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INFORMATION NOTE

From: General Secretariat of the Council
To: Permanent Representatives Committee/Council

Subject: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) 2017/825 to increase the financial envelope of the Structural Reform Support Programme and adapt its general objective
– Outcome of the European Parliament's proceedings (Strasbourg 2 to 5 July 2018)

I. INTRODUCTION

The rapporteur, Ruža TOMAŠIĆ (ECR, HR) presented a report consisting of 18 amendments (amendments 1-18) to the proposal for a Regulation on behalf of the Committee on Regional Development.

No other amendments were tabled.

II. VOTE

When it voted on 4 July 2018, the plenary adopted amendments 1-18 to the proposal for a Regulation. No other amendments were adopted. The amendments adopted are set out in the annex.

At the end of the vote, the proposal was referred back to the Committee, pursuant to Rule 59(4)(4) of the European Parliament's Rules of Procedure, thereby not bringing the Parliament's first reading to a close and opening the negotiations with the Council.

Structural Reform Support Programme: financial envelope and general objective*I**

Amendments adopted by the European Parliament on 4 July 2018 on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) 2017/825 to increase the financial envelope of the Structural Reform Support Programme and adapt its general objective (COM(2017)0825 – C8-0433/2017 – 2017/0334(COD))¹

(Ordinary legislative procedure: first reading)

¹ The matter was referred back for interinstitutional negotiations to the committee responsible, pursuant to Rule 59(4), fourth subparagraph (A8-0227/2018).

Amendment 1

Proposal for a regulation

Recital -1 (new)

Text proposed by the Commission

Amendment

(-1) The Union is required to support Member States, upon their request, to improve their administrative capacity to implement Union law.

Amendment 2

Proposal for a regulation

Recital 1

Text proposed by the Commission

Amendment

(1) The Structural Reform Support Programme ('the Programme') was established with the objective of strengthening the capacity of Member States to prepare and implement growth-sustaining administrative and structural reforms, including through assistance for the efficient and effective use of the Union funds. Support under the Programme is provided by the Commission, upon request by a Member State, and can cover a wide range of policy areas. Developing resilient economies built on strong economic ***and*** social structures, which allow Member States to efficiently absorb shocks and swiftly recover from them, contributes to economic ***and*** social cohesion. The implementation of institutional, administrative and growth-sustaining structural reforms ***is an*** appropriate ***tool*** for achieving such a development.

(1) The Structural Reform Support Programme ('the Programme') was established with the objective of strengthening the capacity of Member States to prepare and implement growth-sustaining administrative and structural reforms ***with European added value***, including through assistance for the efficient and effective use of the Union funds. Support under the Programme is provided by the Commission, upon request by a Member State, and can cover a wide range of policy areas. Developing resilient economies ***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, social ***and territorial*** cohesion. ***Reforms supported by the Programme require efficient and effective national***

and regional public administration as well as ownership and active participation of all stakeholders. The implementation of institutional, administrative and growth-sustaining structural reforms *that are country-specific, and the ownership on the ground of structural reforms which are of interest to the Union, in particular through local and regional authorities and social partners, are appropriate tools* for achieving such a development.

Amendment 3

Proposal for a regulation
Recital 1 a (new)

Text proposed by the Commission

Amendment

(1a) Efficient delivery and communication of the Programme's results at Union, national and regional level are needed in order to ensure the visibility of the results of the reforms implemented based on the request of each Member State. That would ensure exchange of knowledge, experience and best practices, which is also one of the Programme's aims.

Amendment 4

Proposal for a regulation
Recital 1 b (new)

Text proposed by the Commission

Amendment

(1b) It is expected that demand for

support under the Programme will remain high, meaning that certain requests will need to be prioritised. Preference should be given, where appropriate, to requests that are aimed at shifting taxation away from labour to wealth and pollution, promoting stronger employment and social policies and thus social inclusion, fighting tax fraud, evasion and avoidance through improved transparency, establishing strategies for innovative and sustainable re-industrialisation and improving education and training systems. Special attention should be paid to requests for support which have a high level of democratic support and involvement of partners and which have spill over effects on other sectors. The Programme should complement other instruments in order to avoid overlaps.

Amendment 5

Proposal for a regulation Recital 1 c (new)

Text proposed by the Commission

Amendment

(1 c) In its pursuit of strengthening the capacity of Member States to prepare and implement growth-sustaining structural reforms, the Programme should not replace or substitute funding from national budgets of Member States, or be used to cover current expenditure.

Amendment 6

Proposal for a regulation Recital 3

Text proposed by the Commission

(3) Strengthening economic **and** social cohesion **by reinforcing** structural reforms is crucial for successful participation in the Economic and Monetary Union. That is particularly important for Member States whose currency is not the euro, in their preparation to join the euro area.

Amendment

(3) Strengthening economic, social **and territorial** cohesion **through** structural reforms **which benefit the Union and are in accordance with its principles and values** is crucial for successful participation **and enhanced real convergence** in the Economic and Monetary Union, **ensuring its long-term stability and prosperity**. That is particularly important for Member States whose currency is not **yet** the euro, in their preparation to join the euro area.

Amendment 7

Proposal for a regulation

Recital 4

Text proposed by the Commission

(4) It is thus appropriate to stress in the general objective of the Programme – within its contribution towards responding to economic and social challenges – that enhancing cohesion, competitiveness, productivity, sustainable growth, **and** job creation should also contribute to the preparations for future participation in the euro area by those Member States whose currency is not the euro.

Amendment

(4) It is thus appropriate to stress in the general objective of the Programme – within its contribution towards responding to economic and social challenges – that enhancing **economic, social and territorial** cohesion, competitiveness, productivity, sustainable growth, job creation, **social inclusion and reducing disparities between Member States and regions** should also contribute to the preparations for future participation in the euro area by those Member States whose currency is not **yet** the euro.

Amendment 8

Proposal for a regulation

Recital 5

Text proposed by the Commission

(5) **It** is also necessary to indicate that

Amendment

(5) **Bearing in mind the positive**

actions and activities of the Programme may support reforms that may help Member States that wish to adopt the euro to prepare for participation in the euro area.

experience that the Union has had with the technical assistance offered to other countries that have already adopted the euro, it is also necessary to indicate that actions and activities of the Programme may support reforms that may help Member States *which joined the Union at a later date and* that wish to adopt the euro to prepare for participation in the euro area.

Amendment 9

Proposal for a regulation Recital 5 a (new)

Text proposed by the Commission

Amendment

(5a) Seven Member States are subject to a Treaty obligation to prepare for participation in the euro area, namely Bulgaria, the Czech Republic, Croatia, Hungary, Poland, Romania and Sweden. Some of those Member States have made little progress towards that goal in recent years, making Union support for euro participation increasingly relevant. Denmark and the United Kingdom are under no obligation to join the euro area.

Amendment 10

Proposal for a regulation Recital 5 b (new)

Text proposed by the Commission

Amendment

(5b) Regional and local authorities have an important role to play in structural

reform, to a degree which depends on the constitutional and administrative organisation of each Member State. It is therefore appropriate to provide for an appropriate level of involvement and consultation of regional and local authorities in the preparation and implementation of structural reform.

Amendment 11

Proposal for a regulation Recital 6

Text proposed by the Commission

(6) In order to meet the growing demand for support from Member States, and in view of the need to support the implementation of structural reforms in Member States whose currency is not the euro, the financial allocation for the Programme should be increased to a sufficient level that allows the Union to provide support that meets the needs of the requesting Member States.

Amendment

(6) In order to meet the growing demand for support from Member States, and in view of the need to support the implementation of structural reforms ***which are of interest to the Union*** in Member States whose currency is not *yet* the euro, the financial allocation for the Programme should be increased, ***by using the Flexibility Instrument under Council Regulation (EU, Euratom) No 1311/2013^{1a}***, to a sufficient level that allows the Union to provide support that meets the needs of the requesting Member States. ***That increase should not negatively impact the other priorities of cohesion policy. Moreover, Member States should not be obliged to transfer their national and regional allocations from European Structural and Investment Funds (ESIF) with a view to filling the financing gap of the Programme.***

^{1a} ***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).***

Amendment 12

Proposal for a regulation

Recital 7

Text proposed by the Commission

(7) In order to provide support with the least possible delay, the Commission should be able to use part of the financial envelope also to cover the cost of activities supporting the Programme, such as expenses related to quality control **and** monitoring of projects on the ground.

Amendment

(7) 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. **Such expenses should be proportional to the overall value of expenditure under the support projects.**

Amendment 13

Proposal for a regulation

Recital 7 a (new)

Text proposed by the Commission

Amendment

(7a) In order to ensure smooth reporting on implementation of the Programme to the European Parliament and the Council, the period in which the Commission is to provide annual monitoring reports should be specified.

Amendment 14

Proposal for a regulation

Article 1 – paragraph 1 – point 1

Regulation (EU) 2017/825

Article 4 – paragraph 1

Text proposed by the Commission

The general objective of the Programme shall be to contribute to institutional, administrative and growth-sustaining structural reforms in the Member States by providing support to **national** authorities for measures aimed at reforming and strengthening institutions, governance, public administration, and economic and social sectors in response to economic and social challenges, with a view to enhancing cohesion, competitiveness, productivity, sustainable growth, job creation, **and** investment, which will 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.

Amendment

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 **Member State** authorities, **including regional and local authorities where appropriate**, 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 **economic, social and territorial** cohesion, competitiveness, productivity, sustainable growth, job creation, **social inclusion, the fight against tax evasion and poverty**, investment, **and real convergence in the Union**, which will 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.

Amendment 15

Proposal for a regulation

Article 1 – paragraph 1 – point 1 a (new)

Regulation (EU) 2017/825

Article 5 – paragraph 1 – point d a (new)

Text proposed by the Commission

Amendment

(1a) in Article 5(1) the following point is added:

(da) to support the involvement and consultation of regional and local authorities in the preparation and implementation of structural reform measures to a degree commensurate with the powers and responsibilities of those regional and local authorities within the constitutional and administrative structure of each Member State.

Amendment 16

Proposal for a regulation

Article 1 – paragraph 1 – point 3 – point a

Regulation (EU) 2017/825

Article 10 – paragraph 1

Text proposed by the Commission

Amendment

1. The financial envelope for the implementation of the Programme is set at EUR 222 800 000 in current prices.;

1. The financial envelope for the implementation of the Programme is set at EUR 222 800 000 in current prices, ***of which EUR 80 000 000 shall be provided from the Flexibility Instrument under the Council Regulation (EU, Euratom) No 1311/2013****;

**** 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).***

Amendment 17

Proposal for a regulation
Article 1 – paragraph 1 – point 3 a (new)
Regulation (EU) 2017/825

Article 16 – paragraph 2 – subparagraph 1 – introductory part

Present text

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:

Amendment

(3a) in Article 16(2), the introductory part is replaced by the following:

“2. From 2018 until and including 2021 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:”

Amendment 18

Proposal for a regulation
Article 1 – paragraph 1 – point 3 b (new)
Regulation (EU) 2017/825

Article 16 – paragraph 2 – subparagraph 1 – point d a (new)

Text proposed by the Commission

Amendment

(3b) in Article 16, paragraph 2 point da is inserted:

“ (da) outcomes of quality control and monitoring of support projects on the ground; ”