

# European Regional Development Fund, European Social Fund, Cohesion Fund, European Agricultural Fund for Rural Development and European Maritime and Fisheries Fund: support to structural reforms in Member States

2017/0336(COD) - 06/12/2017 - Legislative proposal

**PURPOSE:** to introduce a targeted amendment to the Common Provisions Regulation applicable to the European Structural and Investment Funds (ESI Funds) in order to facilitate structural reforms conducted by the Member States in the context of the economic governance process.

**PROPOSED ACT:** Regulation of the European Parliament and of the Council.

**ROLE OF THE EUROPEAN PARLIAMENT:** the European Parliament decides in accordance with the ordinary legislative procedure on an equal footing with the Council.

**BACKGROUND:** under the post-2020 multiannual financial framework, the Commission intends to propose a new tool to support Member States in the **implementation of the structural reforms adopted in the framework of the European Semester**. This tool shall have its own budgetary endowment, separate from and in addition to the European Structural and Investment Funds (ESI).

This new reform delivery tool shall seek to support a broad range of reforms such as in product and labour markets, tax reforms, the development of capital markets, reforms to improve the business environment as well as investment in human capital and public administration reforms.

The Commission intends to test the main features of this reform delivery tool in a **pilot phase for the period 2018-2020**, by offering the possibility to Member States to use all or part of the performance reserve in the current European Structural and Investment (ESI) Funds to support reforms instead of specific projects.

To this end, the Commission proposes amendments to the [Regulation \(EU\) 1303/2013](#) of the European Parliament and of the Council laying down common provisions on the European Structural and Investment Funds (ESI funds).

**CONTENT:** the proposal opens the possibility to partially or fully allocate the **performance reserve** set up by Article 20 of Regulation (EU) No 1303/2013 to support the reform commitments undertaken by the Member States.

A Member State which opts for a partial or full allocation of the **performance reserve** shall propose to the Commission a detailed set of measures appropriate for the implementation of structural reforms in accordance with Union law. This proposal shall include **reform commitments** which shall contain milestones and targets for the implementation of the reform measures and a timetable which shall not be longer than three years.

**The Commission shall adopt a decision, by means of an implementing act**, setting out the reform commitments to be implemented by the Member State and the amount allocated from the performance reserve for their support.

Support to structural reforms by Member States shall take the form of a **financing not linked to cost** shall be managed in line with the rules for direct management set out in that Regulation, and shall not require national co-financing.

The amount allocated to the implementation of the structural reforms should be **proportionate** to the nature and importance of the reform and should complement existing Union support to national reforms

The Member State shall **regularly report within the mechanisms of the European Semester** on the progress in the achievement of the reform commitment.