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THE EUROPEAN PARLIAMENT

THE COUNCIL

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Subject: REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL 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/...
OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of ...

**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 Committee¹,

Having regard to the opinion of the Committee of Regions²,

Acting in accordance with the ordinary legislative procedure³,

¹ OJ C 177, 18.5.2016, p. 47.

² OJ C 240, 1.7.2016, p. 49.

³ Position of the European Parliament of 27 April 2017 (not yet published in the Official Journal) and decision of the Council of ...

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.

- (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, 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 of the problems as identified, support needs in respect of the policy areas envisaged, analysis of socio-economic 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 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 1311/2013¹.
- (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 1303/2013² and (EU) No 1305/2013³ 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.

¹ Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020 (OJ L 347, 20.12.2013, p. 884).

² Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006 (OJ L 347, 20.12.2013, p. 320).

³ Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005 (OJ L 347, 20.12.2013, p. 487).

- (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 management¹, for the European Parliament and the Council during the annual budgetary procedure. The financing of the Programme through the transfer of allocations from technical assistance at the initiative of the Commission under Regulations (EU) No 1303/2013 and 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.

¹ OJ C 373, 20.12.2013, p. 1.

- (19) This Regulation should be implemented in compliance with Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council¹ ('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.

¹ Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298, 26.10.2012, p. 1).

- (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 its resources and its added value at the European level, should be carried out. An independent ex-post evaluation should, in addition, deal with the long-term impact and the sustainability effects of the Programme. Those evaluations should be based on the indicators that measure the effects of the Programme.

- (25) In order to adapt the list of indicators measuring the achievement of the objectives of the Programme, in the light of experience during the implementation of the Programme, the power to adopt acts in accordance with Article 290 TFEU should be delegated to the Commission in respect of the amendment of the list. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making¹. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.
- (26) In order to ensure uniform conditions for the implementation of this Regulation as regards the adoption of the annual work programmes, implementing powers should be conferred on the Commission.

¹ OJ L 123, 12.5.2016, p. 1.

- (27) Since the objective of this Regulation, namely to contribute to the institutional, administrative and structural reforms in Member States by providing support to national authorities, as defined in this Regulation, for measures aimed at reforming institutions, governance structures or public administration and economic and social sectors, including through assistance for the efficient, transparent and effective use of the Union funds, cannot be sufficiently achieved by the Member States, but can rather, by reasons of its scale and effects, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve that objective, since the scope of the support is to be mutually agreed with the Member State concerned.
- (28) 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 that of its publication in the *Official Journal of the European Union*,

HAVE ADOPTED THIS REGULATION:

Article 1

Establishment and duration of the Programme

This Regulation establishes the Structural Reform Support Programme ('the Programme') for the period from ... [date of entry into force of this Regulation] 2017 to 31 December 2020.

Article 2

Definitions

For the purposes of this Regulation, the following definitions apply:

- (1) 'beneficiary Member State' means a Member State that receives support from the Union under the Programme;

- (2) 'Union funds' means the European Structural and Investment Funds referred to in Article 1 of Regulation (EU) No 1303/2013, the Fund for the European Aid to the Most Deprived, established by Regulation (EU) No 223/2014 of the European Parliament and of the Council¹, the Asylum, Migration and Integration Fund established by Regulation (EU) No 516/2014 of the European Parliament and of the Council², the instrument for financial support for police cooperation, preventing and combating crime, and crisis management established as part of the Internal Security Fund, by Regulation (EU) No 513/2014 of the European Parliament and of the Council³, and the instrument for financial support for external borders and visa established, as part of the Internal Security Fund, by Regulation (EU) 515/2014 of the European Parliament and of the Council⁴;

¹ Regulation (EU) No 223/2014 of the European Parliament and of the Council of 11 March 2014, on the Fund for European Aid to the Most Deprived (OJ L 72, 12.3.2014, p. 1).

² Regulation (EU) No 516/2014 of the European Parliament and of the Council of 16 April 2014 establishing the Asylum, Migration and Integration Fund, amending Council Decision 2008/381/EC and repealing Decisions No 573/2007/EC and No 575/2007/EC of the European Parliament and of the Council and Council Decision 2007/435/EC (OJ L 150, 20.5.2014, p. 168).

³ Regulation (EU) No 513/2014 of the European Parliament and of the Council of 16 April 2014 establishing, as part of the Internal Security Fund, the instrument for financial support for police cooperation, preventing and combating crime, and crisis management and repealing Council Decision 2007/125/JHA (OJ L 150, 20.5.2014, p. 93).

⁴ Regulation (EU) No 515/2014 of the European Parliament and of the Council of 16 April 2014 establishing, as part of the Internal Security Fund, the instrument for financial support for external borders and visa and repealing Decision No 574/2007/EC (OJ L 150, 20.5.2014, p. 143).

- (3) 'national authority' means one or more national authorities, including authorities at regional and local levels, cooperating in a spirit of partnership in accordance with the Member States' institutional and legal framework;
- (4) 'international organisation' means an international public-sector organisation set up by an international agreement, as well as specialised agencies set up by such an organisation, within the meaning of point (c)(ii) of Article 58(1) of the Financial Regulation; organisations assimilated with an international organisation are considered to be international organisations in line with the Financial Regulation;
- (5) 'European organisations' means the European Investment Bank and the European Investment Fund, as referred to in point (c)(iii) of Article 58(1) of the Financial Regulation.

Article 3

European added value

1. The Programme shall finance actions and activities with European added value. To that effect, the Commission shall ensure that actions and activities selected for funding are likely to produce results which, in accordance with the principle of subsidiarity, have European added value, and shall monitor whether European added value is actually achieved.

2. Actions and activities of the Programme shall ensure European added value in particular through:
- (a) the development and implementation of solutions that address local, regional or national challenges that have an impact on cross-border or Union-wide challenges, and which may also contribute to social, economic and territorial cohesion;
 - (b) their complementarity and synergy with other Union programmes and policies at regional, national, Union and international level, as appropriate;
 - (c) their contribution to the consistent and coherent implementation of Union law and policies, as well as the promotion of European values, including solidarity;
 - (d) their contribution to the sharing of good practices, also with a view to increasing the visibility of the reform programmes, and to building a Union-wide platform and network of expertise;
 - (e) the promotion of mutual trust between beneficiary Member States and the Commission and of cooperation among Member States.

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, in particular in the context of economic governance processes, including through assistance for the efficient, effective and transparent use of the Union funds.

Article 5
Specific objectives and scope of the Programme

1. To achieve the general objective set out in Article 4, the Programme shall have the following specific objectives to be pursued in close cooperation with beneficiary Member States:
 - (a) to support the initiatives of national authorities to design their reforms according to their priorities, taking into account initial conditions and expected socio-economic impacts;

- (b) to support the national authorities in enhancing their capacity to formulate, develop and implement reform policies and strategies and in pursuing an integrated approach ensuring consistency between goals and means across sectors;
- (c) to support the efforts of national authorities to define and implement appropriate processes and methodologies by taking into account good practices of and lessons learned by other countries in addressing similar situations;
- (d) to assist the national authorities in enhancing the efficiency and effectiveness of human-resource management, inter alia, by strengthening professional knowledge and skills and setting out clear responsibilities.

2. The specific objectives set out in paragraph 1 shall refer to policy areas related to cohesion, competitiveness, productivity, innovation, smart, sustainable, and inclusive growth, jobs and investment, in particular to one or more of the following:

- (a) public financial and asset management, budget process, debt management and revenue administration;
- (b) institutional reform and efficient and service-oriented functioning of public administration, including, where appropriate, through the simplification of rules, effective rule of law, reform of the justice systems and reinforcement of the fight against fraud, corruption and money laundering;

- (c) business environment (including for SMEs), re-industrialisation, private sector development, investment, public participation in enterprises, privatisation processes, trade and foreign direct investment, competition and public procurement, sustainable sectoral development and support for innovation and digitalisation;
- (d) education and training; labour market policies, including social dialogue, for the creation of jobs; the fight against poverty; the promotion of social inclusion; social security and social welfare systems; public health and healthcare systems; as well as cohesion, asylum, migration and border policies;
- (e) policies for implementing climate action, promoting energy efficiency and achieving energy diversification, as well as for the agricultural sector, fisheries and the sustainable development of rural areas;
- (f) financial sector policies, including the promotion of financial literacy, financial stability, access to finance and lending to the real economy; the production, provision and quality monitoring of data and statistics; and policies aimed at combating tax evasion.

Article 6
Eligible actions

With a view to pursuing the objectives set out in Articles 4 and 5, the Programme shall finance in particular the following types of action:

- (a) expertise related to policy advice, policy change, formulation of strategies and reform roadmaps, as well as to legislative, institutional, structural and administrative reforms;
- (b) the provision of experts, including resident experts, for a short or long period, to perform tasks in specific domains or to carry out operational activities, where necessary with interpretation, translation and cooperation support, administrative assistance and infrastructure and equipment facilities;
- (c) institutional, administrative or sectoral capacity building and related supporting actions at all governance levels, also contributing to the empowerment of civil society, as appropriate, in particular:
 - (i) seminars, conferences and workshops;
 - (ii) working visits to relevant Member States or third countries to enable officials to acquire or increase their expertise or knowledge in relevant matters; and
 - (iii) training actions and the development of online or other training modules to support the necessary professional skills and knowledge relating to the relevant reforms;

- (d) collection of data and statistics, development of common methodologies and, where appropriate, indicators or benchmarks;
- (e) organisation of local operational support in areas such as asylum, migration and border control;
- (f) IT capacity building: expertise related to development, maintenance, operation and quality control of the IT infrastructure and applications needed to implement the relevant reforms, as well as expertise related to programmes geared towards the digitalisation of public services;
- (g) studies, research, analyses and surveys, evaluations and impact assessments, and the development and publication of guides, reports and educational material;
- (h) communication projects for learning, cooperation, awareness raising, dissemination activities and the exchange of good practices; organisation of awareness-raising and information campaigns, media campaigns and events, including corporate communication and communication, where appropriate, through social networks;

- (i) compilation and publication of materials to disseminate information as well as results of the Programme, including through the development, operation and maintenance of systems and tools using information and communication technologies;
- (j) any other relevant activity in support of the general and specific objectives set out in Articles 4 and 5.

Article 7

Request for support

1. A Member State wishing to receive support under the Programme shall submit a request for support to the Commission, identifying the policy areas and the priorities for support within the scope of the Programme as set out in Article 5(2). That request shall be submitted by 31 October of a calendar year. The Commission may provide guidance on the main elements to be included in the request for support.

2. Taking into account the principles of transparency, equal treatment and sound financial management, further to a dialogue with the Member State, including in the context of the European Semester, the Commission shall analyse the request for support referred to in paragraph 1 based on the urgency, breadth and depth of the problems identified, support needs in respect of the policy areas concerned, analysis of socio-economic indicators and general administrative capacity of the Member State.

Based on that analysis and taking into account the existing actions and measures financed by Union funds or other Union programmes, 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 for such support, to be set out in a cooperation and support plan.

3. The request for support may be submitted regarding the following:
 - (a) the implementation of reforms by Member States, undertaken at their own initiative, in particular to achieve sustainable economic growth and job creation;

- (b) the implementation of economic adjustment programmes for Member States that receive Union financial assistance under existing instruments, in particular in accordance with Regulation (EU) No 472/2013 of the European Parliament and of the Council¹ for the euro area Member States and Council Regulation (EC) No 332/2002² for non-euro area Member States;
- (c) the implementation of growth-sustaining reforms in the context of economic governance processes, in particular of the country-specific recommendations issued in the context of the European Semester or of actions related to the implementation of Union law.

Article 8

Information to the European Parliament and the Council on the cooperation and support plans

1. Subject to the consent of the beneficiary Member State, the Commission shall forward the cooperation and support plan to the European Parliament and the Council without undue delay. The beneficiary Member State may refuse to give such consent in the case of sensitive or confidential information, the disclosure of which would jeopardise public interests of the beneficiary Member State.

¹ Regulation (EU) No 472/2013 of the European Parliament and of the Council of 21 May 2013 on the strengthening of economic and budgetary surveillance of Member States in the euro area experiencing or threatened with serious difficulties with respect to their financial stability (OJ L 140, 27.5.2013, p. 1).

² Council Regulation (EC) No 332/2002 of 18 February 2002 establishing a facility providing medium-term financial assistance for Member States' balances of payments (OJ L 53, 23.2.2002, p. 1).

2. Nonetheless, the Commission shall provide the cooperation and support plan to the European Parliament and the Council in the following circumstances:
 - (a) as soon as the beneficiary Member State has redacted all sensitive or confidential information, the disclosure of which would jeopardise public interests of the beneficiary Member State;
 - (b) after a reasonable period of time, when the disclosure of relevant information would not adversely affect the implementation of the support measures under the Programme, and in any case no later than two months after the delivery of such measures under the cooperation and support plan.

Article 9

Organisation of support and reform partners

1. The Commission may, with the consent of the beneficiary Member State, organise the support under the Programme in cooperation with other Member States or European and international organisations.

2. The beneficiary Member State, in coordination with the Commission, may enter into partnership with one or more other Member States which shall act as reform partners in respect of specific areas of reform. A reform partner shall, in coordination with the Commission and on the basis of a mutual understanding with the beneficiary Member State and the Commission, help formulate strategy, reform roadmaps, design high-quality assistance or oversee implementation of strategy and projects.

Article 10

Financial envelope

1. The financial envelope for the implementation of the Programme is set at EUR 142 800 000 in current prices.
2. The financial allocation of the Programme may also cover expenses pertaining to preparatory, monitoring, control, audit and evaluation activities which are required for the management of the Programme and the achievement of its objectives, in particular studies, meetings of experts, information and communication actions, including corporate communication of the political priorities of the Union, in so far as they are related to the general objectives of this Regulation, expenses linked to IT networks focusing on information processing and exchange, and all other technical and administrative assistance expenses incurred by the Commission for the management of the Programme.
3. The annual appropriations shall be authorised by the European Parliament and the Council within the limits of the multiannual financial framework.

Article 11

Other financial contributions to the budget of the Programme

1. In addition to the financial envelope set out in Article 10, the Programme may be financed through additional voluntary contributions from Member States.
2. The additional contributions referred to in paragraph 1 of this Article may consist of contributions from resources provided for technical assistance at the initiative of the Member States under Article 59 of Regulation (EU) No 1303/2013 and transferred pursuant to Article 25 of that Regulation.
3. The additional contributions referred to in paragraph 1 shall be used to support actions which contribute to delivering the Union strategy for smart, sustainable and inclusive growth. A contribution made by a beneficiary Member State in accordance with paragraph 2 shall be used exclusively in that Member State.

Article 12

No double funding

Actions financed under this Regulation may receive support from other Union programmes, instruments or funds under the Union's budget provided that such support does not cover the same cost items.

Article 13
Implementation of the Programme

1. The Commission shall implement the Programme in accordance with the Financial Regulation.
2. The measures of the Programme may be implemented either directly by the Commission or, indirectly, by entities and persons other than Member States in accordance with Article 60 of the Financial Regulation. In particular, Union financial support for actions provided for in Article 6 of this Regulation shall take the form of:
 - (a) grants, including grants to the Member States' national authorities;
 - (b) public procurement contracts;
 - (c) reimbursement of costs incurred by external experts, including experts from the national, regional or local authorities of Member States providing or receiving support;
 - (d) contributions to trust funds set up by international organisations; and
 - (e) actions carried out in indirect management.

3. Grants may be awarded to the national authorities of Member States, the European Investment Bank group, international organisations, public or private bodies and entities legally established in any of the following:

- (a) Member States; and
- (b) European Free Trade Association countries which are party to the European Economic Area Agreement, in accordance with the conditions laid down therein.

The co-financing rate for grants shall be up to 100 % of the eligible costs, without prejudice to the principles of co-financing and no-profit.

4. Support may also be provided by individual experts, who may be invited to contribute to selected activities organised under the Programme wherever that is necessary for the achievement of the specific objectives set out in Article 5.

5. In order to implement the Programme, the Commission shall adopt, by way of implementing acts, annual work programmes and inform the European Parliament and the Council thereof. The annual work programmes shall set out the measures needed for their implementation, in line with the general and specific objectives referred to in Articles 4 and 5 of this Regulation, the selection and award criteria for grants, and all the elements required by the Financial Regulation.

6. To ensure timely availability of resources, a limited part of the annual work programme shall be envisaged for special measures in the event of unforeseen and duly justified grounds of urgency requiring an immediate response, including a serious disturbance in the economy or significant circumstances seriously affecting the economic or social conditions in a Member State going beyond its control. The Commission may, on request by a Member State wishing to receive support, adopt special measures in accordance with the objectives and actions defined in this Regulation to support the national authorities in addressing urgent needs. Such special measures are interim in nature, and shall not be subject to the conditions set out in Article 7(1) and (2). The special measures shall end within six months and may be replaced by support in accordance with the conditions set out in Article 7.

Article 14

Coordination and complementarity

1. The Commission and the beneficiary Member States, within their respective responsibilities, shall foster synergies and ensure effective coordination between the Programme and other Union programmes and instruments, and in particular with measures financed by the Union funds. To that end, they shall:
- (a) ensure complementarity and synergy between different instruments at Union, national and, where appropriate, regional level, in particular in relation to measures financed by Union funds, both in the planning phase and during implementation;

- (b) optimise mechanisms for coordination to avoid duplication of effort; and
 - (c) ensure close cooperation between those responsible for implementation at Union, national and, where appropriate, regional level to deliver coherent and streamlined support actions.
2. The Commission shall make its best efforts to ensure complementarity and synergies with support provided by other relevant international organisations.
 3. The relevant annual work programmes may serve as the coordination framework, where support is envisaged in any of the areas referred to in Article 5(2).

Article 15

Protection of the financial interests of the Union

1. The Commission shall take appropriate measures ensuring that, when actions financed under this Regulation are implemented, the financial interests of the Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and, if irregularities are detected, by the recovery of the amounts unduly paid or incorrectly used and, where appropriate, by effective, proportionate, administrative and financial penalties.

2. The Commission or its representatives and the Court of Auditors shall have the power of audit, on the basis of documents and on the spot, over all grant beneficiaries, contractors and subcontractors which have received Union funding under the Programme.

The European Anti-fraud Office (OLAF) may carry out on-the-spot checks and inspections on economic operators concerned directly or indirectly by such funding in accordance with the procedures laid down in Council Regulation (Euratom, EC) No 2185/96¹ with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union in connection with a grant agreement or grant decision or a contract concerning Union funding.

Without prejudice to the first and second subparagraphs, cooperation agreements with international organisations and grant agreements and grant decisions and contracts resulting from the implementation of this Regulation shall expressly empower the Commission, the Court of Auditors and OLAF to conduct such audits and on-the-spot checks and inspections.

¹ Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities (OJ L 292, 15.11.1996, p. 2).

Article 16
Monitoring and evaluation

1. The Commission shall monitor the implementation of the actions financed by the Programme and measure the achievement of the general objective set out in Article 4 and the specific objectives referred to in Article 5(1) in accordance with indicators set out in the Annex.

The Commission is empowered to adopt delegated acts in accordance with Article 17 concerning amendments to the list of indicators set out in the Annex.

2. The Commission shall provide the European Parliament and the Council with an annual monitoring report on the implementation of the Programme. That report shall include information on:
 - (a) requests for support submitted by Member States, referred to in Article 7(1);
 - (b) analyses of the application of the criteria, referred to in Article 7(2), used to analyse the requests for support submitted by Member States;
 - (c) cooperation and support plans, referred to in Article 7(2);

- (d) participation of reform partners, referred to in Article 9; and
- (e) special measures adopted, referred to in Article 13(6).

The Commission shall also provide the European Parliament and the Council with an independent mid-term evaluation report by mid-2019 at the latest and an independent ex post evaluation report by 31 December 2021.

3. The mid-term evaluation report shall include information on the achievement of the Programme's objectives, the efficiency of the use of resources and the Programme's European added value. It shall also address the continued relevance of all objectives and actions. The ex post evaluation report shall assess the Programme as a whole and include information on its longer-term impact.

Article 17

Exercise of the delegation

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.
2. The power to adopt delegated acts referred to in the second subparagraph of Article 16(1) shall be conferred on the Commission for a period from ... [date of entry into force of this Regulation] to 31 December 2020.

3. The delegation of power referred to in the second subparagraph of Article 16(1) may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect on the day following publication in the *Official Journal of the European Union* or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.
4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.
5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.
6. A delegated act adopted pursuant to the second subparagraph of Article 16(1) shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of two months of the notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council.

Article 18
Amendments to Regulation (EU) No 1303/2013

Regulation (EU) No 1303/2013 is amended as follows:

(1) Article 25 is amended as follows:

(a) the title is replaced by the following:

'Management of technical assistance for Member States';

(b) paragraph 1 is replaced by the following:

'1. On the request of a Member State pursuant to Article 11 of Regulation (EU) 2017/...⁺ of the European Parliament and the Council^{*}, a part of the resources provided for under Article 59 of this Regulation and programmed in accordance with Fund-specific rules may, in agreement with the Commission, be transferred to technical assistance at the initiative of the Commission for implementation of measures in relation to the Member State concerned in accordance with point (l) of the third subparagraph of Article 58(1) of this Regulation through direct or indirect management.

^{*} Regulation (EU) 2017/... of the European Parliament and of the Council of ... 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(OJ [...])⁺⁺;

⁺ OJ: Please insert the serial number of Regulation in COD 2015/0263.

⁺⁺ OJ: Please insert the serial number, date of adoption and reference to publication of the Regulation in COD 2015/0263.

- (c) in paragraph 3, the first subparagraph is replaced by the following:

'A Member State shall request the transfer referred to in paragraph 1 for a calendar year by 31 January of the year in which a transfer is to be made. The request shall be accompanied by a proposal to amend the programme or programmes from which the transfer will be made. Corresponding amendments shall be made to the Partnership Agreement in accordance with Article 30(2) which shall set out the total amount transferred each year to the Commission.';

- (d) the following paragraph is added:

'4. Resources transferred by a Member State in accordance with paragraph 1 of this Article shall be subject to the decommitment rule set out in Article 136 of this Regulation and Article 38 of Regulation (EU) No 1306/2013.';

- (2) in the third subparagraph of Article 58(1), point (l) is replaced by the following:

'(l) actions financed under Regulation (EU) 2017/...⁺ in order to contribute to delivering the Union strategy for smart, sustainable and inclusive growth.';

⁺ OJ: Please insert the serial number of Regulation in COD 2015/0263.

(3) in Article 91, paragraph 3 is replaced by the following:

'3. 0,35 % of the global resources after the deduction of the support to the CEF referred to in Article 92(6), and to the aid for the most deprived referred to in Article 92(7) shall be allocated to technical assistance at the initiative of the Commission, of which up to EUR 112 233 000 in current prices shall be allocated to the Structural Reform Support Programme established by Regulation (EU) 2017/...⁺ for use within the scope and purpose of that programme.'

⁺ OJ: Please insert the serial number of Regulation in COD 2015/0263.

Article 19
Amendment to Regulation (EU) No 1305/2013

In Article 51 of Regulation (EU) No 1305/2013, the first subparagraph of paragraph 1 is replaced by the following:

'In accordance with Article 6 of Regulation (EU) No 1306/2013 the EAFRD may use up to 0,25 % of its annual allocation to finance the tasks referred to in Article 58 of Regulation (EU) No 1303/2013, including the costs for setting up and operating the European network for rural development referred to in Article 52 of this Regulation and the EIP network referred to in Article 53 of this Regulation at the Commission's initiative and/or on its behalf, of which up to EUR 30 567 000 in current prices shall be allocated to the Structural Reform Support Programme established by Regulation (EU) 2017/...⁺ of the European Parliament and of the Council^{*} for use within the scope and purpose of that programme.

^{*} Regulation (EU) 2017/... of the European Parliament and of the Council of ... 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 (OJ L ..., p. ...) ⁺⁺!

⁺ OJ: Please insert the serial number of Regulation in COD 2015/0263.

⁺⁺ OJ: Please insert the serial number, date of adoption and reference to publication of the Regulation in COD 2015/0263.

Article 20

Entry into force

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 ...,

For the European Parliament
The President

For the Council
The President

ANNEX

Indicators

The achievement of the objectives referred to in Article 4 and Article 5(1) shall be measured on the basis of the following indicators:

- (a) the number and type of national authorities, administration services and other public entities such as national ministries or regulatory authorities, by beneficiary Member State to which support under the Programme was provided;
- (b) the number and type of support providers such as government bodies, public law bodies and bodies governed by private law with a public service mission, international organisations, by specific objective, policy area and beneficiary Member State;
- (c) the number and type of eligible actions under Article 6 performed, such as the provision of experts, training actions or seminars, etc., split by:
 - (i) country-specific recommendations or relevant actions related to the implementation of Union law, economic adjustment programmes and the Member State's own-initiative reforms;
 - (ii) specific objective, policy area and beneficiary Member State;

- (iii) support providers such as government bodies, public law bodies and bodies governed by private law with a public service mission, or international organisations;
- (iv) support recipients from the beneficiary Member State, such as national authorities;
- (d) the number and type of policy and legal arrangements, such as political memoranda of understanding or letters of intent, agreements, contracts, entered into between the Commission, reform partners, as the case may be, and support providers for activities under the Programme by specific objective, policy area and beneficiary Member State;
- (e) the number of policy initiatives (e.g. action plans, roadmaps, guidelines, recommendations and legislation recommended) adopted by specific objective, policy area and beneficiary Member State following relevant activities supported by the Programme;
- (f) the number of measures implemented by policy area and beneficiary Member State as a result of support actions provided under the Programme split by country-specific recommendation or relevant actions related to the implementation of Union law, economic adjustment programmes and the Member State's own-initiative reforms;
- (g) the feedback from national authorities, administration services and other public entities having received support under the Programme as well as, if available, other stakeholders or participants on the results or impact of the actions under the Programme by specific objective, policy area and beneficiary Member State, supported where available by quantitative or empirical data;

- (h) the feedback from support providers on the results or impact of the support that they have provided under the Programme in the specific objective and policy area in which they have been active, by beneficiary Member State, supported where available by quantitative or empirical data;
- (i) the evolution of the views of relevant stakeholders regarding the contribution of the Programme to the achievement of the reforms by specific objective, policy area, and beneficiary Member State, supported where available, by appropriate quantitative or empirical data; and
- (j) the number of objectives in the cooperation and support plan that have been reached, by beneficiary Member State, due, inter alia, to the support received from the Programme.

Those indicators shall be used in accordance with data and information available, including appropriate quantitative or empirical data.

Furthermore, a qualitative analysis shall be undertaken by the Commission to establish the links between the support from the Programme, measured through the information from those indicators, and the institutional, administrative and structural reforms of the beneficiary Member State with a view to enhancing competitiveness, productivity, growth, jobs, cohesion and investment.
