# Regulation (EU) 2017/825 of the European Parliament and of the Council of 17 May 2017 on the establishment of the Structural Reform Support Programme for the period 2017 to 2020 and amending Regulations (EU) No 1303/2013 and (EU) No 1305/2013

## REGULATION (EU) 2017/825 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

## of 17 May 2017

## on the establishment of the Structural Reform Support Programme for the period 2017 to 2020 and amending Regulations (EU) No 1303/2013 and (EU) No 1305/2013

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 Regions[(2)],

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

Whereas:

(1) In accordance with Article 9 of the Treaty on the Functioning of the European Union (TFEU), in defining and implementing its policies and activities, the Union needs to take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health. In addition, and as set out in Article 11 TFEU, environmental protection requirements need to be integrated into the Union policies and activities, in particular with a view to promoting sustainable development.

(2) Articles 120 and 121 TFEU provide that Member States are required to conduct their economic policies with a view to contributing to the achievement of the objectives of the Union and in the context of the broad guidelines that the Council formulates. The coordination of the economic policies of the Member States is therefore a matter of common concern.

(3) Several Member States have been undergoing and continue to undergo adjustment processes to correct macroeconomic imbalances accumulated in the past and many Member States are facing the challenge of low potential growth. The Union has identified the implementation of structural reforms as being among its policy priorities to set the recovery on a sustainable path, unlock the growth potential to strengthen the adjustment capacity, and support the process of convergence.

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(4) Reforms are by their very nature complex processes that require a complete chain of highly specialised knowledge and skills, as well as a long-term vision. Addressing structural reforms in a variety of public policy areas is challenging since their impact often takes time to materialise. Therefore, timely and efficient design and implementation is crucial, be it for crisis-struck or structurally weak economies. In that context, the provision of support by the Union in the form of technical assistance has been important in supporting the economic adjustment of Greece and Cyprus in the last few years. Ownership of structural reforms on the ground is essential for their successful implementation.

(5) Member States can benefit from support in addressing challenges as regards the design and implementation of growth-sustaining structural reforms in line with the Union's economic and social goals. Those challenges could be dependent on various factors, such as limited administrative and institutional capacity, as well as inadequate application and implementation of Union law.

(6) The Union has considerable experience in providing specific support to national administrations and other authorities of Member States as regards capacity building and similar actions in certain sectors (e.g. taxation, customs and support to small and medium-sized enterprises) and in relation to the implementation of cohesion policy. The experience gained by the Union in assisting national authorities in carrying out reforms should be used in order to enhance the capacity of the Union to provide support to Member States. Comprehensive and integrated action is indeed necessary in order to provide support to those Member States that are undertaking growth-enhancing reforms and request assistance from the Union in that respect.

(7) The European Court of Auditors' Special Report (19/2015) entitled ‘More attention to results needed to improve the delivery of technical assistance to Greece’ includes useful recommendations with respect to the provision of technical assistance by the Commission to Member States. Those recommendations are to be taken into account in the implementation of the support under this Regulation.

(8) Against that background, it is necessary to establish a Structural Reform Support Programme (‘the Programme’) with the objective of strengthening the capacity of Member States to prepare and implement growth-enhancing administrative and structural reforms, including through assistance for the efficient and effective use of the Union funds. The Programme is intended to contribute to the achievement of common goals of supporting economic recovery, cohesion and job creation, boosting Europe's competitiveness and productivity, and stimulating investment in the real economy. That would also allow for a better response to the economic and social challenges of achieving a high level of social welfare as well as high-quality health and education services, and of combating poverty and social exclusion.

(9) Support under the Programme should be provided by the Commission, upon request by a Member State, in areas related to cohesion, competitiveness, productivity, innovation, smart, sustainable and inclusive growth, jobs and investment, such as budget and taxation, public service, institutional and administrative reforms, justice systems, the fight against fraud, corruption, money laundering and tax evasion, business

environment, private sector development, competition, public procurement, public participation in enterprises, privatisation processes, access to finance, financial sector policies, trade, sustainable development, education and training, labour policies, public health, asylum, migration policies, agriculture, rural development and fisheries.

(10) Member States should be able to request support from the Commission under the Programme in relation to the implementation of reforms in the context of economic governance processes, in particular of country-specific recommendations in the context of the European Semester, to actions related to the implementation of Union law, as well as in relation to the implementation of economic adjustment programmes. They should also be able to request support in relation to reforms undertaken at their own initiative, in order to achieve cohesion, investment, sustainable growth, job creation and competitiveness. The Commission could provide guidance on the main elements of the request for support.

(11) Further to a dialogue with the requesting Member State, including in the context of the European Semester, the Commission should analyse the request, taking into account the principles of transparency, equal treatment and sound financial management, and determine the support to be provided based on urgency, breadth and depth ofthe problems as identified, support needs in respect of the policy areas envisaged, analysis of socioeconomic indicators, and the general administrative capacity of the Member State. Based on that analysis and taking into account the existing actions and activities financed by Union funds or Union programmes, the Commission should come to an agreement with the Member State concerned on the priority areas, the objectives, an indicative timeline, the scope of the support measures to be provided and the estimated global financial contribution for such support, to be set out in a cooperation and support plan.

(12) For the purposes, inter alia, of transparency, the Commission should, under the conditions set out in this Regulation, provide the cooperation and support plans to the European Parliament and to the Council.

(13) The Commission should be able, with the consent of the Member State wishing to receive support, to organise the provision of support in cooperation with European and international organisations or other Member States which have agreed to act as reform partners. The Member State wishing to receive support should be able, for a specific area or areas of support, to enter into a partnership with one or more Member States as reform partners to help formulate strategy, reform roadmaps, design high-quality assistance or oversee the implementation of strategy and projects. While the responsibility for the reforms lies with the Member State wishing to receive support, the reform partners or other Member States, or both, which provide support, should be able to contribute to the successful implementation of the Programme.

(14) The Commission Communications of 19 October 2010 entitled ‘The EU Budget Review’ and of 29 June 2011 entitled ‘A budget for Europe 2020’ underline the importance of focusing funding on activities and measures which have clear European added value, i.e. where the Union intervention can bring additional value compared to action of Member States alone. Against that background, the support actions and

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activities carried out under the Programme should ensure complementarity and synergy with other programmes and policies at regional, national, Union and international level, as appropriate. The actions and activities under the Programme should allow for the development and implementation of solutions which address, at the appropriate level, national challenges that have an impact on cross-border or Union-wide challenges and which could also contribute to social, economic and territorial cohesion. In addition, the actions and activities under the Programme should contribute to achieving a consistent and coherent implementation of Union law. Furthermore, they should also contribute to further developing trust and promoting cooperation with the Commission and among Member States. Moreover, the Union is in a better position than Member States to provide a platform for the provision and sharing of good practices from peers as well as for the mobilisation of expertise.

(15) It is necessary to establish a financial envelope for the Programme to cover a period aligned with the duration of the multiannual financial framework laid down in Council Regulation (EU, Euratom) No 1311/2013[(4)].

(16) The financial envelope of the Programme should consist of financial resources deducted from allocations for technical assistance at the initiative of the Commission under Regulations (EU) No 1303/2013[(5)] and (EU) No 1305/2013[(6)] of the European Parliament and of the Council. In order to allow such deduction for this particular programme, and without prejudice to any future proposals, it is necessary to amend those Regulations.

(17) This Regulation lays down a financial envelope for the entire duration of the Programme which is to constitute the prime reference amount, within the meaning of Point 17 of the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management[(7)], for the European Parliament and the Council during the annual budgetary procedure. The financing of the Programme through the transfer ofallocations from technical assistance at the initiative of the Commission under Regulations (EU) No 1303/2013 and (EU) No 1305/2013 should only be considered a one-off solution that should not constitute a precedent as regards the funding of future initiatives.

(18) Member States that request support should have the possibility to contribute, on a voluntary basis, to the financial envelope of the Programme with additional funds. Currently, Regulation (EU) No 1303/2013 limits the possibility of a transfer of resources dedicated to technical assistance at the initiative of a Member State to those Member States which face temporary budgetary difficulties. Regulation (EU) No 1303/2013 should therefore be amended in order to allow all Member States to participate financially in the Programme. The resources transferred to the Union budget should be used for supporting actions contributing to smart, sustainable and inclusive growth in the Member States concerned.

(19) This Regulation should be implemented in compliance with Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council[(8)] (‘the Financial Regulation’). To that effect, the Commission should adopt annual work programmes

and inform the European Parliament and the Council thereof. The annual work programmes should set out the measures needed for their implementation, in line with the general and specific objectives of the Programme, the selection and award criteria for grants, as well as all other elements required.

(20) In view of the importance of sustaining the efforts of Member States in pursuing and implementing structural, institutional and administrative reforms, it is necessary to allow a co-financing rate for grants of up to 100 % of the eligible costs in order to achieve the objectives of the Programme, whilst ensuring compliance with the principles of co-financing and no-profit.

(21) In the event of unforeseen and duly justified grounds of urgency requiring immediate response, such as a serious disturbance in the economy or significant circumstances which seriously affect the economic or social conditions in a Member State going beyond its control, upon the request of a Member State wishing to receive support, the Commission should be able to adopt special measures, for a limited part of the annual work programme and for a limited period of time of up to six months, in accordance with objectives and actions eligible under the Programme to support the national authorities in addressing those urgent needs.

(22) In order to ensure an efficient and coherent allocation of funds from the Union budget and respect for the principle of sound financial management, actions under the Programme should complement and be additional to ongoing Union programmes, whilst avoiding double funding for the same expenditure. In particular, the Commission and the Member State concerned, in accordance with their respective responsibilities, should ensure at Union and Member State levels, at all stages of the process, effective coordination in order to ensure consistency, complementarity and synergy among sources of funding that support actions in the relevant Member States with close links to the Programme, specifically with measures being financed from the Union funds and Union programmes in the Member States. The Commission should make its best efforts to ensure complementarity and synergies with support that is provided by relevant international organisations.

(23) The financial interests of the Union should be protected through proportionate measures throughout the expenditure cycle, including the prevention, detection and investigation of irregularities, the recovery of funds lost, unduly paid or incorrectly used and, where appropriate, administrative and financial penalties.

(24) To facilitate the evaluation of the Programme, a proper transparent framework for monitoring the implementation of the actions and the results achieved by the Programme should be put in place from the start. The Commission should provide the European Parliament and the Council with an annual monitoring report on the implementation of the Programme, including information on requests for support submitted by Member States, on analyses of the application of the criteria for assessing the requests for support, on cooperation and support plans, on participation of reform partners, and on special measures adopted. An independent mid-term evaluation, looking at the achievement of the objectives of the Programme, the efficiency of the use of itsresources and its added value at the European level, should be carried out. An