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NOTE

From:	General Secretariat of the Council
To:	Delegations
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 – Presidency Compromise Text

Delegations will find below consolidated version of the Presidency compromise supported by all the Member States at the Working Party.

Additions / changes are marked in **bold**. Deletions are marked with '(...)'.

Proposal for a

REGULATION

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 procedure,

¹ OJ C [...], [...], p. [...].

² OJ C [...], [...], p. [...].

Whereas:

- (1) 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, 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 economies built on strong economic and social structures, which allow Member States to efficiently absorb shocks and swiftly recover from them, contributes to economic and social cohesion **and unlocks growth potential**. The implementation of institutional, administrative and growth-sustaining structural reforms is an (...) **important** tool for achieving such a development.
- (2) 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.
- (3) Strengthening economic and social cohesion by reinforcing structural reforms is crucial **for underpinning economic resilience and** for successful participation in the Economic and Monetary Union. 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**.
- (4) 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 cohesion, competitiveness, productivity, sustainable growth, (...) job creation **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.

- (5) **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 the euro area, while respecting the principle of equal treatment of all Member States.**
- (6) 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, **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.**
- (7) In order to provide 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 of projects on the ground. **These activities are important to ensure the efficiency of project implementation.**
- (8) Regulation (EU) 2017/825 should therefore be amended accordingly.
- (9) 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, and investment, which (...) **may** 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."

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 Brussels,

For the European Parliament
The President

For the Council
The President
