BRIEFING

EU Legislation in Progress
2021-2027 MFF

# Reform Support Programme 2021-2027

## OVERVIEW

The European Commission adopted the proposal on the establishment of the Reform Support Programme on 31 May 2018, as part of the package for the upcoming multiannual financial framework for 2021-2027. The programme will provide financial and technical support for Member States to implement reforms aimed at increasing the resilience of their economies and modernising them, including priority reforms identified in the European Semester.

The overall budget for the programme is €25 billion. It comprises three elements: a reform delivery tool (financial support); a Technical Support Instrument (technical expertise, building on the current Structural Reform Support Programme 2017-2020); and a convergence facility (preparation for adopting the euro). The Reform Support Programme will be open to all Member States on a voluntary basis, with no co-financing required.

In the European Parliament, the Committee on Economic and Monetary Affairs (ECON) and Committee on Budgets (BUDG) are working jointly on this file under Rule 55 of Parliament's Rules of Procedure. A vote in the joint committee meeting is expected on 1 April 2019, with a vote in plenary thereafter, during the second April 2019 part-session.

**Proposal for a regulation of the European Parliament and of the Council on the establishment of the Reform Support Programme**

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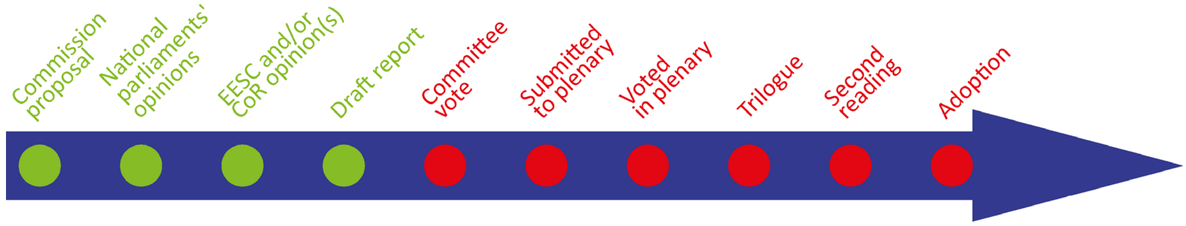
|---|---|---|
| *Committees responsible:* | Economic and Monetary Affairs (ECON) and Budgets (BUDG) (jointly under Rule 55) | COM(2018) 391<br>31.5.2018 |
| *Rapporteurs:* | Caroline Nagtegaal (ALDE, the Netherlands)<br>Eider Gardiazabal Rubial (S&D, Spain) | 2018/0213 (COD) |
| *Next steps expected:* | Joint committee vote | Ordinary legislative procedure (COD) (Parliament and Council on equal footing – formerly 'co-decision') |

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# Introduction

In preparation for the upcoming multiannual financial framework 2021-2027, the European Commission published a proposal for a regulation on the Reform Support Programme (RSP) on 31 May 2018.[1] The proposal builds on the vision set out in the Five Presidents' Report of June 2015, the reflection papers on the deepening of the economic and monetary union and the future of EU finances of spring 2017, as well as the Commission's roadmap for deepening Europe's economic and monetary union of December 2017.

The aim of the programme is to provide financial and technical support for structural reforms to strengthen the resilience of EU Member States' economies, as well as increase social and economic convergence among them. The economic and financial crisis has demonstrated the role of sound and resilient economies and financial systems built on strong economic and social structures in enabling an efficient response to shocks, and swifter recovery from them. However, the implementation of structural reforms in Member States has been slow and uneven, which the RSP aims to improve.

The programme will have a total budget of €25 billion and consist of three instruments. The Technical Support Instrument will be the continuation of the Structural Reform Support Programme 2017-2020, offering technical assistance for administrative and institutional capacity-building in the area of reform. Two new instruments are the reform delivery tool providing financial assistance for reforms identified under the European Semester and the convergence facility for Member States preparing to join the euro area.

# Existing situation

Regulation (EU) 2017/825 on the Structural Reform Support Programme (SRSP) for the 2017-2020 period has been in force since 20 May 2017. Its total budget amounts to €142.8 million, funded by a transfer of technical assistance resources under the European structural and investment (ESI) funds. The programme aims at improving the administrative and institutional capacity of the Member States, to facilitate: the implementation of EU law (in particular the country-specific recommendations (CSRs) issued under the European Semester), economic adjustment programmes, more efficient use of EU funds, and the introduction of own-initiative structural reforms.

The programme is coordinated by the Structural Reform Support Service (operating since July 2015 in connection with reforms in Greece and Cyprus). Tailor-made support is available to all Member States upon request and requires no co-financing. Expertise is provided by the European Commission, but also by national experts, international organisations, public bodies or experts from the private sector. Support is delivered upon the request of a Member State, and covers a wide range of policy areas such as public financial management, administration, business environment, trade, competition, labour markets, education and training, social security systems, migration and agriculture. Up to 31 October of each year, Member States may submit requests for technical support under SRSP to the Commission via a national SRSP Coordinating Authority. The Commission then analyses the submissions and conducts dialogue with the national Coordinating Authorities to assess countries' specific needs and options to support the design and implementation of the reforms.

The take-up of the programme by Member States has been very high. The programme has supported over 440 reform projects in 24 Member States. The demand has been four times (in 2017) and five times (in 2018) higher than the annual budget available.

In the context of requests for support significantly exceeding the amount of funding available and the need to support Member States wishing to join the euro area, the Commission published its proposal to amend Regulation (EU) 2017/825 on 6 December 2017. The amendments include expanding the general objective to cover activities supporting reforms carried out by countries preparing to join the euro area, including quality control and monitoring of support projects on the ground as eligible costs, as well as increasing the financial envelope to €222.8 million. The additional amount of €80 million for the 2019-2020 period would be taken from the Flexibility Instrument under the current multiannual financial framework.

An annual monitoring report on the implementation of the programme and an independent evaluation report are required by mid-2019. In the meantime, the SRSS annual work programmes for 2017 and 2018 are available. Support for the policy areas covered was distributed between: business environment and growth (35 %), labour market, health, education and social services (22 %), governance and public administration (14 %), revenue administration and public financial management (18 %) and financial services and access to finance (11 %). Support from the Structural Reform Support Programme will end on 31 December 2020.

# Parliament's starting position

In its resolution of April 2017 on the Structural Support Reform Programme for 2017-2020, the Parliament emphasised that reforms should be growth-friendly and investment-oriented and aim for quality job creation, social inclusion, territorial cohesion, equal opportunities, combating poverty and fair competition. It also highlighted the need for ownership of structural reforms by Member States, including local and regional authorities and the social partners. In case of extension of the SRSP under the new MFF, Parliament recommended establishing a fund of own resources rather than continuing to use ESI funds.

In a resolution of July 2018 on amending the SRSP, Parliament supported the two main elements of the proposal, i.e. the SRSP budget increase and the addition of preparations for euro-area membership among the programme's objectives. The EP advocated the involvement and consultation of regional and local authorities in the preparation and implementation of structural reforms, while also suggesting synergies with already existing national reform initiatives, allowing the SRSP to focus mainly on measures best supporting the CSRs. It called for greater clarity on the content of structural reforms to be promoted using cohesion funding and on their likely impact on the effectiveness of cohesion funding.

Parliament agreed, in its March 2018 resolution on the 'European Semester for economic policy coordination: Annual growth survey 2018', that the improved economic situation provides opportunities for implementing ambitious and socially balanced structural reforms. It highlighted the importance of investment in research and development, education and training, as well as adaptation to technology-driven changes in the labour markets. It also underlined the importance of combining public and private investment with structural reforms to boost and leverage economic growth, and called for taxation reviews aimed at achieving a fair balance of taxation on capital, labour and consumption.

# Preparation of the proposal

The RSP proposal is accompanied by a Commission impact assessment. This concludes that the current instruments at EU level are insufficient to address the drivers behind the low and uneven implementation of structural reforms. The European Semester is an effective soft-law tool for identifying challenges and reform needs and for monitoring the responses from Member States. However, it has no enforcement arm and no tool to provide actual incentives for reform. Technical support provided through the Structural Reform Support Programme has a limited budget and the programme will end on 31 December 2020. The European structural and investment funds (called 'Union funds' under the proposed new common provisions regulation), finance the implementation of some structural reforms and provide encouragement for others, notably through application of ex-ante conditionalities.[2] However, the goals and intervention logic of these funds remain geared towards investment rather than reform. Finally, there is currently no targeted support for Member States wishing to join the euro area, as could accelerate the process of their convergence.[3]

The reform delivery tool would be a direct response to the slow and uneven implementation of structural reforms in Member States, in particular as regards challenges identified in the European Semester, by tackling the causes, such as lack of administrative capacity, short-term economic, social and political costs of reforms, and lack of political ownership. Moreover, the financial incentives would help provide further stimulus for undertaking reforms. The Technical Support Instrument would be a continuation of the SRSP, while the convergence facility would address the lack of targeted support for Member States not in the euro area.

While the impact assessment acknowledges that the SRSP is too recent to enable an analysis of its performance and impact, it highlights some preliminary conclusions.[4] Among other things, the programme fills the gap in the implementation of structural reforms by supporting the Member States in various stages of the reform process. Furthermore, it entails a rather low administrative burden compared to other Union programmes and offers relatively quick support. The programme also contributes to the implementation of strategic EU priorities, addressing cross-border issues and Union-wide challenges. In some cases, SRSP support enabled funding to be leveraged from other Union programmes. Member States appreciate the fact that they are able to share their expertise with other Member States or experts, the voluntary character of participation and the consensual nature of the cooperation throughout the entire support process.

A public consultation was carried out between 10 January 2018 and 9 March 2018, where the SRSP was included in the 'cohesion cluster'. The consultation covered questions on regional policy, employment and social affairs, social inclusion, vocational education and training, research and innovation, business and industry, energy, justice and fundamental rights, migration and asylum, transport, rural development, digital economy and society, climate action, maritime affairs and fisheries, structural reforms, and youth. The SRSP was not explicitly mentioned as one of the funding programmes; however, responses to questions specifically mentioning the implementation of (structural) reforms in the Member States may be of relevance. The majority of respondents considered the policy challenges identified by the Commission in relation to the sound economic governance and implementation of reforms by Union programmes and funds to be important. Lack of resources was identified as the main obstacle to the implementation of reforms in different areas. A number of respondents wished to see a link between the achievement of long-term structural changes and the national reform programmes, the CSRs and other national initiatives.

In the context of the 'EMU package' of 6 December 2017 on the deepening of the economic and monetary union, the Commission announced its intention to create a new reform delivery tool for the period after 2020, to support the implementation of national reforms identified within the European Semester. Technical workshops were organised in the Member States in order to collect their views and interest in the pilot of the reform delivery tool, and to gather ideas on the design of the future reform delivery tool and possible type of reforms. In their feedback, Member States acknowledged the need for structural reform, but at the same time stressed that they should be given more ownership over implementation. Some Member States would welcome a new tool for incentivising structural reforms, whereas others believed that, as structural reforms pay for themselves, additional financial incentives are not needed. In addition, some Member States were sceptical about the idea of creating yet another EU tool, as new instruments might lead to additional administrative burden. The majority of Member States considered the European Semester to be the right vehicle to deal with the future reform delivery tool, while maintaining some flexibility in terms of deadlines. Member States believed that the tool should finance high-quality reforms that make a real difference and provide a clear definition of structural reforms. The majority of Member States were in favour of reforms that go beyond the CSRs and the European Semester. Some considered the envisaged timeframe of three years for the implementation of reforms to be too short. Complementarity with the ESI funds was crucial to most Member States, with the reservation that there should be no clear link between the ex-ante conditionalities and the future reform delivery tool. Above all, the reform delivery tool should not be developed at the expense of ESI funds envelopes.

The impact assessment identified the establishment of a new Reform Support Programme as the preferred option. It would help address the problem in a comprehensive manner, by strengthening the current technical support offered through the SRSP, adding a targeted instrument providing financial support for the implementation of reforms and adding a targeted instrument to support the implementation of reforms in Member States outside the euro area. While the implementation of structural reforms in Member States remains a national competence, action at EU level would provide the impetus to help overcome the lack of political ownership or commitment to undertake reforms (partly related to financial or short-term political costs).

EPRS published an initial appraisal of the Commission's impact assessment in October 2018. The appraisal states that the impact assessment (IA) provides a good review of the baseline scenario, issues at stake and objectives. However, it focuses more on presenting the expected positive effects of the programme and its delivery mechanisms, rather than assessing the impacts of alternative options against the baseline scenario. Moreover, the delivery mechanisms are presented mostly in a qualitative way with few quantified references. The appraisal also points out the vagueness of the IA in terms of the precise scope of the programme and several implementation details (such as the dialogue between Member States and the Commission, the monitoring of reform projects and the procedures of potential recovery of financial support). Due to the voluntary nature of the programme, however, the IA implies that ex-ante assessment is a challenging task, as the subject and impacts largely depend on the specific requests and reform implementation by the Member States.

## The changes the proposal would bring

The proposed programme aims to support structural reform efforts and to help strengthen Member States' administrative capacity. It will extend the size and scope of the current Structural Reform Support Programme 2017-2020. It will also have its own separate budget under the new MFF (the previous programme was financed by a transfer of allocations from the ESI funds).

The policy areas to be covered by the RSP include public financial and asset management, institutional and administrative capacities, business environment, product, service and labour markets, education and training, sustainable development, public health, education and the financial sector (Article 6 of the proposal). The programme will be provided on a voluntary basis and implementation of reforms will remains a national competence.

The programme will comprise three separate but complementary instruments (see Figure 1) with an overall budget of €25 billion. The reform delivery tool (€22 billion) will provide financial support to all Member States for reforms identified in the context of the European Semester. The Technical Support Instrument (extension of the current Structural Reform Support Programme) with a budget of €840 million, will provide technical support to strengthen administrative capacities for a wide range of reforms. The convergence facility will provide both financial and technical support to Member States wishing to join the euro area (€2.16 billion, including €2 billion for the financial support component and €160 million for technical support). In addition, the Member States may, on a voluntary basis, request the transfer of up to 5 % of resources under other Union funds,[5] in accordance with Article 21 of the proposed new common provisions regulation. Funding for the reform delivery tool and the financial support component of the convergence facility will be distributed among Member States on the basis of their share of the total EU population (with maximum financial allocations per country laid out in Annex I to the regulation). Requests for support will be voluntary and no co-financing will be required from the Member States. The Member States will be able to apply for support as of January 2021.

Figure 1 – Reform Support Programme – three instruments

| Reform Delivery Tool | Technical support | Convergence Facility |
|---|---|---|
| **financial support**, open to all EU Member States<br>**reforms identified in the context of the European Semester**<br>**budget of €22 billion** | support in the form of **technical expertise**, open to all EU Member States<br>**wide scope of reforms** (including European Semester, Union law and Member States' priorities)<br>**budget of €0.84 billion** | **extra financial and technical support** for Member States wishing to join the euro within a defined timeframe<br>reforms to **help prepare for euro adoption**<br>**budget of €2.16 billion** |

Source: European Commission, 2018.

## Reform delivery tool

The reform delivery tool will provide financial support for key reforms identified in the context of the European Semester (i.e. responding to challenges identified in country-specific recommendations and the macroeconomic imbalance procedure, if applicable). The budget of €22 billion will be allocated in two stages. Half of the budget (€11 billion) will be made available in the first 20 months. In the second stage, lasting for the remaining period of the programme, the other €11 billion, plus the amounts not used in the first stage, will be allocated via a system of periodic calls for submission of reform proposals.

The envisaged procedure involves the following steps: 1) an interested Member State discusses possible reform commitments with the Commission; 2) the Member State presents a proposal for reform commitments (as an annex to its national reform programme) to implement reform commitments for one or several reforms identified in the European Semester within a maximum period of three years; 3) the Commission assesses the proposal and adopts a decision regarding the reform commitments and the size of the financial support (in line with the assessment guidelines in Annex II to the proposed RSP regulation); 4) Within three years, the Member State implements the reform and reports on progress in the context of the European Semester; 5) the Commission assesses whether the reform has been satisfactorily implemented; 6) single payment is made upon achievement of milestones and targets.

A pilot project will be rolled out in Portugal to address the skills challenges by improving the vocational education and training system. It is intended to test the merits and functioning of the future reform delivery tool.

## Technical Support Instrument

The instrument will build upon the current Structural Reform Support Programme, aiming at strengthening the administrative capacity of Member States for designing and implementing reforms. Technical support will be provided directly through the Commission's in-house expertise and/or other providers of technical support. Types of reform supported include reforms undertaken at Member States' own initiative, in the context of the economic governance process (the CSRs issued under the European Semester), reforms for the implementation of economic adjustment programmes, reforms relevant for preparation for euro-area membership, and the preparation and implementation of reform commitments under the other programme instruments.

Following dialogue with the Commission, a Member State can submit a request for technical support to implement reforms. The Commission will then assess the request and identify the most suitable type of expertise. The priority areas for support, the objectives, an indicative timeline, the scope of the support measures to be provided and the estimated global financial contribution will be set out in a cooperation and support plan that will be transmitted to the Parliament and the Council. The final step is the provision of expertise on the ground.

The type of actions eligible for financing under the technical support instrument will include, among others, expertise related to policy advice and/or change, formulation of strategies and reform roadmaps; expertise related to legislative, institutional, structural and administrative reforms; provision of experts, including resident experts; capacity-building and related supporting actions at all governance levels; as well as actions contributing to the empowerment of civil society (Article 18 of the proposal).

The Technical Support Instrument will have a budget of €840 million.

## Convergence facility

The convergence facility is targeted at supporting Member States preparing for euro-area membership, by strengthening their resilience and accelerating the process of convergence. Its budget of €2.16 billion will cover a financial (€2 billion) and a technical (€160 million) component.

Proposals for reform commitments for financial support will follow similar rules as under the reform delivery tool, while the procedure for technical support will be similar to that for the Technical Support Instrument. The procedure would start with a Member State taking demonstrable steps to join the euro area within a reasonable and defined timeframe. These steps will consist of a formal government letter to the Commission and a time-bound roadmap for implementing concrete measures, including full alignment of national legislation with the requirements under Union law (including the banking union). Depending on the support requested (financial or technical), the Member State will prepare a proposal for reform commitment or a request for technical support. The Commission will then grant financial or technical support under the convergence facility. Eligible reforms will include those in the context of countries' preparation to join the euro area, in particular aimed at addressing the challenges identified under the European Semester.

## Evaluation and indicators

The implementation of the programme will be monitored via a framework of indicators (output, result and impact indicators laid out in Annex III to the proposed regulation). Examples include the number of reform commitments concluded and completed, financial contributions allocated, number of technical support activities provided, achieved objectives set in the reform commitments, as well as cooperation and support plans. A mid-term evaluation for each instrument will take place no later than four years after the start of the programme implementation. An ex-post evaluation will be carried out no later than four years after the end of the programme. Conclusions of the evaluations and the Commission's observations will be communicated to the European Parliament, the Council, the European Economic and Social Committee (EESC) and the European Committee of the Regions (CoR).

## Complementarity with existing EU programmes

The economic priorities identified in the context of the European Semester include: 1) support for reform (to be delivered through the three tools under the RSP); 2) support for investment (to be delivered via the ESI funds, the new InvestEU Fund and the Connecting Europe Facility); 3) stabilisation in case of shocks (European investment stabilisation function). The new Reform Support Programme will thus be complementary to existing EU programmes, especially the ESI funds, InvestEU and the Connecting Europe Facility.

## Advisory committees

The European Committee of the Regions (CoR) adopted its opinion on 'The Reform Support Programme and European Investment Stabilisation Function' in plenary on 6 December 2018. It welcomed all three components of the programme (technical, financial and convergence assistance), but called for financial support to be allocated between Member States on the basis of cohesion policy indicators instead of population. It suggested a more detailed definition of the scope of reforms to be supported with a view to ensuring their relevance for the implementation of EU Treaty objectives, EU competences and EU value added. It also supported promoting both investments and regulatory reforms via the country-specific recommendations and alignment with the long-term investment objectives of the ESI funds. In light of the increased importance of the European Semester, the CoR stressed the need for greater involvement of local and regional authorities, which should become a criterion to assess the credibility of reform implementation arrangements. It also advocated for active promotion of the access of local and regional authorities to the technical support instrument under the programme at all levels of government.

The European Economic and Social Committee (EESC) adopted its opinion on the Reform Support Programme on 17 October 2018. It welcomed the rationale behind the establishment of the RSP and recommended that it should involve monitoring of the social impact and consequences of reforms at the national level. It highlighted the possibility for a greater and more direct linkage between the programme and the European Semester. It also recommended extension of the programme to cover structural projects of pan-European importance. On a more technical note, the EESC suggested developing a practical manual for beneficiaries with information on possible combinations of different chapters of the future MFF. It also recommended clarification of the procedures for evaluating reform success and expressed doubts whether retrospective payment of funds would provide sufficient motivation for Member States to carry out reforms. It suggested a possible role for the organised civil society in obtaining agreement between the European Commission and the Member States on the content of reforms. Moreover, it advocated creating a platform for cooperation between Member States on issues relating to the form and nature of structural reforms.

## National parliaments

The proposal for a regulation was submitted to the national parliaments, with a subsidiarity deadline of 13 September 2018. While none of the parliaments raised subsidiarity concerns, several presented detailed comments on the proposal. For instance, the Portuguese Parliament, in its opinion of 7 September 2018, points out that structural reforms are important for boosting convergence and competitiveness. It therefore welcomes the establishment of a programme offering both technical and financial support for reforms, also highlighting how Portugal has benefitted from reforms under the economic and financial adjustment programme since 2014. The Czech Senate issued a resolution on 20 December 2018. In general, it supported the establishment of the Reform Support Programme, but pointed out that the proposal does not provide justification for the budgets allocated to the individual instruments. It also warned that a situation where the programme could lead the Member States to condition their reform efforts on the availability of financial support from the EU should be avoided. It highlighted that efforts should be motivated by national needs and EU support should only be supplementary. Moreover, it proposed that only Member States with per capita GDP below 90 % of the EU average should be allowed to use the programme. It expressed doubts regarding the effectiveness of the reform delivery tool in relation to the provision envisaging that payment would be effected only after the completion of reforms and the requirement for reforms to remain unchanged for five years, which prevents flexibility in reacting to upcoming challenges. It also suggested increasing the funding for the Technical Support Instrument at the expense of the reform delivery tool. In a more general resolution on the governance of the euro area of 23 June 2018, the French National Assembly supported the EU's efforts to strengthen structural reforms and the use of instruments for this purpose under the new MFF.

## Stakeholders' views[6]

In its EU reform barometer for 2018, the Confederation of European Business (BusinessEurope) welcomed the reform's progress in the area of financial stability and public finances. However, it stressed the need to improve competitiveness in the EU, address the structural skills mismatches in EU labour markets and design labour supply measures that work well. It regretted the relatively low implementation of the CSRs and urged Member States to use the current positive economic climate to implement structural reforms recommended by the EU.

The European Trade Union Confederation (ETUC), in its input to the broad economic guidelines for 2018, called for a mechanism enabling the voluntary involvement of trade unions and employers in the new programme. It also warned against labour reforms leading to the proliferation of precarious working contracts and pension reforms with too little attention to pension adequacy in the future.

In its opinion on the reflection paper on deepening the EMU, the European Centre of Employers and Enterprises providing Public Services and Services of general interest (CEEP) called for greater involvement of the social partners in the designing and monitoring of reforms, whilst ensuring sufficient support for capacity-building in this area. In the context of the new MFF, it identified stronger support for reforms via the new self-standing structural reform support programme and stronger links to the euro area as the main priorities.

## Legislative process

The European Commission adopted its legislative proposal on 31 May 2018. In the Council, the proposal is being examined by the Working Party of Financial Counsellors. At the European Parliament, the Committee on Budgets (BUDG) and the Committee on Economic and Monetary Affairs (ECON) are jointly responsible for this file under Rule 55 of the Parliament's Rules of Procedure. The co-rapporteur are Caroline Nagtegaal (ALDE, the Netherlands) and Eider Gardiazabal Rubial (S&D, Spain). An exchange of views took place at a joint meeting on 22 October 2018. The co-rapporteurs' draft report, proposing 51 amendments to the Commission proposal, was published on 23 November 2018. It suggests replacing the general mention on 'preparations for participation in the euro area' with a more precise definition of reforms that 'contribute to achieving the convergence criteria for participation in the euro area that are set out in Article 140(1) TFEU or that contribute to achieving full alignment of national legislation with the specific provisions of Union law relevant for euro-area membership'.

The draft report adds upward convergence, economic resilience, efficiency, sustainable development and 'high quality' jobs to the programme's objectives, and taxation system and industrial policies among the specific policy domains to be supported by the programme. It also proposes adding to the reform commitments a detailed cost-benefit analysis; a summary of reforms already undertaken in the relevant area in the past seven years along with their effects; and the expected impacts upon and contribution to the implementation of the EU's and Member States' commitments in the context of the Paris Agreement and the UN Sustainable Development Goals. Moreover, it recommends that an independent national fiscal institution be invited to provide its opinion on the budgetary aspects of the proposed reform commitments. It also proposes to increase the minimum period defining the durability of reforms after the financial contribution has been paid, from five to six years. It suggests deleting the paragraph on voluntary transfers to the programme of resources allocated to Member States under shared management. The draft report also suggests that the Commission's decision on a Member State's reform proposal be made by means of a delegated act rather than an implementing act. It furthermore introduces a new Article 37a, conferring upon the Commission the power to adopt delegated acts in the context of the Reform Support Programme, in line with the Interinstitutional Agreement on Better Law-Making signed on 13 April 2016.

Two parliamentary committees have provided their opinions. In its opinion of 21 November 2018, the Committee on the Environment, Public Health and Food Safety (ENVI) presented 11 amendments to the legislative proposal, focusing on the following issues: social inclusion and sustainability; phasing out of environmentally harmful subsidies; transition to a circular economy with net zero emissions; contribution to the SDGs and the European Pillar of Social Rights; support for carbon-dependent regions affected by the transition of jobs due to the necessary structural transition to a low-carbon economy; and respect for existing Union labour rights.

In its opinion of 26 November 2018, the Committee on Regional Development (REGI) presented 57 amendments, highlighting the need for complementarity between EU instruments; compatibility with cohesion policy; the importance of supporting convergence, sustainable growth, climate protection, social inclusion and job creation; and the involvement of local and regional authorities and economic and social partners in the preparation and implementation of structural reforms. It also proposed to delete the provisions regarding transfers of resources programmed in shared management under the Union funds, and suggested technical changes to the allocations.

The ECON/BUDG draft report and the amendments will be considered in a joint committee vote expected to take place on 1 April 2019. The plenary vote would then take place during the second April 2019 part-session.

## EP SUPPORTING ANALYSIS

Kramer E., Initial Appraisal of a European Commission Impact Assessment: Reform Support Programme, EPRS, European Parliament, October 2018.

Widuto A., Structural reform support programme 2017-2020, EPRS, European Parliament, June 2017.

How to further strengthen the European Semester?, Economic Governance Support Unit, European Parliament, November 2017.

Country-Specific Recommendations for 2017 and 2018: A tabular comparison and an overview of implementation, Economic Governance Support Unit, European Parliament, May 2018.

## OTHER SOURCES

Reform support programme 2021–2027, Legislative Observatory (OEIL), European Parliament.

Communication on 2018 European Semester: Assessment of progress on structural reforms, European Commission, March 2018.

## ENDNOTES

1 The proposal for a RSP is part of the broader agenda to deepen Europe's economic and monetary union. It was published together with a proposal on the European Investment Stabilisation Function.

2 Ex-ante conditionalities are the conditions for using the ESI funds. They include regulatory frameworks compliant with EU law as well as administrative and institutional capacity for implementing the ESI funds.

3 Negotiations on a regulation amending the SRSP to expand its general objective to cover activities supporting reforms in preparation for joining the euro area and to increase the financial envelope, are currently ongoing (procedure: 2017/0334(COD)).

4 An independent mid-term evaluation report is expected by mid-2019 and an independent ex-post evaluation report by 31 December 2021.

5 The European Regional Development Fund (ERDF), the European Social Fund+ (ESF+), the Cohesion Fund or the European Maritime and Fisheries Fund (EMFF).

6 This section aims to provide a flavour of the debate and is not intended to be an exhaustive account of all different views on the proposal. Additional information can be found in related publications listed under 'EP supporting analysis'.



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