Regulation (EU) 2018/1671 of the European Parliament and of the Council of 23 October 2018 amending Regulation (EU) 2017/825 to increase the financial envelope of the Structural Reform Support Programme and adapt its general objective

REGULATION (EU) 2018/1671 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of 23 October 2018

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 Committee[(1)],

Having regard to the opinion of the Committee of the Regions[(2)],

Acting in accordance with the ordinary legislative procedure[(3)],

Whereas:

(1) The Union may support the efforts of Member States, upon their request, to improve their administrative capacity to implement Union law.

(2) The Structural Reform Support Programme (‘the Programme’) was established with the objective of strengthening the capacity of Member States to prepare and implement administrative and growth-sustaining structural reforms of interest to the Union, including through the provision of assistance for the efficient and effective use of the Union funds. Support under the Programme is provided by the Commission at the request of a Member State, and can cover a wide range of policy areas. Developing resilient economies and a resilient society built on strong economic, social and territorial structures, which allow Member States to efficiently absorb shocks and swiftly recover from them, contributes to economic and social cohesion and unlocks growth potential. Member States should encourage, in accordance with their legal framework, suitable contributions and involvement of national and regional public administration and stakeholders. The implementation of institutional, administrative and growth-sustaining structural reforms, which are important for Member States, and the ownership on the ground of structural reforms of interest to the Union are important tools for achieving such developments.

(3) Effective communication of the Programme’s actions and activities and of their results at Union, national and regional levels, as appropriate, is essential for raising awareness

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of the achievements of the Programme, for ensuring visibility and for providing information on its effects on the ground.

(4) Given that demand for support could exceed the Programme's funding, the requests should be prioritised, where appropriate, by the Member State concerned during the request for support procedure. In that context, attention should be paid to requests for support that have links to the European Semester and to policy areas related to cohesion, innovation, employment, and smart and sustainable growth. The Programme should complement other instruments in order to avoid overlaps.

(5) Given that the Programme does not provide funding to Member States, but only technical support, it does not aim to replace or substitute funding from national budgets.

(6) Member States have increasingly taken up support under the Programme, beyond the initial expectations. Based on their estimated value, the requests for support received by the Commission during the 2017 cycle have 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 the requests have been distributed across all policy areas covered by the Programme.

(7) Strengthening economic and social cohesion through structural reforms, which benefit the Union and are in accordance with Union principles and values, is crucial to underpin economic resilience as well as successful participation and enhanced real convergence in the Economic and Monetary Union, ensuring the Union's long-term stability and prosperity. 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.

(8) 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 economic and social cohesion, competitiveness, productivity, sustainable growth, job creation, investment and social inclusion could also contribute to the preparations for future participation in the euro area by those Member States whose currency is not the euro.

(9) With a view to pursuing the general and specific objectives and within the eligible actions to be financed by the Programme, it should be indicated that actions and activities of the Programme should also be able to 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.

(10) 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 of interest to the Union, 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 which is used in accordance with sound financial management. That increase should not adversely affect the other priorities of cohesion

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policy. Moreover, Member States should not be obliged to transfer their national and regional allocations from European Structural and Investment Funds.

(11) In order to provide quality 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, and evaluation of projects on the ground. Those activities are important to ensure the efficiency of project implementation.

(12) Regulation (EU) 2017/825 of the European Parliament and of the Council[(4)] should therefore be amended accordingly.

(13) 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, investment and social inclusion and to contributing to real convergence in the Union, 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) the following Article is inserted:

Article 5a

Support for preparation for euro area membership

With a view to pursuing the objectives set out in Articles 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: