Structural reform support programme 2017-2020: financial envelope and general objective

2017/0334(COD) - 06/12/2017 - Legislative proposal

PURPOSE: to increase the financial envelope of the structural reform support programme and to adapt its general objective.

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 and on an equal footing with the Council.

BACKGROUND: Regulation (EU) 2017/825 of the European Parliament and of the Council established a structural reform support programme for the period 2017-2020, with a budget of **EUR 142.8 million**. Its objective is to strengthen the capacity of Member States to prepare and implement growth-sustaining administrative and structural reforms, including through assistance to ensure the efficient and effective use of Union funds.

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 (EUR 152 million) was five times the financial resources available for that year (EUR 30.5 million).

In 2018 almost all Member States (24) have submitted request for support.

The Commission considers that **the financial allocation of the structural reform support programme should be increased** in order to cater for the needs, in particular, of non-euro area Member States, which embark on structural reforms aimed at making their economies more resilient to shocks and better preparing them for euro area membership, as well as for the needs stemming from the increased number and cost of requests for support from all Member States in relation to the implementation of structural reforms.

CONTENT: the proposal aims to amend Regulation (EU) 2017/825 establishing a structural reform support programme to:

- indicate the contribution of the **programme to facilitating the participation in the euro area of Member States whose currency is not the euro**;
- adapt the overall objective of the programme by stressing that enhancing cohesion, competitiveness, productivity, sustainable growth and job creation should also **contribute to preparations for participation in the euro area** by those Member States whose currency is not the euro and that want to join the single currency;
- increase the financial envelope allocated to the programme to **EUR 222.8 million at current prices**.

BUDGETARY IMPLICATIONS: the increase of the dedicated financial envelope for the structural reform support programme from EUR 142.8 million to EUR 222.8 million (current prices) should be put in place for 2019 and 2020. This increase should be made possible by **using EUR 80.million from the**

flexibility instrument under the current multiannual financial framework (Article 11 of Council Regulation 1311/2013), which allows for supplementing the financing available in the general budget of the Union for the financial years 2018 and 2019 beyond the ceiling of heading 1b (cohesion).

This increased budget will be supplemented by inviting Member States to make use of the possibility, under the structural reform support programme Regulation, of transferring part of their resources from the technical assistance component of the European Structural and Investment Funds to the Structural Reform Support Programme, for the purpose of the provision of support for the implementation of reforms, including reforms linked to euro adoption.

Based on current estimates of possible needs for support, this supplement would increase the total amount of the budget available for support to **EUR 300 million**, thus doubling the support capacity by 2020.