



28.8.2018

PROVISIONAL AGREEMENT RESULTING FROM INTERINSTITUTIONAL NEGOTIATIONS

Subject: Proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) 2017/825 to increase the financial envelope of the Structural Reform Support Programme and adapt its general objective (COM(2017)0825 – C8-0433/2017 – 2017/0334(COD))

The interinstitutional negotiations on the aforementioned proposal for a regulation have led to a compromise. In accordance with Rule 69f(4) of the Rules of Procedure, the provisional agreement, reproduced below, is submitted as a whole to the Committee on Regional Development for decision by way of a single vote.

REGULATION (EU) 2018/...
OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of ...

amending Regulation (EU) 2017/825 to increase the financial envelope of the Structural Reform Support Programme and adapt its general objective

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular the third paragraph of Article 175 and Article 197(2) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee¹,

Having regard to the opinion of the Committee of the Regions²,

Acting in accordance with the ordinary legislative procedure³,

Whereas:

- (1) *The Union may support Member States, upon their request, to improve their administrative capacity to implement Union law.*
- (2) The Structural Reform Support Programme ('the Programme') was established with the objective of strengthening the capacity of Member States to prepare and implement growth-sustaining administrative and structural reforms *of interest to the Union*, including through assistance for the efficient and effective use of the Union funds. Support under the Programme is provided by the Commission, upon request by a Member State, and can cover a wide range of policy areas. Developing resilient

¹ OJ C ...

² OJ C ...

³ Position of the European Parliament of ... (not yet published in the Official Journal) and decision of the Council of

economies ***and a resilient society*** built on strong economic and social ***and territorial*** structures, which allow Member States to efficiently absorb shocks and swiftly recover from them, contributes to economic and social cohesion ***and unlocks growth potential***. ***Member States should encourage, in accordance with their legal framework, suitable contribution and involvement of national and regional public administration and stakeholders***. The implementation of institutional, administrative and growth-sustaining structural reforms ***that are important for Member States, and the ownership on the ground of structural reforms with European added value are important tools*** for achieving such a development.

- (3) ***Efficient communication of the Programme's actions and activities and their results at Union, national and regional level, as appropriate, is essential, for raising awareness of the achievements of the Programme and ensuring visibility and providing information on its effects on the ground.***
- (4) ***Given that demand for support may exceed the Programme's funding, the requests should be prioritized, where appropriate, by the Member State concerned during the request for support procedure. In this context, attention should be paid to requests for support that have links to European Semester and to policy areas related to cohesion, innovation, employment and smart and sustainable growth. The Programme should complement other instruments in order to avoid overlaps.***
- (5) ***Given that the Programme does not provide funding to Member States, but only technical support, it does not aim to replace or substitute funding from national budgets.***
- (6) Member States have increasingly taken up support under the Programme, beyond the initial expectations. The requests for support received by the Commission during the 2017 cycle have, based on their estimated value, significantly exceeded the available annual allocation. During the 2018 cycle, the estimated value of requests received was five times the financial resources available for that year. Almost all Member States have requested support under the Programme and requests are distributed across all policy areas covered by the Programme.

- (7) Strengthening economic and social cohesion ***through*** structural reforms ***which benefit the Union and are in accordance with its principles and values*** is crucial ***for underpinning economic resilience and*** for successful participation ***and enhanced real convergence*** in the Economic and Monetary Union, ***ensuring its long-term stability and prosperity***. That is ***equally*** important for Member States whose currency is not the euro, in their preparation to join the euro area, ***and for euro-area Member States***.
- (8) It is thus appropriate to stress in the general objective of the Programme – within its contribution towards responding to economic and social challenges – that enhancing ***economic, social*** cohesion, competitiveness, productivity, sustainable growth, and job creation, ***social inclusion and investment could*** also contribute to the preparations for future participation in the euro area by those Member States whose currency is not the euro.
- (9) ***With a view to pursuing the general and specific objectives and within the eligible actions to be financed by this Programme, it should be noted*** that actions and activities of the Programme may ***also*** support reforms that may help Member States ***in their preparation to join*** in the euro area, ***while respecting the principle of equal treatment of all Member States***.
- (10) In order to meet the growing demand for support from Member States, and in view of the need to support the implementation of structural reforms ***of interest to the Union, including*** in Member States whose currency is not the euro ***in their preparation to join the euro area***, the financial allocation for the Programme should be increased to a sufficient level that allows the Union to provide support ***which*** meets the needs of the requesting Member States ***and is used in accordance to sound financial management. That increase should not negatively impact the other priorities of cohesion policy. Moreover, Member States should not be obliged to transfer their national and regional allocations from European Structural and Investment Funds (ESIF)***.
- (11) In order to provide ***quality*** support with the least possible delay, the Commission should be able to use part of the financial envelope also to cover the cost of activities

supporting the Programme, such as expenses related to quality control and monitoring, **and evaluation** of projects on the ground. ***These activities are important to ensure the efficiency of project implementation.***

- (12) Regulation (EU) 2017/825 should therefore be amended accordingly.
- (13) In order to allow for the prompt application of the measures provided for in this Regulation, this Regulation should enter into force on the day following its publication in the *Official Journal of the European Union*,

HAVE ADOPTED THIS REGULATION:

Article 1

Regulation (EU) 2017/825 is amended as follows:

- (1) Article 4 is replaced by the following:

“Article 4

General objective

The general objective of the Programme shall be to contribute to institutional, administrative and growth-sustaining structural reforms in the Member States by providing support to national authorities for measures aimed at reforming and strengthening institutions, governance, public administration, and economic and social sectors in response to economic and social challenges, with a view to enhancing cohesion, competitiveness, productivity, sustainable growth, job creation, investment, ***social inclusion and contributing to real convergence in the Union***, which ***may*** will also prepare for participation in the euro area, in particular in the context of economic governance processes, including through assistance for the efficient, effective and transparent use of the Union funds.”;
- (2) Article 5a is added

“Article 5a

Support for preparation for euro area membership

With a view to pursuing the objectives set out in Article 4 and 5 and within the eligible actions referred to in Article 6, the Programme may finance actions and activities ***also*** in support of reforms that may help Members States in their preparation to join the euro area.”.

(3) Article 10 is amended as follows:

(a) paragraph 1 is replaced by the following:

“1. The financial envelope for the implementation of the Programme is set at EUR 222 800 000 in current prices.”;

(b) in paragraph 2, the following sentence is added:

“Expenses may also cover the costs of other supporting activities such as quality control and monitoring of support projects on the ground.”.

(3a) in Article 16, paragraph 2 point ea) is added

"(f) implementation of support measures;"

Article 2

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at ...,

For the European Parliament

The President

For the Council

The President

Joint statement by the European Parliament, the Council and the Commission

(to be published in the C series of the OJ)

As regards financing the increase of the financial envelope for the Structural Reform Support Programme and without prejudice to the powers of the budgetary authority, the European Parliament, the Council and the Commission have agreed as follows:

1. EUR 40 million will be financed through the budget line of the SRSP located in Heading 1b (13.08.01) of the MFF (Economic, social and territorial cohesion) by mobilising the Global margin for commitments in accordance with Article 14 of the MFF Regulation (EU, Euratom) No 1311/2013 in the framework of the budgetary procedure pursuant to Article 314 TFEU;
2. EUR 40 million will be financed through the budget line of the SRSP located in Heading 2 (13.08.02) of the MFF (Sustainable Growth: Natural Resources) by redeployments other than technical assistance and Rural Development within this Heading and without having recourse to the margins. The exact sources for such redeployments will be further specified in due course having regard to the negotiations of the budgetary procedure for the 2019 budget.

Draft statement by the Commission
(to be published in the C series of the OJ)

The Commission will identify and propose redeployments of EUR 40 million in Heading 2 of the MFF (Sustainable Growth : Natural Resources) in the amending letter to the draft general budget 2019.

The Commission intends to propose the mobilisation of the Global Margin for Commitments in accordance with Article 14 of the MFF Regulation (EU, Euratom) No 1311/2013 in the framework of the budgetary procedure for 2020 pursuant to Article 314 TFEU.