

Reform support programme 2021–2027

2018/0213(COD) - 31/05/2018 - Legislative proposal

PURPOSE: to establish the reform support programme for the period 2021-2027.

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: the economic and financial crisis has shown that developing sound and resilient economies and financial systems built on strong economic and social structures helps Member States to respond more efficiently to shocks and recover more swiftly from them.

The implementation of **structural reforms** is among the Union's policy priorities. Such reforms seek to set the recovery on a sustainable path. They can also contribute to strengthening economic and social cohesion, boosting productivity and investment and creating good conditions for sustainable growth and employment in the Union.

Experience with the implementation of the economic policy coordination mechanism under the European Semester shows that, in general, **the implementation of structural reforms has been slow and uneven** and that national reform efforts should be reinforced and incentivised.

In order to strengthen the current framework for the provision of support to Member States, the Commission proposes to provide **financial and technical support to all EU Member States** to help them pursue and implement reforms to modernise their economies, including the priority reforms identified in the European Semester. **Targeted support** would also be offered to non-euro-area Member States.

The proposal follows on from the Commission [communication](#) on new budgetary instruments for a stable euro area within the Union. In addition, it builds on the current experience of the structural reform support programme ([SRSP](#)) 2017-2020.

CONTENT: the proposed Regulation - presented for a Union of 27 Member States - seeks to establish the **reform support programme**. It lays down the objectives of the programme, the budget for the period 2021 – 2027, the forms of Union funding and the rules for providing such funding.

The programme shall support Member States' reform efforts in areas such as financial and public asset management, institutional and administrative reforms, the business environment, product, service and labour markets, education and training, sustainable development, public health, education and the financial sector.

The programme is made up of **three separate complementary instruments**:

(1) The reform delivery tool: this tool shall provide financial incentives to Member States for the purpose of implementing structural reforms identified in the European Semester process while ensuring consistency with and complementary to ongoing Union programmes. The Commission shall assess the nature and the importance of the reform commitments proposed by the Member States and determine the amount to be allocated on the basis of, transparent criteria. Compliance with milestones and targets set out in relation to the completion of reform commitments would trigger the release of the financial incentives.

Maximum amounts by Member State shall be established. Those amounts shall be calculated on the basis of the population of each Member State. The allocation of funds under the reform delivery tool to the Member States shall be made in stages.

(2) The technical support instrument: initial experience with the SRSP has shown a demand for technical support in the order of four times (in 2017) and five times (in 2018) its annual available budget. Based on this experience, the programme encourages Member States to carry out institutional and administrative reforms, including through exchange of good practices, appropriate processes and methodologies and more effective and efficient human-resources management.

Based on the analysis of support requests, the Commission shall come to an agreement with the Member State concerned on 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, to be set out in a **cooperation and support plan**. Actions eligible for funding include expertise related to policy advice.

(3) The convergence facility for euro-area membership support: the programme shall provide additional support, both technical and financial, to Member States, whose currency is not the euro and which have taken demonstrable steps towards adopting the single currency within a given time-frame.

Proposed budget: the financial envelope for the implementation of the programme **for the period 2021 to 2027 shall be EUR 25 billion** (in current prices). The indicative distribution of the aforementioned shall be:

- **up to EUR 22 billion** for the reform delivery tool;
- **up to EUR 840 million** for the technical support instrument and;
- **up to EUR 2.16 billion** for the convergence facility.

Member States may request the transfer of up to 5% of programme financial allocations from the ERDF, the ESF+, the Cohesion Fund or the EMFF to this programme.