

Brussels, 2 February 2024 (OR. en)

6124/24

Interinstitutional File: 2020/0103(COD)

ECOFIN 122 UEM 27 CADREFIN 24 CODEC 271

COVER NOTE

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
date of receipt:	29 January 2024
То:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2024) 40 final
Subject:	REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL Technical Support Instrument Annual Report 2021 and Annual Report 2022

Delegations will find attached document COM(2024) 40 final.

Encl.: COM(2024) 40 final

6124/24 KG/sl ECOFIN 1A **EN**



Brussels, 29.1.2024 COM(2024) 40 final

REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

Technical Support Instrument Annual Report 2021 and Annual Report 2022

{SWD(2024) 17 final}

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REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

Technical Support Instrument Annual Report 2021 and Annual Report 2022

The <u>Technical Support Instrument</u>¹ (TSI) is the EU programme that since 2021 provides tailor-made technical expertise to EU Member States to design and implement reforms. Its general objective is to promote the EU's economic, social and territorial cohesion by supporting Member States in implementing the reforms needed to achieve economic and social recovery, resilience and upward economic and social convergence. The TSI builds on the success of its predecessor, the Structural Reform Support Programme (SRSP) for 2017-2020², and draws on a significantly higher budget.

Managed by the European Commission's DG REFORM, the TSI is available to any Member State facing challenges in the process of designing and implementing reforms. This includes reforms that aim to overcome the challenges identified in the European Semester process of economic policy coordination, EU priorities, or reforms undertaken at a Member State's own initiative. The budget for the TSI does not pre-allocate funds by Member State or by policy area.

The TSI provides technical support to Member States in a wide range of policy areas. These include public financial and asset management, institutional and administrative reform, the business environment, the financial sector, markets for products, services and labour, education and training, sustainable development, health, and social welfare. It focuses on action that contributes to the green and digital transitions. The TSI can also support work to prepare and implement national recovery and resilience plans³ (RRP).

The TSI does not require co-financing from Member States. Its overall budget under the 2021-2027 multiannual financial framework is **EUR 864.4 million (Figure 1).** In addition, Member States may and have requested additional technical support via a direct contribution⁴ or as part of their recovery and resilience plans.

2021	2022	2023	2024	2025	2026	2027	Total
116.4	118.7	121.1	123.5	126.0	128.5	130.4	864.4

Figure 1 - TSI budget programming 2021-2027 (million euro)

¹ Regulation (EU) 2021/240 of the European Parliament and of the Council of 10 February 2021 establishing a Technical Support Instrument, OJ L 57, 18.2.2021, p. 1–16 (the "TSI <u>Regulation").</u>

² 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, OJ L 129, 19.5.2017, p. 1–16 (the "SRSP Regulation").

³ Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility, OJ L 57, 18.2.2021, p. 17–75 (the "RRF <u>Regulation"</u>, Article 7.2.

⁴ TSI Regulation, Article 7.

Smart, sustainable, and socially responsible reforms help strengthen the resilience of Member States' economies and societies. The TSI offers beneficiary authorities in Member States a unique project-based service to help them tackle reform challenges. Support can take the form of – for example – strategic and legal advice, studies, training, and expert visits, with each project combining more than one form of support. It can be used at any phase in the reform process from preparation and design to development and implementation. The TSI therefore **strengthens the institutional and administrative capacity** of EU Member States. It is **tailor-made** and brings to each project a **unique combination of expertise** provided through the European Commission's in-house expertise, experts from EU Member State national administrations (e.g. via <u>TAIEX</u>, the Technical Assistance and Information Exchange instrument of the European Commission⁵), international organisations or the private sector. When external private-sector expertise is needed, the Commission contracts in external expertise via direct or indirect management⁶. DG REFORM staff is fully involved throughout the process of implementing each project.

By providing on-the-ground support to overcome reform challenges and to stimulate sustainable and inclusive growth, the TSI helps Member States recover from the social and economic effects of the COVID-19 pandemic, tackle the impacts of Russia's aggression against Ukraine, and improve the quality of public services.

The TSI is a **demand-driven financing instrument** organised in **yearly cycles**. The aim is to support the highest quality requests submitted by Member States to tackle EU-level and national priorities. It runs general calls for requests with the deadline for submissions on 31 October.

The Commission can also organise additional **dedicated calls** for requests as and when needed to respond to specific emerging needs from Member States and support Member States with **special measures** in the event of urgent needs. It ran dedicated calls for requests in both 2021 and 2022.

The 2021 TSI cycle

2021 was the first year of implementation of the Technical Support Instrument. Building on the experience and success of the Structural Reform Support Programme, DG REFORM successfully **raised awareness** of the TSI among the **27 Member States'** potential beneficiary authorities, thus ensuring a strong level of interest from the onset.

In 2021 (Figure 2), Member States submitted requests for technical support in response to three calls for requests:

- the TSI 2021 general call for requests;
- a specific call for training on green budgeting practices;
- a dedicated call for support for EU Member States in preparing their resilience and recovery plans.

In September 2021, Greece submitted a further request for support under the special measures mechanism to tackle the urgent post-fire support needed for the restoration and recovery of biodiversity and of the ecosystems in the burnt areas of the island of Evia.

⁵ https://neighbourhood-enlargement.ec.europa.eu/funding-and-technical-assistance/taiex_en_

⁶ The list of entities implementing EU funds under indirect management for the Technical Support Instrument is provided on the <u>Technical Support Instrument website</u>.

	Number of	Number of	Budget earmarked for the
	submitted requests	selected requests	selected requests in EUR
			million
General call for requests	706	232	104.3
Green budgeting practices training ⁷	18	18	0.45
Dedicated call for RRP support	38	26	10.49
Special measures	1	1	0.18
TOTAL TSI in 2021	763	277	115.42

Figure 2 – TSI 2021 Overview table

The 232 requests selected under the TSI 2021 general call covered key EU priorities including⁸:

- 125 requests related to the preparation or implementation of national recovery and resilience plans;
- 102 requests related to the digital transition;
- 68 requests related to the European Green Deal;
- 16 requests related to equality: support for women, people with disabilities, for the Roma community, migrants, older people and for the LGBTIQ+ community.

The **27 cooperation and support plans concluded** with Member States in 2021 describe the policy areas covered and the scope of support measures to be implemented, as well as indicative timelines and estimated budgets.

The 277 requests selected for TSI in 2021 under the four different calls for requests were streamlined into 263 projects as in a few cases, several requests were merged into a single project to unlock economies of scale in the delivery and to promote local synergies. Of these 263 projects, two tackled the needs of several countries at the same time, paving the way for a multicountry approach to be developed in the following years.

As at the end of October 2023, 151 TSI 2021 projects had been closed, 5 had been cancelled and 107 projects were still ongoing. An example of an important TSI 2021 project is the Implementation of Green Budgeting Practices among the EU Member States. More examples and details are provided in the accompanying staff working document.

The 2022 TSI cycle

Building on the experience gained and outreach work carried out in the TSI 2021 round, for the second year of implementation of the Technical Support Instrument, DG REFORM was successful in **further raising awareness** of the programme among the 27 Member States' potential beneficiary authorities, underscoring that the quality of technical support requests was the determining factor for selection.

The 2022 TSI cycle was launched during the first <u>TSI Annual Conference</u>, which took place on 30 June and 1 July 2021. It started the discussion with Member States on potential requests to be submitted in the 2022 cycle and brought in two main changes: multi-country projects, geared at tackling common issues faced by many Member States, and boosting the EU added-value of the instrument, and 'flagship' projects, which support reforms that are widely needed across Member States and are in line with EU priorities.

The flagships facilitate Member States requests by providing partially developed support initiatives to be fleshed out and tailored to Member States' needs. DG REFORM proposed 12

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⁷ Another five Member States joined the training scheme in 2022.

⁸ A single request for technical support may contribute to several EU priorities.

flagships on topics chosen following a thorough consultation of Commission policy Directorate-Generals and national coordinating authorities in all Member States, to ensure consistency with national priorities and commitment of the national authorities. Out of the 12 proposals for <u>TSI</u> 2022 technical support flagships projects, 5 focused on the green transition and 3 on the digital transition.

In 2022 (Figure 3), Member States submitted requests for technical support in response to two calls for requests:

- the general TSI 2022 call for requests;
- a dedicated call for requests to support EU Member States in dealing with the consequences of Russia's war of aggression against Ukraine, in particular in welcoming refugees from Ukraine and phasing out reliance on fossil fuels from Russia.

Furthermore,

- Croatia submitted 4 requests under Article 7 of the TSI Regulation, allowing Member States to request additional TSI support at their own expense;
- 5 Member States submitted requests under Article 7.2 of the Recovery and Resilience Facility Regulation, allowing Member States to propose including in their recovery and resilience plan (as estimated costs) payments for additional technical support from the TSI.

	Number of submitted requests	Number of selected requests	Budget earmarked for the selected requests in EUR million
General call	512	211	102.40
Dedicated call on Ukraine	32	28	9.28
TOTAL TSI in 2022	544	239	111.68
Article 7 TSI	4	3	2.76
Article 7.2 RRF	5	5	3.87

Figure 3 – TSI 2022 overview table

The requests selected under the TSI 2022 general call covered key EU priorities, including⁹:

- 103 requests related to the implementation of national recovery and resilience plans;
- 95 requests related to the digital transition;
- 63 requests related to the European Green Deal;
- 24 requests related to equality: support for women, people with disabilities, for the Roma community, migrants, older people and for the LGBTIQ+ community.

The 239 requests selected in 2022 for TSI support under the two different calls were translated into 185 projects. These led in turn to 270 reforms due to a sharp increase in the number multicountry projects to tackle the needs of several countries at the same time. In the case of multicountry projects, each country-specific component of the project is referred to as a reform. By definition, a multi-country project is composed of several country-specific reforms. For standalone projects, each project corresponds to a single reform.

⁹ A single request for technical support may contribute to several EU priorities.

The 185 TSI 2022 projects were distributed as follows: 164 standalone projects for individual Member States and 21 multi-country projects comprising 106 country-specific reforms.

As mentioned in the second annual report on implementation of the RRF¹⁰,

- 23 Member States have received or are currently receiving general support for crosscutting aspects of RRP implementation, including support for revising the plans, while all 27 Member States receive policy-specific support linked to implementation of the RRF measures.
- 8 Member States are currently participating in a multi-country TSI-supported project to build capacity for effective communication of the benefits of RRPs.
- 17 Member States have received or are currently receiving support under the REPowerEU plan. Some measures also have a digital dimension (e.g. the digitalisation of energy).

As at the end of October 2023, 2 TSI 2022 projects had been closed and 183 projects were still ongoing. Significant TSI 2022 projects include the multi-country project on gender mainstreaming in public policy and budget processes; support for Romania to accelerate access to essential services for displaced Ukrainians, and the EU Supervisory Digital Finance Academy. More examples and details are provided in the accompanying staff working document.

Project execution

Running the Technical Support Instrument implies constant involvement of DG REFORM from the project design phase to its implementation.

DG REFORM is active from the early stages of project identification, with extensive outreach to national authorities, constant contacts between DG REFORM country coordinators and the corresponding coordinating authorities, and meetings between DG REFORM senior managers and national authorities of each Member State in their capital.

Once the requests are selected and the implementation mode is defined, policy officers in DG REFORM liaise regularly with national authorities to identify the desired project outputs and shape the related activities and work plans. They are always members of specific project teams, together with (any) selected providers, and they cooperate in the daily management of the project. They also facilitate effective communication between (any) providers and national authorities, promoting common understanding to ensure the project is a success.

DG REFORM coordinates its work with other Commission departments via a permanent network of representatives of other Directorate-Generals. This is to ensure that the technical support provided under the TSI is aligned with EU policies, does not duplicate other EU action and unlocks synergies with other EU programmes. This cooperation with other Commission departments is also an opportunity to facilitate access to technical expertise available in the Commission or easily mobilised by other EU programmes.

A member of DG REFORM staff is also by default a member of each project steering committee, together with senior officials from the national authorities. Their role is to ensure the project remains in line with the national and EU priorities and adapts to the evolving context if necessary, in view of contributing to the national reform agenda.

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¹⁰ https://commission.europa.eu/publications/recovery-and-resilience-facility-annual-report-2023 en.

Evaluation

The evaluation of the Technical Support Instrument programme and projects feeds in evidence of the results for Member States and citizens on the ground. DG REFORM evaluates the support it provides to Member States both at programme level and at project level.

In line with the Commission's Better Regulation guidelines, the Technical Support Instrument is subject to a mid-term (by February 2025) and an *ex post* evaluation (by December 2030) ¹¹, each underpinned by a study conducted by an independent third party. The TSI mid-term evaluation, is expected to play an important role in shaping the next generation of this programme.

In addition to the evaluation carried out at programme level, DG REFORM has put in place a two-stage procedure to evaluate TSI technical support projects. The first step takes place shortly after project closure to assess whether the main stakeholders involved in the project are satisfied with the project design and delivery. The aim of the second step is to assess the extent to which the project met the expected outcomes and takes place at least one year after the project is closed.

Although project duration can vary, on average it takes 24 months to complete a TSI project. Since the first TSI 2021 projects got underway in mid-2021, at the date of the publication of this report, only a few projects have been closed for more than a few months. The first available replies to the evaluation questionnaires indicated a positive evaluation of the value of the TSI. In particular, national authorities appreciated being closely involved during the project identification phase and in their implementation. National authorities also valued the active role played by DG REFORM in enabling direct contacts with them and with the providers of technical support.

Communication

The Technical Support Instrument works hand in hand with national administrations to support the design and implementation of their reforms for the benefit of their citizens and businesses. To ensure that the **EU funding provided is visible**, DG REFORM promotes the Technical Support Instrument, TSI projects and their results via dedicated channels and provides **targeted information to multiple audiences**, including the media and the public.

In this context, DG REFORM has successfully embedded a TSI press conference and a TSI annual conference in the yearly cycle of the programme. In addition, the activities and results of the Technical Support Instrument and related TSI projects are widely shared on the **Reform Support website**, providing detailed information by **policy area** and by **country**. The website also hosts the **single online public repository** of TSI project final deliverables. DG REFORM uses social media to share information about TSI via its **@EU reforms** Twitter/X account.

Conclusion

In its first two years of implementation, the TSI provided technical support for the design and implementation of reforms in all Member States. The number of requests received consistently outnumbered the number of requests that the programme was able to cover, testament to the interest of national authorities in the opportunities offered by this instrument.

The growing number of multi-country projects over the two years was an indicator of the TSI programme's capacity to bring further EU added value and to facilitate the exchange of good practices and mutual learning opportunities among national administrations.

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¹¹ TSI Regulation, Article 16.

DG REFORM stepped up its communication on TSI activities to enhance the accountability of the instrument and to make national authorities aware of the opportunities available under the TSI. The aim of this communication was to broaden national authorities' understanding of the opportunities available under the TSI and enable them to design projects to make optimum use of the instrument to tackle their specific needs.

Most importantly, DG REFORM staff made a concerted effort at all levels to support Member States during the implementation phase to ensure the projects were successful and that their outputs remained in line with Member States' objectives. DG REFORM also cooperates with national authorities to go beyond the implementation of specific projects – which end with the achievement and delivery of outputs – and may support them to follow up on the results of the projects to implement their reform agendas.

Given that the implementation of the first cycle of the Technical Support Instrument started in 2021, it is still too early to assess the project achievements on the ground. However, based on feedback received from beneficiary authorities at project level, and from coordinating authorities at country level, Member States generally appreciated the support provided through the TSI, in particular the active role they can play in designing and implementing projects, and the effective communication by DG REFORM.