers growth in Member States, which in turn aggravates the serious liquidity shortages due to the sudden and important increase in public investments needed in their health systems and other sectors of their economies, <b><i>exacerbating the situation of people at risk of poverty, deepening social cleavages and increasing unemployment rates. The closure of the internal borders also had a severe impact on economic cooperation in border areas, affecting the commuting of workers and the functioning of SMEs. In addition, there is a feasible concern that patients' access to health care services will be limited in the medium and longer term. It also needs to be considered that profound health inequalities across and within the Union exist, especially in border regions, thus deepening unmet medical needs and reducing the overall social cohesion in Member States.</i></b> This has created an exceptional situation			11

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	which needs to be addressed <i>through</i> specific, <i>immediate and extraordinary</i> measures <i>that reach the real economy quickly to stimulate investment, economic growth and job creation and preservation of business fabric.</i>			
(2) In order to respond to the impact of the crisis, Regulations (EU) No 1303/2013 and (EU) No 1301/2013 were amended on 30 March 2020 to allow more flexibility in the implementation of the operational programmes supported by the European Regional Development Fund ('ERDF'), the European Social Fund ('ESF') and the Cohesion Fund (the 'Funds') and by the European Maritime and Fisheries Fund ('EMFF'). However, as the serious negative effects on Union economies and societies worsened, both Regulations were amended again on 23 April 2020 to provide exceptional additional flexibility to enable the Member States to concentrate on the necessary response to the unprecedented crisis by enhancing the possibility to mobilise non-utilised support from the Funds and by simplifying procedural requirements linked to programme implementation and audits.	(2) In order to respond to the impact of the crisis, Regulations (EU) No 1303/2013 and (EU) No 1301/2013 were amended on 30 March 2020 to allow more flexibility in the implementation of the operational programmes supported by the European Regional Development Fund ('ERDF'), the European Social Fund ('ESF') and the Cohesion Fund (the 'Funds') and by the European Maritime and Fisheries Fund ('EMFF'). However, as the serious negative effects on Union economies and societies worsened, both Regulations were amended again on 23 April 2020 to provide exceptional additional flexibility to enable the Member States to concentrate on the necessary response to the unprecedented crisis by enhancing the possibility to mobilise non-utilised support from the Funds and by simplifying procedural requirements linked to programme implementation and audits <i>so that final beneficiaries can access financing that has so far been inaccessible.</i>			12
(3) In order to redress huge shocks to the economy stemming from the exceptional restrictions put in place by Member States to contain the COVID-	(3) In order to redress huge shocks to the economy <i>and avoid disastrous social and economic consequences for the Union</i> stemming from the			13

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<p>19 spreading and the risks of an asymmetric recovery stemming from the different national means available in different Member States resulting in serious impacts on the functioning of the Internal Market, the European Council endorsed on 23 April 2020 the “Roadmap for recovery” with a strong investment component, called for the establishment of the European Recovery Fund and mandated the Commission to analyse the needs so that the resources would be targeted towards the sectors and geographical parts of the Union most affected, while clarifying also the link with the Multiannual Financial Framework for 2021-2027.</p>	<p>exceptional restrictions put in place by Member States to contain the <i>spread of</i> COVID-19 and the risks of an asymmetric recovery stemming from the different national means available in different Member States <i>which resulted</i> in serious impacts on the functioning of the Internal Market, the European Council endorsed on 23 April 2020 the “Roadmap for recovery” with a strong investment component, called for the establishment of the European Recovery Fund and mandated the Commission to analyse the needs so that the resources would be targeted towards the sectors and geographical parts of the Union most affected, <i>as stated in the conclusions of the European Council on 21 July 2020</i>, while clarifying also the link with the Multiannual Financial Framework for 2021-2027.</p>			
<p>(4) In accordance with Regulation [European Recovery Instrument] and within the limits of resources allocated therein, recovery and resilience measures under the European Investment and Structural Funds should be carried out to address the unprecedented impact of the COVID-19 crisis. Such additional resources should be used to ensure compliance with the time limits provided for in Regulation [ERI]. Moreover, additional resources for economic, social and territorial cohesion should be made available</p>	<p>(4) In accordance with Regulation [European Recovery Instrument] and within the limits of resources allocated therein, recovery and resilience measures under the European Investment and Structural Funds should be carried out to address the unprecedented impact of the COVID-19 crisis. Moreover, additional resources for economic, social and territorial cohesion should be made available through a revision of the multiannual financial framework for 2014-2020, <i>making it possible to flexibly address needs emerging as a result of the</i></p>			14


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through a revision of the multiannual financial framework for 2014-2020.	<b>COVID-19 crisis.</b>			
(5) An additional exceptional amount of EUR 58 272 800 000 (in current prices) for budgetary commitment from the Structural Funds under the Investment for growth and jobs goal, for the years 2020, 2021 and 2022 should be made available to support Member States and regions most impacted in crisis repair in the context of the COVID-19 pandemic or preparing a green, digital and resilient recovery of the economy, with a view to deploying resources quickly to the real economy through the existing operational programmes. Resources for 2020 stem from an increase in the resources available for economic, social and territorial cohesion in the multiannual financial framework for 2014-2020 whereas resources for 2021 and 2022 stem from the European Union Recovery Instrument. Part of the additional resources should be allocated to technical assistance at the initiative of the Commission. The Commission should set out the breakdown of the remaining additional resources for each Member State on the basis of an allocation method 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. The allocation method should	(5) An additional exceptional amount of EUR 58 272 800 000 (in current <b>prices, EUR 54 806 498 104 in 2018</b> prices) for budgetary commitment from the Structural Funds under the Investment for growth and jobs goal <b>and the European territorial cooperation goal</b> , for the years 2020, 2021 and 2022 <b>and where justified by a Member State, also for the years 2023 and 2024</b> , should be made available to support Member States and regions most impacted in crisis repair in the context of the COVID-19 pandemic <b>and its socio-economic consequences, and</b> preparing a green, digital and resilient recovery of the economy, with a view to deploying resources quickly to the real economy through the existing operational programmes. Resources for 2020 stem from an increase in the resources available for economic, social and territorial cohesion in the multiannual financial framework for 2014-2020 whereas resources for 2021 and 2022, <b>and, where applicable, for 2023 and 2024</b> , stem from the European Union Recovery Instrument. Part of the additional resources should be allocated to technical assistance at the initiative of the Commission. <b>For budgetary commitments under both the Investment for growth and jobs and the European territorial cooperation goals,</b>			15


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include a dedicated additional amount for the outermost regions given the specific vulnerability of their economies and societies. In order to reflect the evolving nature of the effects of the crisis, the breakdown should be revised in 2021 on the basis of the same allocation method using the latest statistical data available by 19 October 2021 to distribute the 2022 tranche of the additional resources.	the Commission should set out the <i>annual</i> breakdown of the remaining additional resources for each Member State <i>in implementing acts</i> , on the basis of an allocation method 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, <i>to ensure harmonious development in accordance with the objectives of economic, social and territorial cohesion</i> . The allocation method should include a dedicated additional amount for the outermost regions given the specific vulnerability of their economies and societies. In order to reflect the evolving nature of the effects of the crisis, the breakdown should be revised in 2021 on the basis of the same allocation method using the latest statistical data available by 19 October 2021 to distribute the 2022 tranche, <i>and where relevant, 2023 and 2024 tranches</i> , of the additional resources.	PUBLIC		
(6) Horizontal financial rules adopted by the European Parliament and the Council on the basis of Article 322 of the Treaty on the Functioning of the European Union apply to this Regulation. These rules are laid down in the Financial Regulation and determine in particular the procedure for establishing and implementing the budget through grants, procurement,	(6) Horizontal financial rules adopted by the European Parliament and the Council on the basis of Article 322 of the Treaty on the Functioning of the European Union apply to this Regulation. These rules are laid down in the Financial Regulation and determine in particular the procedure for establishing and implementing the budget through grants, procurement,			16


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prizes, indirect implementation, and provide for checks on the responsibility of financial actors. Rules adopted on the basis of Article 322 TFEU also concern the protection of the Union's budget in case of generalised deficiencies as regards the rule of law in the Member States, as the respect for the rule of law is an essential precondition for sound financial management and effective EU funding.	prizes, indirect implementation, and provide for checks on the responsibility of financial actors. Rules adopted on the basis of Article 322 TFEU also concern the protection of the Union's budget in case of generalised deficiencies as regards the rule of law in the Member States, as the respect for the rule of law is an essential precondition for sound financial management and effective EU funding, <b><i>while the protection of final beneficiaries is crucial to foster crisis repair.</i></b>	PUBLIC		
(7) In order to allow maximum flexibility to Member States for tailoring crisis repair actions in the context of the COVID-19 pandemic or preparing a green, digital and resilient recovery of the economy, allocations should be established by the Commission at Member State level. Furthermore, the possibility for using any additional resources to support aid for the most deprived should also be provided for. In addition, it is necessary to establish ceilings concerning the allocation to technical assistance at the initiative of the Member States while allowing maximum flexibility to the Member States as to its allocation within operational programmes supported by the ERDF or the ESF. It should be clarified that there is no need to respect the ESF minimum share for the additional resources. Taking account of the expected quick spending of the	(7) In order to allow maximum flexibility to Member States for tailoring crisis repair actions in the context of the COVID-19 pandemic <b><i>and its socio-economic consequences and</i></b> preparing a green, digital and resilient recovery of <b><i>health systems and</i></b> the economy, allocations should be established by the Commission at Member State level <b><i>taking into account those regions most affected.</i></b> Furthermore, the possibility for using any additional resources to support aid for the most deprived <b><i>and Youth Employment Initiative</i></b> should also be provided for. In addition, it is necessary to establish ceilings concerning the allocation to technical assistance at the initiative of the Member States while allowing maximum flexibility to the Member States as to its allocation within operational programmes supported by the ERDF or the ESF. <b><i>The operational strength of the ESF</i></b> should be			17



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additional resources, the commitments linked to those additional resources should only be decommitted at the closure of the operational programmes.	<i><b>maintained.</b></i> Taking account of the expected quick spending of the additional resources, the commitments linked to those additional resources should only be decommitted at the closure of the operational programmes.			
	<i><b>(7a) 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 is important for the preparation, implementation, monitoring and evaluation of crisis repair supported by the REACT-EU. Partnership and multi-level governance in Member States should be strengthened and closely monitored by the Commission.</b></i>			18
(8) Possibilities for financial transfers under the 'Investment for growth and jobs' goal between the ERDF and the ESF should also be introduced for the additional resources, as is already the case for the part of the global resources available for programming in 2020 in accordance with Article 25a of Regulation (EU) No 1303/2013. Such transfers should affect neither the resources available under the European territorial cooperation goal nor the specific allocation for the Youth Employment Initiative.	<i>[no change]</i>			19
(9) In order to complement the actions already available under the scope of	(9) In order to complement the actions already available under the scope			20


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<p>support of the ERDF, as extended by Regulations (EU) 2020/460 and (EU) 2020/558 of the European Parliament and of the Council , Member States should continue to be allowed to use the additional resources primarily for investments in products and services for health services, for providing support in the form of working capital or investment support to SMEs, in operations contributing to the transition towards a digital and green economy, infrastructure providing basic services to citizens or economic support measures for those regions most dependent on sectors most affected by the crisis. Technical assistance should also be supported. It is appropriate that the additional resources are focused exclusively under the new thematic objective “Fostering crisis repair in the context of the COVID-19 pandemic and preparing a green, digital and resilient recovery of the economy”, which should also constitute a single investment priority, to allow for simplified programming and implementation of the additional resources.</p>	<p>of support of the ERDF, as extended by Regulations (EU) 2020/460 and (EU) 2020/558 of the European Parliament and of the Council<sup>5</sup>, Member States should continue to be allowed to use the additional resources primarily for investments in products and services for health services, <i>including cross-border health services and care homes, ensuring maximum complementarity with other Union instruments</i>, for providing support in the form of working capital or investment support to SMEs, <i>particularly in the sectors most impacted by the COVID-19 pandemic and needing rapid revitalization, such as tourism and culture</i>, in operations contributing to the transition towards a digital and green economy, <i>as well as providing support to social economy enterprises</i>, infrastructure providing <i>non-discriminatory</i> basic services to <i>people living in rural, border, less developed, insular, mountainous, sparsely populated and outermost regions, as well as areas affected by industrial transition and depopulation</i>, or economic support measures for those regions dependent on sectors most affected by the crisis. <i>Stronger health cooperation, coordination and resilience should be fostered by building and developing a network of centres of excellence across the Union, specialised in developing specific treatment for the evolving health needs.</i></p>			

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	<p><b><i>Other investments with a proven high job creation potential, such as urban renewal, should also be supported.</i></b></p> <p><b><i>Furthermore,</i></b> technical assistance should also be supported <b><i>in all stages</i></b>. It is appropriate that the additional resources are focused exclusively under the new thematic objective “Fostering crisis repair in the context of the COVID-19 pandemic and preparing a green, digital and resilient recovery of the economy”, which should also constitute a single investment priority, to allow for simplified programming and implementation of the additional resources.</p>			
<p>(10) For the ESF, Member States should primarily use the additional resources 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, education and training, skills development and to enhance access to social services of general interest, including for children. It should be clarified that in the present exceptional circumstances support to short-time work schemes for employees and the self-employed in the context of the COVID-19 pandemic can be provided even when that support is not combined with active labour market measures, unless the latter are imposed by national</p>	<p>(10) For the ESF, Member States should primarily use the additional resources to support <b><i>the modernisation of the labour market, health and social systems</i></b>, job maintenance, <b><i>including in rural, border, less developed, insular, mountainous, sparsely populated and outermost regions, as well as areas affected by industrial transition and depopulation</i></b>, including through short-time work schemes and support to self-employed, <b><i>entrepreneurs, freelancers, artists and creative workers</i></b>, job creation, in particular for people <b><i>in vulnerable</i></b> situations, <b><i>social inclusion and poverty eradication</i></b>, support to youth employment measures, <b><i>inclusive</i></b> education and training, <b><i>including lifelong learning, online education, skills development, reskilling and</i></b></p>			21

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law. Union support to those short-time work schemes should be limited in time.	<p><i>upskilling, in particular for disadvantaged groups and carriers</i> and to enhance <i>equal and universal</i> access to <i>healthcare and</i> social services of general interest, including for children, <i>elderly, persons with disabilities, women bearing the brunt of the ensuing economic crisis, minorities and the homeless</i>. It should be clarified that in the present exceptional circumstances support to short-time work schemes for employees and the self-employed in the context of the COVID-19 pandemic can be provided even when that support is not combined with active labour market measures, unless the latter are imposed by national law. Union support to those short-time work schemes should be limited in time. <i>Those short-time work schemes should aim at maintaining the same level of working and employment conditions and rights and the ESF additional resources allocated to them should be used exclusively for financing the partial unemployment benefits and not for any other company purposes or expenditures and should not subvert collective bargaining, workers' participation or codetermination in company decision-making processes in accordance with national law and practice.</i></p>			
	(10a) <i>As the temporary closing of borders between Member States has led to significant challenges for cross-border communities and businesses,</i>			22

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	<i>the economies of border regions Member States should use up to 5% of the additional resources to support cross-border projects, by using existing Interreg projects or creating new ones.</i>			
(11) In order to ensure that Member States have sufficient financial means to swiftly implement crisis repair actions in the context of the COVID-19 pandemic and preparing a green, digital and resilient recovery of the economy, it is necessary to provide a higher level of initial pre-financing payment for the quick implementation of actions supported by the additional resources. The initial pre-financing to be paid should ensure that Member States have the means to arrange for advance payments to beneficiaries where necessary and to reimburse beneficiaries quickly following the submission of payment claims.	(11) In order to ensure that Member States have sufficient financial means to swiftly implement crisis repair actions in the context of the COVID-19 pandemic and <i>its socio-economic consequences</i> <b>and</b> preparing a green, digital and resilient recovery of <i>health systems and</i> the economy, it is necessary to provide a higher level of initial pre-financing payment <b>or, where applicable, annual pre-financing</b> , for the quick implementation of actions supported by the additional resources. The initial pre-financing to be paid should ensure that Member States have the means to arrange for advance payments to beneficiaries where necessary and to reimburse beneficiaries quickly following the submission of payment claims.			23
(12) Member States should have the flexibility to allocate the additional resources to new dedicated operational programmes or new priority axes within existing programmes. In order to allow quick implementation, only already designated authorities of existing operational programmes supported by the ERDF, the ESF, or the Cohesion Fund are allowed to be identified for	<i>[no change]</i>			24

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new dedicated operational programmes. An ex ante evaluation by the Member States should not be required and the elements required for the submission of the operational programme to the Commission's approval should be limited.				
	<i>(12a) The additional resources should be used in line with the sustainable development and "Do no harm" principles, taking into account the UN Sustainable Development Goals and the Paris Climate Agreement. Furthermore, equality between men and women, gender mainstreaming and the integration of gender perspective should be taken into account and promoted throughout the implementation of operational programmes.</i>			25
(13) With a view to alleviating the burden on public budgets regarding crisis repair in the context of the COVID-19 pandemic and preparing a green, digital and resilient recovery of the economy, Member States should be given the exceptional possibility to request a co-financing rate of up to 100 % to be applied to the separate priority axes of operational programmes providing support from the additional resources.	(13) With a view to alleviating the burden on public budgets regarding crisis repair in the context of the COVID-19 pandemic and preparing a green, digital and resilient recovery of <b>health systems and</b> the economy, Member States should be given the exceptional possibility to request a co-financing rate of up to 100 % to be applied to the separate priority axes of operational programmes providing support from the additional resources.			26
(14) In order to enable Member States to deploy the additional resources for crisis repair quickly in the context of the	(14) In order to enable Member States to deploy the additional resources for crisis repair quickly in the context of			27

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<p>COVID-19 pandemic and preparing a green, digital and resilient recovery of the economy within the current programming period, it is justified to exempt, on an exceptional basis, Member States from the need to comply with ex ante conditionalities and requirements on the performance reserve and application of the performance framework, on thematic concentration, also in relation to the thresholds established for sustainable urban development for the ERDF, and requirements on preparation of a communication strategy for the additional resources. It is nevertheless necessary that Member States carry out at least one evaluation by 31 December 2024 to assess the effectiveness, efficiency and impact of the additional resources as well as how they contributed to achieving the goals of the new dedicated thematic objective. To facilitate the availability of comparable information at Union level, Member States are encouraged to make use of the programme-specific indicators made available by the Commission. In addition, while carrying out their responsibilities linked to information, communication and visibility, Member States and managing authorities should enhance the visibility of the exceptional measures and resources introduced by the Union, in particular by ensuring that potential beneficiaries, beneficiaries,</p>	<p>the COVID-19 pandemic and <i>its socio-economic consequences and</i> preparing a green, digital and resilient recovery of the <i>health systems and</i> economy within the current programming period, it is justified to exempt, on an exceptional basis, Member States from the need to comply with ex ante conditionalities and requirements on the performance reserve and application of the performance framework, on thematic concentration, also in relation to the thresholds established for sustainable urban development for the ERDF, and requirements on preparation of a communication strategy for the additional resources. It is nevertheless necessary that Member States carry out at least one evaluation by 31 December 2024, <i>or by 31 December 2026 where additional resources are made available for budgetary commitment in 2023 and 2024</i>, to assess the effectiveness, <i>inclusiveness</i>, efficiency and impact of the additional resources as well as how they contributed to achieving the goals of the new dedicated thematic objective. To facilitate the availability of comparable information at Union level, Member States are <i>required</i> to make use of the programme-specific indicators made available by the Commission. In addition, while carrying out their responsibilities linked to information, communication and visibility, Member States and managing authorities should</p>			

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participants, final recipients of financial instruments and the general public are aware of the existence, volume and additional support stemming from the additional resources.	enhance the visibility of the exceptional measures and resources introduced by the Union, in particular by ensuring that potential beneficiaries, beneficiaries, participants, final recipients of financial instruments and the general public are aware of the existence, volume and additional support stemming from the additional resources.	PUBLIC		
(15) With a view to allow the targeting of these additional resources to the geographic areas where they are most needed, as an exceptional measure and without prejudice to the general rules for allocating Structural Funds resources, the additional resources allocated to the ERDF and the ESF are not to be broken down per category of region. However, Member States are expected to take into account the different regional needs and development levels in order to ensure that focus is maintained on less developed regions, in accordance with the objectives of economic, social and territorial cohesion set out in Article 173 TFEU. Member States should also involve local and regional authorities, as well as relevant bodies representing civil society, in accordance with the partnership principles.	(15) With a view to allow the targeting of these additional resources to the geographic areas <i>that were most affected, including border regions</i> , as an exceptional measure and without prejudice to the general rules for allocating Structural Funds resources, the additional resources allocated to the ERDF and the ESF are not to be broken down per category of region. However, Member States are expected to take into account the different regional <i>investment</i> needs <i>resulting from the impact of the COVID-19 pandemic, as well as</i> development levels in order to ensure <i>a balanced</i> focus <i>both</i> on less developed regions <i>and deprived communities</i> , in accordance with the objectives of economic, social and territorial cohesion set out in Article 173 TFEU <i>and on the regions and cities most affected by the pandemic</i> . Member States should also involve local and regional authorities, as well as relevant bodies representing civil society, in <i>particular the third sector, in</i> accordance with the partnership			28



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	<i>principle.</i>			
	<i>(15a) Except for those cases where derogations are provided for by this Regulation, expenditure under REACT-EU should 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 EPPO.</i>			29
(16) In order to facilitate the transfers authorised by the changes introduced under this Regulation, the condition laid down in Article 30(1)(f) of the Financial Regulation regarding the use of appropriations for the same objective should not apply in respect of those transfers.	<i>[no change]</i>			30
(17) Since the objectives of this Regulation, namely to respond to the impact of the public health crisis by introducing flexibility measures in the field of providing support from the European Structural and Investment Funds, cannot be sufficiently achieved by the Member States alone and can therefore, by reason of the scale and effects of the proposed action, be better achieved at Union level, the Union may adopt measures, in accordance with the	<i>[no change]</i>			31

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principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary to achieve those objectives.				
(18) Given the urgency of the situation related to the COVID-19 pandemic, this Regulation should into force on the day following that of its publication in the Official Journal of the European Union.	[no change]			32
(19) In view of the COVID-19 pandemic and the urgency to address the associated public health crisis, it is considered necessary to use the exception to the eight-week period referred to in Article 4 of Protocol No 1 on the role of national Parliaments in the European Union, annexed to the Treaty on European Union, to the Treaty on the Functioning of the European Union and to the Treaty establishing the European Atomic Energy Community.	<del><i>(19) In view of the COVID-19 pandemic and the urgency to address the associated public health crisis, it is considered necessary to use the exception to the eight-week period referred to in Article 4 of Protocol No 1 on the role of national Parliaments in the European Union, annexed to the Treaty on European Union, to the Treaty on the Functioning of the European Union and to the Treaty establishing the European Atomic Energy Community.</i></del>			33
(20) Regulation (EU) No 1303/2013 should therefore be amended accordingly.	[no change]			34
(21) Article 135(2) of the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community provides that amendments to Council Regulation (EU, Euratom) No 1311/2013 or Council Decision	[no change]			35

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2014/335/EU, Euratom that are adopted on or after the date of entry into force of that Agreement shall not apply to the United Kingdom insofar as those amendments have an impact on the United Kingdom's financial obligations. The support under this Regulation for 2020 is financed from an increase of the ceiling of the Multiannual Financial Framework and for 2021 and 2022 from an increase of the own resources ceiling of the Union, which would have an impact on the United Kingdom's financial obligation. Therefore, this Regulation should not apply to and in the United Kingdom,				
HAVE ADOPTED THIS REGULATION	[no change]			36
Article 1	[no change]	[no change]	Provisional common understanding [no change]	37
Regulation (EU) No 1303/2013 is amended as follows:	[no change]	[no change]	Provisional common understanding [no change]	38
1. in Article 91, a new paragraph 1a is inserted:	[no change]	[no change]		39
“1a. In addition to the global resources referred to in paragraph 1, additional resources of EUR 5 000 000 000 in current prices shall be made available for economic, social and territorial cohesion for budgetary commitment for 2020, and allocated to the ERDF and the ESF.”;	1a. In addition to the global resources referred to in paragraph 1, additional resources of EUR <b>4 805 843 906 in 2018</b> prices shall be made available for economic, social and territorial cohesion for budgetary commitment for 2020, and allocated to the ERDF and the ESF.	“1a. In addition to the global resources referred to in paragraph 1, additional resources of EUR [5 000 000 000] in current prices shall be made available for economic, social and territorial cohesion for budgetary commitment for 2020, and allocated to the ERDF and the ESF.”;	Comment: Council proposes deletion of 2020 tranche	40
2. the following Articles 92a and 92b are inserted:	[no change]	[no change]	Provisional common understanding [no change]	41

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<i>“Article 92a Resources from the European Union Recovery Instrument</i>	<i>[no change]</i>	<i>[no change]</i>	<i>Provisional common understanding [no change]</i>	42
Measures referred to in Article 2 of Regulation [ERI] shall be implemented under the Structural Funds with an amount of EUR 53 272 800 000 in current prices of the amount referred to in Article 3(2)(a)(i) of that Regulation, subject to its Article 4(3), (4) and (8).	Measures referred to in Article 2 of Regulation [ERI] shall be implemented under the Structural Funds with an amount of EUR <b>50 000 654 198 in 2018</b> prices of the amount referred to in Article 3(2)(a)(i) of that Regulation, subject to its Article 4(3), (4) and (8).	Measures referred to in Article 2 of Regulation [ERI] shall be implemented under the Structural Funds with an amount of EUR [53 272 800 000 in current prices of the amount referred to in Article 3(2)(a)(i) of that Regulation, subject to its Article 4(3), (4) and (8).		43
These additional resources for 2021 and 2022 shall constitute external assigned revenues in accordance with Article 21(5) of the Financial Regulation.	These additional resources for 2021 and 2022 shall constitute external assigned revenues in accordance with Article 21(5) of the Financial Regulation. <b>Based on the statistics and future developments related to recovery from the economic crisis provoked by COVID-19, a decision to prolong the flexibility measures under REACT-EU to the years 2023 and 2024 may be taken through a delegated act.</b>	These additional resources for 2021 and 2022 shall constitute external assigned revenues in accordance with Article 21(5) of the Financial Regulation.]	<i>Provisional common understanding  [EP amendment withdrawn due to the agreement on line 52a]</i>	44
<i>Article 92b Exceptional additional resources and implementing arrangements for 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)</i>	<i>Article 92b Exceptional additional resources and implementing arrangements for the Investment for growth and jobs goal <b>and the European territorial cooperation goal</b> to provide assistance for fostering crisis repair in the context of the COVID-19 pandemic and <b>its social consequences</b> and preparing a green, digital and resilient recovery of the economy (REACT-EU)</i>	<i>[no change]</i>	<i>Trilogue on 24/9: There is an agreement in principle on the possibility for Member States to direct REACT-EU support to the European Territorial Cooperation goal, if they so wish (with no obligation nor earmarking). Focus should be given to cross-border regions and to limit the administrative burden. The Commission will provide some drafting which will be discussed at technical level. This mainly concerns lines 45, 46, 52 and 54.</i>	45

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1. The additional resources referred to in Articles 91(1a) and 92a ('the additional resources') shall be made available 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 additional resources shall be used to implement technical assistance pursuant to paragraph 6 of this Article and the operations implementing the thematic objective in paragraph 10 of this Article.	1. <b><i>At least 95% of</i></b> the additional resources referred to in Articles 91(1a) and 92a ('the additional resources') shall be made available under the Investment for growth and jobs goal. <b><i>A minimum of 3 % and up to 5 % of those resources shall be made available under the European territorial cooperation goal. In both cases, the additional resources shall</i></b> 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 additional resources shall be used to implement technical assistance pursuant to paragraph 6 of this Article and the operations implementing the thematic objective in paragraph 9 of this Article.	1. The additional resources referred to in Articles 91(1a) and 92a ('the additional resources') shall be made available 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 additional resources shall be used to implement technical assistance pursuant to paragraph 6 of this Article and the operations implementing the thematic objective in paragraph 9 of this Article.	<i>Trilogue on 24/9: The Commission will provide some drafting which will be discussed at technical level in line with general agreement in line 45 (no obligation nor earmarking).</i>	46
572. Additional resources shall be made available for budgetary commitment for the years 2020 to 2022 in addition to the global resources set out in Article 91 as follows:	[no change]	[2. Additional resources shall be made available for budgetary commitment for the years 2020 to 2022 in addition to the global resources set out in Article 91 as follows:		47
– 2020: EUR 5 000 000 000;	— 2020: EUR 5 000 000 000 <b><i>in current prices (EUR 4 805 843 906 in 2018 prices)</i></b> ;	– 2020: EUR 5 000 000 000;		48
– 2021: EUR 42 434 400 000;	— 2021: EUR 42 434 400 000 <b><i>in current prices (EUR 39 987 184 320 in 2018 prices)</i></b> ;	– 2021: EUR 42 434 400 000;		49
– 2022: EUR 10 820 400 000.	— 2022: EUR 10 820 400 000 <b><i>in current prices (EUR 9 996 674 058 in 2018 prices)</i></b> .	– 2022: EUR 10 820 400 000.]		50

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The additional resources for 2020 shall be made available from the additional resources as set out in Article 91(1a).	<i>[no change]</i>	[The additional resources for 2020 shall be made available from the additional resources as set out in Article 91(1a).		51
The additional resources for 2021 and 2022 shall be made available from the additional resources as set out in Article 92a. The additional resources set out in Article 92a shall also support administrative expenditure up to EUR 18 000 000 in current prices.	<b><i>Under both the Investment for growth and jobs goal and the European territorial cooperation goal, the additional resources as set out in Article 92a shall be made available for 2021 and 2022. By way of revision of this Regulation through a delegated act and based on a reasoned request of a Member State, the additional resources may also be made available for budgetary commitment in 2023 and 2024. The additional resources set out in Article 92a shall be supplemented by support for administrative expenditure of up to EUR 18 000 000 in current prices (EUR 16 795 821 in 2018 prices).</i></b>	The additional resources for 2021 and 2022 shall be made available from the additional resources as set out in Article 92a. The additional resources set out in Article 92a shall also support administrative expenditure up to EUR 18 000 000 in current prices.]	<i>Trilogue on 24/9: The Commission will provide some drafting which will be discussed at technical level.</i>  <i>[EP amendment on prolongation withdrawn due to the agreement on line 52a]</i>	52
			<i>Provisional common understanding</i>  <b>Operations to be supported by REACT-EU resources may be selected for support up to the end of 2023. The phasing provisions set out in Regulation (EU) No 2018/XXX [new CPR] are applicable to operations supported by REACT-EU resources.</b>  <i>Two additional recitals are inserted:</i> <b>(x) While it is important to ensure that 31 December 2023</b>	52a

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			remains the end date for eligibility for the 2014-2020 programming period, it should be made clear that operations could still be selected for support in the course of 2023. (y) In order to ensure continuity of implementation of certain operations supported by REACT-EU resources, the phasing provisions established in Regulation (EU) No 2018/XXX [new CPR] should apply.	
3. 0.35% of the additional resources shall be allocated to technical assistance at the initiative of the Commission.	3. 0.35% of the additional resources shall be allocated to technical assistance at the initiative of the Commission <i>with a special focus on Member States hit harder by the COVID-19 pandemic and Member States with lower absorption and implementation rates.</i>	[no change]	Provisional common understanding 3. 0.35% of the additional resources shall be allocated to technical assistance at the initiative of the Commission <i>with a special focus on Member States hit harder by the COVID-19 pandemic and Member States with lower absorption and implementation rates.</i>	53
4. The Commission shall adopt a decision, by means of implementing acts, setting out the breakdown of the additional resources as appropriations from the Structural Funds for 2020 and 2021 for each Member State in accordance with the criteria and methodology set out in Annex VIIa. That decision shall be revised in 2021 to set out the breakdown of the additional resources for 2022 based on data available by 19 October 2021.	4. <i>With regard to both the Investment for growth and jobs goal and the European territorial cooperation goal,</i> the Commission shall adopt a decision by means of implementing acts setting out the breakdown of the additional resources as appropriations from the Structural Funds for 2020 and 2021 for each Member State in accordance with the criteria and methodology set out in Annex VIIa. That decision shall be revised in 2021 to	[no change]	Trilogue on 24/9: The Commission will provide some drafting which will be discussed at technical level.  Commission comment: addition at beginning of paragraph is superfluous.	54

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	set out the breakdown of the additional resources for 2022 based on data available by 19 October 2021. <i>Where applicable, it shall also be revised in 2022 in relation to budgetary commitments in 2023 and 2024, based on the latest statistical data available. The revisions shall ensure that operational programmes are not negatively impacted.</i> <i>(Annex VII a shall be updated to cover the breakdown for the European Territorial Cooperation goal)</i>		<i>[Second part of the EP amendment is withdrawn due to the agreement on line 52a]</i>	
5. By way of derogation from the first subparagraph of Article 76, the budget commitments for the additional resources in respect of each operational programme concerned shall be made for each Fund for the years 2020, 2021 and 2022.	<i>[no change]</i>	<i>[no change]</i>	<i>Provisional common understanding [no change]</i>	55
The legal commitment referred to in the second subparagraph of Article 76 for the years 2021 and 2022 shall enter into force as of the date referred to in Article 4(3) of the [ERI Regulation].	<i>[no change]</i>	<i>[no change]</i>	<i>Provisional common understanding [no change]</i>	56
The third and fourth subparagraphs of Article 76 shall not apply in respect of the additional resources.	<i>[no change]</i>	<i>[no change]</i>	<i>Provisional common understanding [no change]</i>	57
By way of derogation from Article 14(3) of the Financial Regulation, the de-commitment rules set out in Chapter IV of Title IX of Part II and in Article 136 shall apply to the budgetary commitments based on the additional resources referred to in Article 92a. By	<i>[no change]</i>	<i>[no change]</i>	<i>Provisional common understanding [no change]</i>	58



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derogation from Article 12(4)(c) of the Financial Regulation, the additional resources shall not be used for a succeeding programme or action.				
By way of derogation from Articles 86(2) and 136(1), the commitments for additional resources shall be decommitted in accordance with the rules to be followed for the closure of the programmes.	<i>[no change]</i>	<i>[no change]</i>	<i>Provisional common understanding</i> <i>[no change]</i>	59
Each Member State shall allocate the additional resources available for programming under the ERDF and the ESF to operational programmes.	Each Member State shall allocate the additional resources available for programming under the ERDF and the ESF to operational programmes, <b><i>involving local and regional authorities, as well as relevant bodies representing civil society and social partners, in accordance with the partnership principle.</i></b>	<i>[no change]</i>	<i>Provisional common understanding</i> Each Member State shall allocate the additional resources available for programming under the ERDF and the ESF to operational programmes, <b><i>involving local and regional authorities, as well as relevant bodies representing civil society and social partners, in accordance with the partnership principle.</i></b>	60
By way of derogation from Article 92(7), a share of the additional resources may also be proposed to be used to increase the support for the Fund for European Aid to the Most Deprived ('FEAD') before or at the same time as the allocation to the ERDF and the ESF.	By way of derogation from Article 92(7), a share of <b><i>at least 3% of</i></b> the additional resources <b><i>shall</i></b> also be proposed to be used to increase the support for the Fund for European Aid to the Most Deprived ('FEAD'), <b><i>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 the support for the Youth Employment Initiative,</i></b> before or at the same time as the allocation to the ERDF and the ESF.	<i>[no change]</i>	<i>Trilogue on 24/9: Commission will provide wording to be discussed at technical level with the understanding that there will be no earmarking in REACT-EU.</i>  Council proposal: By way of derogation from Article 92(7), the additional resources may also be proposed to be used to increase the support for the Fund for European Aid to the Most Deprived ('FEAD'), <b><i>in order to address the situation of those who have been hit to an unprecedented</i></b>	61


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			<i>degree by the COVID-19 crisis. A share of the additional resources may also be used to increase the support for the Youth Employment Initiative, before or at the same time as the allocation to the ERDF and the ESF.</i>	
	<i>The additional allocation for the outermost regions shall be added to the allocation that every outermost region will receive through the distribution of the national budget as calculated in line with paragraphs 1 and 2 of Annex I.</i>		Reconsider with Annex	62
Following their initial allocation, the additional resources may, at the request of a Member State for amendment of an operational programme pursuant to Article 30(1), be transferred between the ERDF and the ESF, irrespective of the percentages referred to in points (a), (b) and (c) of Article 92(1).	Following their initial allocation, the additional resources may, at the request of a Member State for amendment of an operational programme pursuant to Article 30(1), be transferred between the ERDF and the ESF, irrespective of the percentages referred to in points (a), (b) and (c) of Article 92(1), <b>as long as the ESF share does not decrease below 23,1 %.</b>	[no change]	Trilogue on 24/9: Commission will provide wording to be discussed at technical level with the understanding that there will be no earmarking in REACT-EU.  Council proposal: move EP amendment to a recital	63
Article 30(5) shall not be applicable for the additional resources. These resources shall be excluded from the basis of calculation for the purposes of the ceilings established in that paragraph.	[no change]	[no change]	Provisional common understanding [no change]	64
For the purposes of the application of point (f) of Article 30(1) of the Financial Regulation, the condition that appropriations are for the same objective shall not apply in respect of these transfers. Transfers can only apply to the	[no change]	[no change]	Provisional common understanding [no change]	65

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ongoing year or to future years in the financial plan.				
The requirements laid down in Article 92(4) shall not apply to the initial allocation or their subsequent transfers.	[no change]	[no change]	Provisional common understanding [no change]	66
Amounts allocated to the YEI in accordance with Article 92(5) under the Investment for growth and jobs goal shall not be affected.	[no change]	[no change]	Provisional common understanding [no change]	67
The additional resources shall be implemented in accordance with the rules of the Fund to which they are allocated or transferred.	The additional resources shall be implemented in accordance with the rules of the Fund to which they are allocated or transferred <b>and with the provisions of this Regulation.</b>	[no change]	Provisional common understanding [no change]	69
6. Up to 4% of the total additional resources under the ERDF and the ESF may be allocated to technical assistance under any existing operational programme supported from the ERDF or the ESF or the new operational programme referred to in paragraph 11.	6. Up to 4% of the total additional resources under the ERDF and the ESF may be allocated to technical assistance <b>at the initiative of the Member States, in all stages,</b> under any existing operational programme supported from the ERDF or the ESF or the new operational programme referred to in paragraph 10.	Up to 4% of the total additional resources under the ERDF and the ESF may be allocated to technical assistance under any existing operational programme supported from the ERDF or the ESF or <del>the a</del> new operational programme <b>or operational programmes</b> referred to in paragraph 10.	Provisional common understanding Up to 4% of the total additional resources under the ERDF and the ESF may be allocated to technical assistance <b>at the initiative of the Member States,</b> under any existing operational programme supported from the ERDF or the ESF or <del>the a</del> new operational programme <b>or operational programmes</b> referred to in paragraph 10.	70
7. By way of derogation from Article 81(1) and Article 134(1), the initial pre-financing to be paid following the Commission decision adopting an operational programme or approving the amendment to an operational programme for the allocation of the additional resources shall be 50% of the additional resources allocated to programmes for the year 2020 under the	By way of derogation from Article 81(1) and Article 134(1), the initial pre-financing to be paid following the Commission decision adopting an operational programme or approving the amendment to an operational programme for the allocation of the additional resources shall be 50% of the additional resources allocated to programmes for the year 2020 under the	7. By way of derogation from Article 81(1) and Article 134(1), the initial pre-financing to be paid following the Commission decision adopting an operational programme or approving the amendment to an operational programme for the allocation of the additional resources shall be [50%] of the additional resources allocated to programmes		71

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new thematic objective referred to in paragraph 10 of this Article.;	new thematic objective referred to in paragraph 9 of this Article.	for the year 2020 under the new thematic objective referred to in paragraph 10 of this Article.;		
For the purpose of applying Article 134(2) for the annual pre-financing in the years 2021, 2022 and 2023, the amount of the support from the Funds for the whole programming period to the operational programme shall include the additional resources.	<b><i>By way of derogation from</i></b> Article 134(2), the annual pre-financing <b><i>for</i></b> the years 2021, 2022, <b><i>and, based on a reasoned request from a Member State, for 2023 and 2024, may consist of up to 50 % of the additional resources allocated to programmes under the new thematic objective referred to in paragraph 9. For the purposes of calculating the annual pre-financing for 2021, 2022, 2023 and, where applicable, for 2024,</i></b> the amount of the support from the Funds for the whole programming period to the operational programme shall include the additional resources.	<i>[no change]</i>		72
The amount paid as additional initial pre-financing referred to in the first subparagraph shall be totally cleared from the Commission accounts not later than when the operational programme is closed.	<i>[no change]</i>	<i>[no change]</i>	<i>Provisional common understanding</i> <i>[no change]</i>	73
8. The additional resources not allocated to technical assistance shall be used under the thematic objective set out in paragraph 10 to support operations fostering crisis repair in the context of the COVID-19 pandemic or preparing a green, digital and resilient recovery of the economy.	The additional resources not allocated to technical assistance shall be used under the thematic objective set out in paragraph 9 to support operations fostering crisis repair in the context of the COVID-19 pandemic, preparing a green, digital and resilient recovery of the economy, <b><i>by focusing for example on the revitalization of health and the competitiveness of hard-hit economic</i></b>	The additional resources not allocated to technical assistance shall be used under the thematic objective set out in paragraph <del>10</del> 9 to support operations fostering crisis repair in the context of the COVID-19 pandemic or preparing a green, digital and resilient recovery of the economy.	Council proposal: move EP amendment to recital	74

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	<i>sectors.</i>			
Member States may allocate the additional resources either to one or more separate priority axes within an existing operational programme or programmes or to a new operational programme referred to in paragraph 11. By way of derogation from Article 26(1), the programme shall cover the period until 31 December 2022, subject to paragraph 4 above.	Member States may allocate the additional resources either to one or more separate priority axes within an existing operational programme or programmes or to a new operational programme referred to in paragraph 10. By way of derogation from Article 26(1), the programme shall cover the period until 31 December 2022, <b>or 31 December 2024 where the derogation referred to in paragraph 2 applies, subject to paragraph 4 of this Article.</b>	Member States may allocate the additional resources either to one or more separate priority axes within an existing operational programme or programmes or to a new operational programmes referred to in paragraph 10. By way of derogation from Article 26(1), the programme shall cover the period until 31 December 2022, subject to paragraph 4 above.	<i>Provisional common understanding</i> Member States may allocate the additional resources either to one or more separate priority axes within an existing operational programme or programmes or to a new operational programmes referred to in paragraph 10. By way of derogation from Article 26(1), the programme shall cover the period until 31 December 2022, subject to paragraph 4 <del>above</del> <b>of this Article.</b> [EP amendment on prolongation withdrawn due to the agreement on line 52a]	75
For the ERDF, the additional resources shall primarily be used to support investment in products and services for health services, to provide support in the form of working capital or investment support to SMEs, investments contributing to the transition towards a digital and green economy, investments in infrastructure providing basic services to citizens, and economic measures in the regions which are most dependent on sectors most affected by the crisis.	For the ERDF, the additional resources shall primarily be used to support investment in products and services for health <b>and social infrastructure, health systems and services for all, including cross-border ones, as well as care homes (including elderly day-care residences)</b> , to provide support in the form of working capital or investment <b>and advisory</b> support to SMEs <b>and social economy enterprises</b> , investments contributing to the transition towards a digital, and green economy, <b>including adaptation to teleworking conditions</b> , investments in infrastructure providing <b>non-discriminatory</b> basic services to <b>people living in rural, border, less developed, insular, mountainous, sparsely populated and outermost</b>	[no change]	<i>Comment: Commission to provide drafting to accommodate EP amendment, for this Article and/or the recitals (also for line 77).</i>	76

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	<i>regions, as well as areas affected by industrial transition and depopulation, and economic measures in the regions which are dependent on sectors most affected by the crisis <b>such as tourism and culture. Other investments with a high job creation potential, such as urban renewal, may also be supported.</b></i>	[no change]		
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, even when that support is not combined with active labour market measures, unless the latter are imposed by national law. The additional resources shall also support job creation, in particular for people in vulnerable situations, youth employment measures, education and training, skills development, in particular to support the twin green and digital transitions, and to enhance access to social services of general interest, including for children.	For the ESF, the additional resources shall primarily be used to support <b>the labour market, social economy, health and social systems</b> , job maintenance, including through short-time work schemes <b>aiming at maintaining the same level of working and employment conditions and rights, including protection against dismissal and reduction in wages. In the case of those short-timework schemes, the ESF additional resources shall be used exclusively for financing the partial unemployment benefits and not for any other company purposes or expenditure. The support shall cover entrepreneurs and the self-employed, including freelancers, artists and other creative workers</b> , even when that support is not combined <b>with active</b> labour market measures, unless the latter are imposed by national law, <b>as well as social inclusion, antidiscrimination and poverty eradication measures, with a particular focus on child poverty.</b> The additional resources shall support <b>quality</b> job creation, in particular for people in vulnerable situations,		<i>Comment: Commission to provide drafting to accommodate EP amendment, for this Article and/or the recitals (also for line 76).</i>	77

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	<p><i>including the long-term unemployed and those far from the labour market, as well as those living in rural, insular, mountainous, sparsely populated, and outermost regions as well as areas affected by industrial transition and depopulation. Furthermore, the resources shall also cover youth employment measures, <b>inclusive lifelong</b> education and training, <b>online education</b>, skills development, <b>individualised reskilling and upskilling</b>, in particular <b>for disadvantaged groups</b>, to support the twin green and digital transitions, and to enhance <b>equal and universal</b> access to <b>affordable, sustainable and high-quality</b> social services of general interest, including for children, <b>the elderly and persons with disabilities</b>.</i></p>			
<p>9. With the exception of technical assistance referred to in paragraph 6 and of the additional resources used for the FEAD referred to in the seventh subparagraph of paragraph 5, the additional resources shall support operations under the new thematic objective “Fostering crisis repair in the context of the COVID-19 pandemic and preparing a green, digital and resilient recovery of the economy”, complementing the thematic objectives set out in Article 9.</p>	<p>With the exception of technical assistance referred to in paragraph 6 and of the additional resources used for the FEAD <b>or for the Youth Employment Initiative</b> referred to in the seventh subparagraph of paragraph 5, the additional resources shall support operations under the new thematic objective “Fostering crisis repair in the context of the COVID-19 pandemic and preparing a green, digital and resilient recovery of the economy”, complementing the thematic objectives set out in Article 9.</p>	<p>[no change]</p>	<p><i>Trilogue on 24/9: Commission will provide wording to be discussed at technical level with the understanding that there will be no earmarking in REACT-EU.</i></p> <p>Council will accept EP amendment if compromise on line 61 agreed.</p>	<p>78</p>



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The thematic objective referred to in the first subparagraph shall exclusively be available for the programming of the additional resources. By way of derogation from points (b), (c) and (d) of Article 96(1), it shall not be combined with other investment priorities.	[no change]	[no change]	Provisional common understanding [no change]	79
The thematic objective referred to in the first subparagraph shall also constitute the single investment priority for the programming and implementation of the additional resources from the ERDF and the ESF.	[no change]	[no change]	Provisional common understanding [no change]	80
Where one or more separate priority axes are established corresponding to the thematic objective referred to in the first subparagraph within an existing operational programme, the elements listed in points (b)(v) and (vii) of Article 96(2) shall not be required for the description of the priority axis in the revised operational programme.	[no change]	[no change]	Provisional common understanding [no change]	80a
The revised financing plan set out in Article 96(2)(d) shall set out the allocation of the additional resources for the years 2020, 2021 and, where applicable, for 2022 without identifying amounts for the performance reserve and with no breakdown per category of regions.	The revised financing plan set out in Article 96(2)(d) shall set out the allocation of the additional resources for the years 2020, 2021 and, where applicable, for 2022, <b>2023 and 2024</b> , without identifying amounts for the performance reserve and with no breakdown per category of regions.	[no change]	Provisional common understanding [no change]  [EP amendment withdrawn due to the agreement on line 52a]	81
By way of derogation from Article 30(1), requests for the amendment of a programme submitted by a Member State shall be duly justified and shall in particular set out expected impact of the changes to the programme on fostering	By way of derogation from Article 30(1), requests for the amendment of a programme submitted by a Member State shall be duly justified and shall in particular set out expected impact of the changes to the programme on fostering	[no change]	Provisional common understanding [no change]	82



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crisis repair in the context of the COVID-19 pandemic and preparing a green, digital and resilient recovery of the economy. They shall be accompanied by the revised programme.	crisis repair in the context of the COVID-19 pandemic and preparing a green, digital and resilient recovery of the economy <b>as well as of health systems</b> . They shall be accompanied by the revised programme.			
10. By way of derogation from Article 26(4), a new dedicated operational programme may be drawn up by Member States under the new thematic objective referred to in paragraph 10. No ex ante evaluation as set out in Article 55 shall be required.;	[no change]	By way of derogation from Article 26(4), a new dedicated operational programmes may be drawn up by Member States under the new thematic objective referred to in paragraph 10. No ex ante evaluation as set out in Article 55 shall be required.	<i>Provisional common understanding</i> By way of derogation from Article 26(4), a new dedicated operational programmes may be drawn up by Member States under the new thematic objective referred to in paragraph 10. No ex ante evaluation as set out in Article 55 shall be required.	83
By way of derogation from Article 96(2)(a), where such a new operational programme is established, the justification shall set out the expected impact of the operational programme on fostering crisis repair in the context of the COVID-19 pandemic and preparing a green, digital and resilient recovery of the economy.	[no change]	[no change]	<i>Provisional common understanding</i> [no change]	84
Where such a new operational programme is established, only authorities designated under on-going operational programmes supported by the ERDF, the ESF and the Cohesion Fund may be identified by the Member States for the purposes of point (a) of Article 96(5).	Where such a new operational programme is established, only authorities designated under on-going operational programmes supported by the ERDF, the ESF and the Cohesion Fund may be identified by the Member States for the purposes of point(a) of Article 96(5), <b>following the consultation with regional and local authorities</b> .	[no change]		85

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The elements set out in point (b)(v) and (vii) of the first subparagraph of paragraph 2, in paragraph 4, in point (b) and (c) of paragraph 6 and in paragraph 7 of Article 96 shall not be required for such new operational programme. The elements set out in Article 96(3) shall only be required where corresponding support is provided.	<i>[no change]</i>	<i>[no change]</i>	<i>Provisional common understanding</i> <i>[no change]</i>	86
	<i>By way of derogation from Article 29(3) and (4) and Article 30(2), the Commission shall approve any new dedicated operational programme or any amendment to an existing programme within 10 working days of its submission by a Member State.</i>		<i>Provisional common understanding</i> <i>By way of derogation from Article 29(3) and (4) and Article 30(2), the Commission shall do its utmost to approve any new dedicated operational programme or any amendment to an existing programme within 15 working days of its submission by a Member State.</i>	87
	<i>10a. By way of derogation from Article 65(2), expenditure shall be eligible for a contribution if it has been incurred by a beneficiary and paid between the date of submission of the programme to the Commission and 31 December 2024.</i>			88
	<i>10b. By way of derogation from Article 65(4), in the case of costs reimbursed pursuant to points (b) and (c) of the first subparagraph of Article 67(1), the actions constituting the basis for reimbursement shall be carried out between 1 February 2020 and 31 December 2024.</i>			89

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	<i>10c. By way of derogation from Article 65(9), expenditure for operations supported under the thematic objective set out in paragraph 9 shall be eligible as of 1 February 2020.</i>	<b>10a. By way of derogation from Article 65(9), expenditure for operations supported under the thematic objective set out in paragraph 9 shall be eligible as of 1 February 2020.</b>	<i>Provisional common understanding</i> <b>10a. By way of derogation from Article 65(9), expenditure for operations supported under the thematic objective set out in paragraph 9 shall be eligible as of 1 February 2020.</b>	90
	<i>10d. By way of derogation from Article 136(2), that part of commitments still open on 31 December 2023 or on 31 December 2024, as the case may be, shall be decommitted if any of the documents required under Article 141(1) has not been submitted to the Commission by the deadline set out in Article 141(1).</i>			91
	<i>10e. By way of derogation from Article 141(1), in addition to the documents referred to in Article 138, for the final accounting year from 1 July 2024 to 30 June 2025, Member States shall submit a final implementation report for the operational programme.</i>			92
11. By way of derogation from the first and second subparagraphs of Article 120(3), a co-financing rate of up to 100% may be applied to the priority axis or axes supported by the additional resources programmed under the thematic objective referred to in paragraph 10 of this Article.	By way of derogation from the first and second subparagraphs of Article 120(3), a co-financing rate of up to 100% may be applied to the priority axis or axes supported by the additional resources programmed under the thematic objective referred to in paragraph 9 of this Article. <b><i>To that end, they are required to make use of programme-specific indicators made available by the Commission.</i></b>	11. By way of derogation from the first and second subparagraphs of Article 120(3), a co-financing rate of up to [100]% may be applied to the priority axis or axes supported by the additional resources programmed under the thematic objective referred to in paragraph <b>9</b> <del>10</del> of this Article.	The Commission will provide a compromise proposal (last sentence).	93

Commission proposal COM(2020) 451 final	European Parliament position	Council Position (COREPER partial mandate 22/7/20)	Compromise proposal, comments	Rows
By way of derogation from Article 56(3) and 114(2), the Member States shall ensure that by 31 December 2024 at least one evaluation on the use of the additional resources is carried out to assess their effectiveness, efficiency, impact and how they contributed to the thematic objective referred to in paragraph 10 of this Article..	By way of derogation from Article 56(3) and 114(2), the Member States shall ensure that by <b>31 December 2024, or by 31 December 2026, where the derogation referred to in subparagraph 3 of paragraph 2 of this Article applies</b> , at least one evaluation on <b>the use</b> of the additional resources is carried out to assess their effectiveness, efficiency, impact and, <b>where appropriate, inclusiveness and non-discrimination, including from a gender perspective and</b> how they contributed to the thematic objective referred to in paragraph 9 of this Article.	[no change]	Commission proposal: “where applicable, inclusiveness and non-discrimination and”  [First part of EP amendment is withdrawn due to the agreement on line 52a]	94
12. The following provisions shall not apply to the additional resources:	[no change]	[no change]	Provisional common understanding [no change]	95
(a) requirements on thematic concentration including thresholds established for sustainable urban development as set out in this Regulation or the Fund-specific rules, by way of derogation from Article 18;	[no change]	[no change]	Provisional common understanding [no change]	95a
(b) ex ante conditionalities, by way of derogation from Article 19 and the Fund-specific rules;	[no change]	[no change]	Provisional common understanding [no change]	96
(c) requirements on the performance reserve and application of the performance framework, by way of derogation from Articles 20 and 22 respectively;	[no change]	[no change]	Provisional common understanding [no change]	97
(d) the derogation provided in the second sub-paragraph of Article 65(10) setting the eligibility date of 1 February 2020 for operations for fostering crisis	<del>(d) — the derogation provided in the second sub-paragraph of Article 65(10) setting the eligibility date of 1 February 2020 for operations for fostering crisis</del>	<del>(d) — the derogation provided in the second sub-paragraph of Article 65(10) setting the eligibility date of 1 February 2020 for operations for</del>	Provisional common understanding <del>(d) — the derogation provided in the second sub-paragraph of Article 65(10) setting the eligibility date of</del>	98

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response capacities in the context of the COVID-19 outbreak;	<del>response capacities in the context of the COVID-19 outbreak;</del>	fostering crisis response capacities in the context of the COVID-19 outbreak;	1 February 2020 for operations for fostering crisis response capacities in the context of the COVID-19 outbreak;	
(e) the derogation provided in Article 25a(7) for the selection of operations fostering crisis response capacities in the context of the COVID-19 outbreak as referred to in the second sub-paragraph of Article 65(10);	<del>(e) — the derogation provided in Article 25a(7) for the selection of operations fostering crisis response capacities in the context of the COVID-19 outbreak as referred to in the second sub-paragraph of Article 65(10);</del>	[no change]	Trilogue on 24/9: EP position in line 99 on completed operations is to be redrafted at technical level to link it to the retroactive eligibility from 1 February 2020.	99
(f) requirements to prepare a communication strategy, by way of derogation from Article 116 and point (a) of Article 115(1).	[no change]	[no change]	Provisional common understanding [no change]	100
	<i>(fa) requirements as set out in Article 12(4) of Regulation (EU) No 1299/2013 for beneficiaries to cooperate in at least three out of four dimensions. By way of derogation, Interreg partners shall cooperate in at least one dimension when implementing projects funded by the additional resources;</i>			101
13. While carrying out their responsibilities linked to information, communication and visibility in accordance with Article 115(1) and (3) and with Annex XII, Member States and managing authorities shall ensure that potential beneficiaries, beneficiaries, participants, final recipients of financial instruments and the general public are aware of the existence, volume and additional support stemming from the additional resources.	While carrying out <i>their</i> responsibilities linked to information, communication and visibility in accordance with Article 115(1) and (3) and with Annex XII, Member States and managing authorities shall ensure that potential beneficiaries, beneficiaries, participants, final recipients of financial instruments and the general public are aware of the existence, volume and additional support stemming from the additional resources. <i>The reference to additional resources under REACT-EU shall be made by</i>	[no change]	Provisional common understanding  13. While carrying out their responsibilities linked to information, communication and visibility in accordance with Article 115(1) and (3) and with Annex XII, Member States and managing authorities shall ensure that potential beneficiaries, beneficiaries, participants, final recipients of financial instruments and the general public are aware of	102

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	<i>way of a hashtag or other exploratory tools, in order to make clear to citizens that the project in question is funded as part of the Union's response to the COVID-19 pandemic and to ensure full transparency.</i>		the existence, volume and additional support stemming from the additional resources.  <b>The Member States and managing authorities shall make clear to citizens that the project in question is funded as part of the Union's response to the COVID-19 pandemic and to ensure full transparency, using, where appropriate, social media.</b>	
The reference to the “Fund”, “Funds” or “ESI Funds” in Section 2.2 of Annex XII shall be either replaced or complemented by a reference to [REACT-EU], where financial support is provided to operations from the additional resources.”;	[no change]	[no change]	Provisional common understanding [no change]	103
3. in Article 154, the following subparagraph is added:	[no change]	[no change]	Provisional common understanding [no change]	104
“Article 91(1a), Article 92a and Article 92b shall not apply to and in the United Kingdom. References to Member States in those provisions shall be understood as not including the United Kingdom.”	[no change]	[no change]		105
4. A new Annex VIIa is added.	[no change]	[no change]	Provisional common understanding [no change]	106
	<b>Article 1 a</b>  <i>The Commission shall provide the European Parliament and the Council with an evaluation report on REACT-EU by 31 March 2025, covering budgetary commitments for the years 2020, 2021 and 2022. That report shall</i>		Provisional common understanding  <b>Article 1 a</b>  <i>The Commission shall provide the European Parliament and the Council with an evaluation on REACT-EU by 31 March 2025.</i>	107

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	<p><i>include information on the achievement of the objectives of REACT-EU, the efficiency of the use of its resources, the types of actions financed, the beneficiaries and final recipients of the financial allocations and its European added value in aiding the economic recovery.</i></p> <p><i>The Commission shall provide the European Parliament and the Council with a supplementary evaluation report by 31 March 2027, covering any budgetary commitments for the years 2023 and 2024 under the derogation referred to in Article 92b(2) of Regulation (EU) No 1303/2013.</i></p>		<p><i>That evaluation shall include information on the achievement of the objectives of REACT-EU, the effectiveness of the use of its resources, the types of actions financed, the beneficiaries and final recipients of the financial allocations and its European added value in aiding the economic recovery.</i></p> <p><i>[Second part of the EP amendment is withdrawn due to the agreement on line 52a]</i></p>	
Article 2	[no change]	[no change]	Provisional common understanding [no change]	108
This Regulation shall enter into force on the day following that of its publication in the Official Journal of the European Union.	[no change]	[no change]	Provisional common understanding [no change]	109
This Regulation shall be binding in its entirety and directly applicable in all Member States.	[no change]	[no change]	Provisional common understanding [no change]	110
<b>ANNEX</b>  A new Annex VIIa is added :	[no change]	[ANNEX] <sup>1</sup>		111
“ANNEX VIIa Methodology on the allocation of exceptional additional resources for the Investment for growth and jobs goal to provide assistance for fostering crisis	[no change]			112

<sup>1</sup> Council: Full Annex is bracketed for the time being and not yet part of the partial mandate for negotiations.



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<i>repair in the context of the COVID-19 pandemic and preparing a green, digital and resilient recovery of the economy per Member State – Article 92b(4)</i>				
Allocation method for the exceptional additional resources	[no change]			113
The exceptional additional resources shall be distributed between the Member States according to the following methodology:	[no change]			114
1. Each Member State's provisional share from the additional resources is determined as the weighted sum of the shares determined on the basis of the following criteria, weighted as indicated:	[no change]			115
a) A factor of GDP (weighting of 2/3) obtained by applying the following steps:	[no change]			116
(i) share of each Member State of the total loss of real seasonally adjusted GDP expressed in EUR between the first semester of 2019 and the end of the applicable reference period for all Member States considered;	[no change]			117
(ii) adjustment of the shares so obtained by dividing them with the Member State's GNI per capita expressed as a percentage of the average GNI per capita of the EU-27 (average expressed as 100%).	[no change]			
b) A factor of unemployment (weighting of 2/9) expressed as the weighted average of:	[no change]			118
(i) the share of the Member State in the total number of unemployed	[no change]			119



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(weighting of 3/4) for all Member States considered in January 2020, as well as				
(ii) the share of the Member State in the total increase in the number of persons unemployed (weighting of 1/4) between January 2020 and the end of the applicable reference period for all Member States considered.	<i>[no change]</i>			120
c) A factor of youth unemployment (weighting of 1/9) expressed as the average of:	<i>[no change]</i>			121
(i) the share of the Member State in the total number of young persons unemployed (weighting of 3/4) for all Member States considered in January 2020, as well as	<i>[no change]</i>			122
(ii) the share of the Member State in the total increase in the number of young persons unemployed (weighting of 1/4) between January 2020 and the applicable reference period for all Member States considered.	<i>[no change]</i>			123
In case the Member State's real seasonally adjusted GDP expressed in EUR for the applicable reference period is higher than in the first semester of 2019, that Member State's data shall be excluded from the calculations in indent (i) of point a).	<i>[no change]</i>			124
In case the number of people unemployed (age group 15 to 74) or young people unemployed (age group 15 to 24) in the Member State for the applicable reference period is lower than in January 2020, that Member State's data shall be excluded from the	<i>[no change]</i>			125

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calculations in indent (i) of point b) and indent (i) of point c).				
2. The rules described in paragraph 1 shall not result in allocations per Member State for the whole period 2020 to 2022 higher than	The rules described in paragraph 1 shall not result in allocations per Member State for the whole period 2020 to <b>2024</b> higher than			126
a) for Member States whose average GNI per capita (in PPS) for the period 2015-2017 is above 109% of the EU-27 average: 0.07% of their real GDP of 2019;	<i>[no change]</i>			127
b) for Member States whose average GNI per capita (in PPS) for the period 2015-2017 is equal to or below 90% of the EU-27 average: 2.60% of their real GDP of 2019;	<i>[no change]</i>			128
c) for Member States whose average GNI per capita (in PPS) for the period 2015-2017 is above 90% and equal to or below 109% of the EU-27 average: the percentage is obtained through a linear interpolation between 0.07% and 2.60% of their real GDP of 2019 leading to a proportional reduction of the capping percentage in line with the increase in prosperity.	<i>[no change]</i>			129
The amounts exceeding the level set out in points a) to c) per Member State are redistributed proportionally to the allocations of all other Member States whose average GNI per capita (in PPS) is under 100% of the EU-27 average. The GNI per capita (in PPS) for the period 2015-2017 is the one used for cohesion policy in the MFF 2021-2027 negotiations.	<i>[no change]</i>			130

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3. For the purposes of calculating the distribution of the exceptional additional resources for the years 2020 and 2021:	<i>[no change]</i>			131
a) For GDP the reference period shall be: the first semester of 2020;	<i>[no change]</i>			132
b) For the number of people unemployed and the number of young people unemployed the reference period shall be: the average of June to August 2020.	<i>[no change]</i>			133
c) The maximum allocation resulting from the application of paragraph 2 is multiplied by the share of the additional resources for the years 2020 and 2021 in the total additional resources for the years 2020, 2021 and 2022.	<i>[no change]</i>			134
Before the application of the method described in paragraphs 1 and 2 concerning the additional resources for the year 2020, an amount corresponding to an aid intensity of EUR 30 per inhabitant will be allocated to the outermost NUTS level 2 regions from the allocation. That allocation will be distributed per region and Member State in a manner proportional to the total population of those regions. The remaining amount for the year 2020 will be distributed among Member States in accordance with the method described in paragraphs 1 and 2.	<i>[no change]</i>			135
4. For the purposes of calculating the distribution of the exceptional additional resources for the year 2022:	<i>[no change]</i>			136

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a) For GDP the reference period shall be: the first semester of 2021;	<i>[no change]</i>			137
b) For the number of people unemployed and the number of young people unemployed the reference period shall be: the average of June to August 2021.	<i>[no change]</i>			138
c) The maximum allocation resulting from the application of paragraph 2 is multiplied by the share of the additional resources for the year 2022 in the total additional resources for the years 2020, 2021 and 2022.”.	<i>[no change]</i>			139