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## PROPOSAL

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From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
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To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2018) 391 final ANNEXES 1 to 3
Subject:	ANNEXES to the Proposal for a Regulation of the European Parliament and of the Council on the establishment of the Reform Support Programme

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Delegations will find attached document COM(2018) 391 final ANNEXES 1 to 3.

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Encl.: COM(2018) 391 final ANNEXES 1 to 3



Brussels, 31.5.2018  
COM(2018) 391 final

ANNEXES 1 to 3

## **ANNEXES**

**to the**

**Proposal for a Regulation of the European Parliament and of the Council  
on the establishment of the Reform Support Programme**

{SEC(2018) 280 final} - {SWD(2018) 310 final} - {SWD(2018) 311 final}

## ANNEX I

### **Calculation of the maximum financial contribution per Member State**

This annex lays out the methodology for calculating the maximum financial contribution available for each Member State under the financial support instrument, as referred to in Article 9, and the maximum financial contribution available for each Member State under the financial support component of the convergence support instrument, as referred to in Article 26.

#### ***Reform delivery tool***

The maximum financial contribution of a Member State under the reform delivery tool is defined as follows:

$$\alpha_i \times FS$$

where:

*FS* (Financial Support) is the available financial envelope under the reform delivery tool as referred to Article 7(2)(a); and

the allocation key of Member State *i*,  $\alpha_i$ , is defined as:

$$\alpha_i = \frac{pop_i}{pop_{EU}}$$

$pop_i$  is the total population in country *i*,

$pop_{EU}$  is the total population of all EU-27 Member States.

Application of this formula results in the following share and amount for the maximum financial contribution under the reform delivery tool, which would be available to each Member States at each stage and call of the allocation process described by Article 10:

	Share as % of total	Million (EUR)
BE	2.55	281
BG	1.58	174
CZ	2.37	261
DK	1.30	143
DE	18.58	2,044
EE	0.29	32
IE	1.07	118
EL	2.38	262
ES	10.42	1,146
FR	15.09	1,660
HR	0.92	101
IT	13.53	1,489
CY	0.19	21
LV	0.43	47
LT	0.62	68
LU	0.14	15
HU	2.18	240
MT	0.10	11
NL	3.85	423
AT	1.98	218
PL	8.59	945
PT	2.30	253
RO	4.33	477
SI	0.46	51
SK	1.22	134
FI	1.24	136
SE	2.28	251
Total	100.00	11,000

### *Financial support component under the convergence facility*

The maximum financial contribution under the financial support component of the convergence facility, as referred to in Article 26, shall be determined by the ratio of the allocation key of each prospective euro-area Member State under the reform delivery tool to the total of the allocation keys of all prospective euro-area Member States under the reform delivery tool, namely:

The maximum financial contribution under the financial support component of the convergence facility for Member State  $i$  is:

$$\beta_i \times CF$$

where  $CF$  (the financial support component of the convergence facility) is the available financial envelope under the financial support component of the convergence facility referred to in Article 7(2)(c)(i);

and

$$\beta_i = \frac{\alpha_i}{\alpha_{BG} + \alpha_{CZ} + \alpha_{HR} + \alpha_{HU} + \alpha_{PL} + \alpha_{RO} + \alpha_{SE}}$$

It results in the following shares and amounts for the maximum financial contribution under the financial support component of the convergence facility:

	Share as % of total	Million (EUR)
BG	7.09	71
CZ	10.66	107
HR	4.13	41
HU	9.80	98
PL	38.59	386
RO	19.47	195
SE	10.26	103
Total	100.00	1,000

## Appendix: proportional adjustment of the financial contribution (Article 10(5))

This appendix lays out the method for determining the financial contribution allocated to Member States in case the remaining amount of the overall envelope, which is available under a call organised after the end of the first twenty months, is not sufficient to cover the financial contributions to Member States having submitted a proposal under a call (either under the reform delivery tool or under the financial support component of the convergence facility).

In that case, the financial contribution allocated to Member State  $i$  is computed as follows:

$$FC_i \times \gamma$$

where  $FC_i$  is the financial allocation to Member State  $i$  determined on the basis of the criteria referred to in Article 12 (2) and is defined as:

$$FC_i = (\alpha_i \times FS), \text{ or } \frac{\alpha_i \times FS}{2}, \text{ or } (\beta_i \times CF), \text{ or } \frac{\beta_i \times CF}{2}$$

and  $\gamma$  is the adjustment factor, defined as:

$$\gamma = \frac{\textit{Remaining amount of the available financial envelope}}{\sum_i FC_i}$$

where  $i$  refers to any Member States having submitted a proposal for the call.

The financial contribution  $FC_i$  will correspond to:

- $(\alpha_i \times FS)$  when the Member State's reform proposal under the reform delivery tool has been assessed as complying fully with the criteria set out in Article 11(7), therefore benefiting from the maximum financial contribution;
- $\frac{\alpha_i \times FS}{2}$  when the Member State's reform proposal under the reform delivery tool has been assessed as complying satisfactorily with the criteria set out in Article 11(7), therefore benefiting from half the maximum financial contribution;
- $(\beta_i \times CF)$  when the Member State's reform proposal under the financial support component of the convergence facility has been assessed as complying fully with the criteria set out in Articles 11(7) and 27(3), therefore benefiting from the maximum financial contribution; or
- $\frac{\beta_i \times CF}{2}$  when the Member State's reform proposal under the financial support component of the convergence facility has been assessed as complying satisfactorily with the criteria set out in Articles 11(7) and 27(3), therefore benefiting from half the maximum financial contribution.

## **ANNEX II**

### **Assessment guidelines**

#### **1. Scope**

The purpose of these assessment guidelines is to serve together with this Regulation as a basis for the Commission to assess - in a transparent and equitable manner - the proposals for reform commitments put forward by Member States and to determine the financial contribution in conformity with the objectives and any other relevant requirements laid down in this Regulation, when implementing the reform delivery tool and the financial support component of the convergence facility. These guidelines notably represent the basis for the application of the assessment criteria and the determination of the financial contribution as referred to, respectively, in Article 11(7) and Article 12(2), and Article 28.

The guidelines are thus neither applicable to the technical support instrument nor to the technical support component of the convergence facility. Therefore, they do not apply to the assessment of requests for technical support referred to in Articles 19 and 31.

The assessment guidelines are designed to:

- (a) give further guidance on the assessment process of the proposals for reform commitments submitted by Member States;
- (b) provide further details on the assessment criteria and provide for a rating system, to be established with a view to ensuring an equitable and transparent process; and
- (c) define the link between the assessment to be made by the Commission under the assessment criteria and the determination of the financial contribution to be set out in the Commission decision in relation to the reform commitments selected.

The guidelines are a tool to facilitate assessment by the Commission of the proposals for reform commitments as submitted by Member States, and to ensure that the reform delivery tool and the financial support component of the convergence facility provide financial incentives for the implementation of reforms that are relevant and display high added value, while ensuring equal treatment among the Member States.

#### **2. Process**

In accordance with Article 11, a Member State wishing to receive support under the reform delivery tool shall submit a proposal for reform commitments to the Commission. The proposal shall be duly reasoned and substantiated, and shall contain all the elements referred to in Article 11(3). For the purpose of the preparation of high-quality proposals for reform commitments, peer counselling may be organised by the Commission in order to allow the Member State concerned to benefit from the experience of other Member States, prior to the submission of the proposal.

The assessment process shall be carried out by the Commission in close cooperation with the Member State concerned. The Commission may make observations or seek additional information. The Member State concerned shall provide the requested additional information and may revise the proposal, if needed, prior to its official submission. The Commission shall take into account the justification and the elements provided by the Member State concerned, and any other relevant information.

In accordance with Article 12(1), the Commission shall carry out the assessment and adopt a decision by means of an implementing act within four months of the official submission of the proposal for reform commitments by the Member State concerned.

For the purpose of the assessment of the proposals for reform commitments submitted by Member States, the Commission may be assisted by experts.

Independently of the assessment to be carried out by the Commission, the Economic Policy Committee, set up by Council decision 2000/604/EC<sup>1</sup>, may also provide its opinion on the proposals for reform commitments submitted by Member States.

The Commission decision shall set out the reform commitments to be implemented by the Member State, including the milestones and targets. It shall lay down the period for implementation of the reform commitments, which shall not be longer than three years from the adoption of that decision. It shall also establish the detailed arrangements and timetable for reporting by the Member State concerned within the European Semester process, and the relevant indicators relating to the fulfilment of the milestones and targets and the modality for providing access by the Commission to the underlying relevant data. Finally, in accordance with Article 12(2), the Commission decision shall determine the financial contribution to be allocated to the reform commitments being selected.

### 3. Assessment criteria

In accordance with Article 11(7), the Commission shall assess the nature and importance of the proposal for reform commitments, and, for that purpose, it shall take into account the following criteria:

- (a) whether the reform commitments:
  - (1) are expected to effectively address challenges identified in the context of the European Semester, namely:
    - in the country-specific recommendations and in other relevant European Semester documents officially adopted by the Commission; or
    - where applicable, in the Macroeconomic Imbalance Procedure;
  - (2) represent a comprehensive reform package;
  - (3) are expected to strengthen the performance and resilience of the economy of the Member State concerned;
  - (4) are expected, through their implementation, to have a lasting impact, where relevant by strengthening the institutional and administrative capacity of the Member State concerned;
- and
- (b) whether the internal arrangements proposed by the Member States concerned are expected to ensure an effective implementation of the reform commitments during a maximum period of three years, including the proposed milestones and targets, and the related indicators.

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<sup>1</sup> Council Decision of 29 September 2000 on the composition and the statutes of the Economic Policy Committee (2000/604/EC) (OJ L 257, 11.10.2000, p. 28–31)



As a result of the assessment process, the Commission shall give ratings to the proposals for reform commitments submitted by the Member States, under each of the assessment criteria referred to in Article 11(7), in order to assess the nature and importance of the proposals under the financial support instrument and with a view to establishing the financial allocation in accordance with Article 12(2).

For the sake of simplification and efficiency, under each criterion, the rating system shall range from A to C, as set out in the following:

### **3.1 Reform commitments are expected to effectively address challenges identified in the context of the European Semester**

The Commission shall take into account the following elements for the assessment under this criterion:

#### ***Scope***

- the proposal for reform commitments is aimed at addressing challenges identified in country-specific recommendations;
  - or
  - the proposal for reform commitments is aimed at addressing challenges identified in other relevant European Semester documents officially adopted by the Commission;
  - or
  - the proposal for reform commitments is aimed at addressing challenges identified in the Macroeconomic Imbalance Procedure;
- and
- the reforms envisaged in the proposal for reform commitments are expected to effectively address the challenges identified, in that, following the completion of the proposed reform(s), those challenges would be expected to be considered resolved in the context of the European Semester process.

#### ***Rating***

- A – To a high extent and with high efficacy
- B – To a medium extent and with medium efficacy
- C – To a low extent and with low efficacy

### **3.2 Reform commitments represent a comprehensive reform package**

The Commission shall take into account the following elements for the assessment under this criterion:

#### ***Scope***

- the proposal for reform commitments is aimed at addressing a set of interrelated challenges for the Member State (coverage);

and

- the proposal for reform commitments is aimed at addressing challenges that are crucial for the functioning of the economy of the Member State (relevance).

### ***Rating***

A - Coverage and relevance are high: reform commitments aim at addressing several challenges raised in the country specific recommendations or in the Macroeconomic Imbalance Procedure;

B - Coverage and relevance are medium: reform commitments aim at addressing several challenges raised in relevant European Semester documents officially adopted by the Commission;

C - Coverage and relevance are low: none of the above

### **3.3 Reform commitments are expected to strengthen the performance and resilience of the economy of the Member State concerned**

The Commission shall take into account the following elements for the assessment under this criterion:

### ***Scope***

- the proposal for reform commitments is aimed at structurally improving the performance of the economy of the Member State;

and

- the proposal for reform commitments is aimed at reducing the vulnerability of the economy of the Member State to shocks;

or

- the proposal for reform commitments is aimed at increasing the capacity of the economic and/or social structures of the Member State to adjust to and withstand shocks.

### ***Rating***

A – High expected impact on performance and resilience

B – Medium expected impact on performance and resilience

C – Low expected impact on performance and resilience

### **3.4 Implementation of reforms is expected to have a lasting impact, where relevant by strengthening the institutional and administrative capacity**

The Commission shall take into account the following elements for the assessment under this criterion:

### *Scope*

- the implementation of the proposed reforms is expected to bring about a structural change in the administration or in relevant institutions;

or

- the implementation of the proposed reforms is expected to bring about a structural change in relevant policies;

and

- the strengthening of administrative capacity can ensure a lasting impact.

### *Rating*

A – To a large extent

B – To a moderate extent

C – To a small extent

### **3.5 Internal arrangements proposed by the Member States concerned are expected to ensure effective implementation of the reform commitments over a maximum period of three years, including the proposed milestones and targets, and the related indicators**

The Commission shall take into account the following elements for the assessment under this criterion:

### *Scope*

- a structure is tasked within the Member State with: (i) the implementation of the reform commitments; (ii) the monitoring of progress on milestones and targets; and (iii) the reporting;

and

- the proposed milestones and targets are clear and realistic; and the proposed indicators are relevant, acceptable and robust;

and

- the overall internal arrangements, proposed by the Member States in terms of organisation (including provision to ensure sufficient staff allocation) of the implementation of the reform commitments, are credible.

### *Rating*

A – Adequate internal arrangements for effective implementation

B – Minimum internal arrangements for effective implementation

#### 4. Determination of the financial contribution under the reform delivery tool

In accordance with Article 12(2), the Commission shall determine the financial contribution taking into account the nature and importance of the reforms proposed by the Member State concerned, as assessed on the basis of the criteria set out in Article 11(7). For that purpose, it shall apply the following criteria:

- (a) where the proposal for reform commitments submitted by the Member State concerned complies fully with the criteria set out in Article 11(7), the reform commitments shall be considered to be "major", and the total amount of the maximum financial contribution referred to in Article 9 shall be allocated to the Member State concerned;
- (b) where the proposal for reform commitments by the Member State concerned complies satisfactorily with the criteria set out in Article 11(7), the reform commitments shall be considered to be "significant", and half of the maximum financial contribution referred to in Article 9 shall be allocated to the Member State concerned.
- (c) where the proposal for reform commitments by the Member State concerned does not comply satisfactorily with the criteria set out in Article 11(7), no financial contribution shall be allocated to the Member State concerned.

As a result of the assessment process, and taking into account the ratings, the Commission shall allocate the financial contribution to the Member States in the following manner:

##### **Major reform commitments (the proposal complies fully with the assessment criteria)**

If the final rating includes scores with:

- all A's, or
- a majority of A's over B's and no C's,

the maximum financial contribution will be allocated to the reform proposal.

##### **Significant reform commitments (proposal complies satisfactorily with the assessment criteria)**

If the final rating includes scores with:

- a majority of B's over A's and no C's, or
- all B's,

half of the maximum financial contribution will be allocated to the reform proposal.

##### **Insufficient reform commitments (proposal does not comply satisfactorily with the assessment criteria)**

If the final rating includes scores with:

- at least one C,

no financial contribution will be allocated to the reform proposal.

## **5. Additional criterion under the convergence facility**

In accordance with Article 27(3), in the context of the convergence facility, in addition to the criteria set out in Article 11(7), among which the assessment of the expected impact on resilience has a significant importance for the preparation for euro-area membership, the Commission shall also assess the relevance of the proposed reform commitments for preparation by the Member State concerned for participation in the euro area.

### **5.1 Relevance of reform commitments for participation in the euro area**

The Commission shall take into account the following elements for the assessment under this criterion:

#### ***Scope***

- the proposal for reform commitments is in line with the Member State's roadmap for preparation for participation in the euro area;

and

- the proposal for reform commitments is expected to contribute to the successful implementation of the Member State's roadmap for preparation for participation in the euro area.

#### ***Rating***

A – High relevance and substantial expected contribution

B – Medium relevance and moderate expected contribution

C – Low relevance and limited expected contribution

### **5.2 Determination of the financial contribution under the convergence facility**

Under the financial support component of the convergence facility, in compliance with Articles 26 and 28, the financial contribution shall be determined in accordance with the same criteria as specified in Article 12(2), and shall represent a separate and additional contribution, which shall be allocated in return for additional reforms that are important for the preparation for participation in the euro area and are undertaken by the Member State concerned.

As a result of the assessment process, and taking into account the ratings, the Commission shall allocate the financial contribution to the Member States in the following manner:

#### **High relevance for participation in the euro area**

If the final rating includes scores under all criteria with:

- All A's, or

- a majority of A's over B's and no C's,

and

the scores under the criterion on performance and resilience under point 3.3 and the criterion on relevance for participation in the euro area under point 5.1 are both A's,

the maximum financial contribution will be allocated to the reform proposal.

**Medium relevance for participation in the euro area**

If the final rating includes scores under all criteria with:

- a majority of B's over A's and no C's,

and

the score for the criterion on performance and resilience under point 3.3 is an A and the score for the criterion on relevance for participation in the euro area under point 5.1 is a B,

half of the maximum financial contribution will be allocated to the reform proposal.

**Low relevance for participation in the euro area**

Irrespective of other scores, if the criteria on performance and resilience under point 3.3 is awarded a B or a C,

no financial contribution will be allocated to the reform proposal.

## ANNEX III

### **Indicators**

The achievement of the objectives referred to in Articles 4 and 5 shall be measured on the basis of the following indicators, broken down by Member State and by area of intervention.

Indicators shall be used in accordance with data and information available, including quantitative and/or qualitative data.

#### **Reform delivery tool**

- **Output indicators:**
  - (a) number of reform commitments concluded;
  - (b) overall financial contribution allocated to the reform commitments;
- **Result indicators:**
  - (c) number of reform commitments completed;

#### **Technical support instrument**

- **Output indicators:**
  - (d) number of cooperation and support plans concluded;
  - (e) number of technical support activities carried out;
  - (f) deliverables provided by the technical support activities such as action plans, roadmaps, guidelines, handbooks, and recommendations;
- **Result indicators:**
  - (g) outcomes of the technical support activities provided, such as adoption of a strategy, adoption of a new law /act or modification of an existing one, adoption of (new) procedures and actions to enhance the implementation of reforms;

#### **Convergence facility**

- for the financial support component, the same indicators as referred to in points a) to c);
- for the technical support component the same indicators as referred to in points d) to g).

#### **Impact indicators of the Programme**

- The objectives set in the reform commitments, which have been achieved due, inter alia, to the financial support received under the instruments of the Programme;
- The objectives set in the cooperation and support plans, which have been achieved due, inter alia, to the technical support received under the instruments of the Programme.

The ex-post evaluation referred to Article 36 shall be undertaken by the Commission also with the purpose of establishing the links between the (financial and technical) support from the Programme and the implementation of structural reforms in the Member State concerned with a view to enhancing competitiveness, productivity, growth, jobs and cohesion.