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NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	Proposal for a 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 - Presidency Compromise text

Delegations will find below consolidated version of the Presidency compromise supported by majority of the Member States at the Working Party.

Additions / changes are marked in **bold**. Deletions are marked with '(...)'.

Legal linguistic changes are marked in *italics*.

Proposal for a

**REGULATION (EU) 2016/... 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 Committee,

Having regard to the opinion of the Committee of Regions,

Acting in accordance with the ordinary legislative procedure,¹

Whereas:

¹ *Position of the European Parliament of ... (not yet published in the Official Journal) and Council decision of ...*

- (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 shall 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, as set out in Article 11 of the of the *TFEU*, environmental protection requirements must be integrated in the Union policies with a view to promoting sustainable development.
- (2) Articles 120 and 121 of the *TFEU* provide that Member States shall 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 shall formulate. Thereby, the coordination of the economic policies of the Member States is 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 are facing the challenge of low potential growth. The Union has identified the implementation of structural reforms 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. Addressing structural reforms in a variety of public policy areas is challenging since their benefits often take time to materialise. Therefore, early and efficient design and implementation is crucial, be it for crisis-struck or structurally-weak economies. In this 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 years.

- (5) Member States may benefit from support in addressing challenges as regards the design and implementation of structural reforms. These challenges may be dependent on various factors, including limited administrative and institutional capacity or inadequate application and implementation of Union legislation.
- (6) The Union has a long-lasting experience on 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 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 this respect.
- (6a) 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 which should be taken into account in the implementation of the support under the Programme.**
- (7) Against this 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 towards obtaining economic recovery, job creation, boosting Europe's competitiveness, **productivity, cohesion,** and stimulating investment in the real economy.

- (8) Support under the Programme should be provided by the Commission upon request by a Member State, in areas such as budget and taxation, public function, institutional and administrative reforms, the justice system, anti-fraud, anti-corruption and anti-money laundering, business environment, private sector development, investment, competition, public procurement, privatization processes, access to finance, investment, trade, sustainable development, innovation, education and training, labour policies, public health, asylum, migration policies, agriculture and rural development and financial sector policies.
- (9) 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 sustainable investment, growth and job creation.
- (10) 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 socioeconomic indicators, and the general administrative capacity of the Member State. **Based on this analysis and taking into account the existing actions and measures financed by Union funds or other 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 (...).**

- (10a) The Commission may, with the consent of the Member State wishing to receive support, organise the provision of support in cooperation with international organisations or other Member States that may agree to act as *reform partner(s)*. The Member State wishing to receive support may, for a specific area or areas of support, enter into a partnership with one or more Member States as *reform partner(s)* 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, *reform partners* and/or other Member States providing support may contribute to the successful implementation of the Programme.
- (11) The Commission Communications ‘The EU Budget Review’ and ‘A budget for Europe 2020’ underline the importance of focusing funding on **actions and** activities with clear European added value, i.e. where the Union intervention can bring additional value compared to action of Member States alone. Against this background, the support actions **and activities** carried out under the Programme should ensure complementarity and synergy with other programmes and policies at national, Union and international level. The actions **and activities** under the Programme should allow elaborating and implementing solutions that address national challenges which have impact on cross-border or Union-wide challenges and achieve a consistent and coherent implementation of Union law. In addition, they should contribute to further develop trust and promote 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 to mobilise expertise.

- (12) It is necessary to establish a financial envelope for the Programme to cover a period of four years to align its duration with that of the multiannual financial framework laid down in Council Regulation (EU, Euratom) No 1311/2013².
- (13) The financial envelope of the Programme (...) consists of financial resources deducted from allocations for technical assistance at the initiative of the Commission under Regulation (EU) No 1303/2013 of the European Parliament and of the Council³ and Regulation (EU) No 1305/2013 of the European Parliament and of the Council⁴. In order to allow such deduction **for this particular programme and without prejudice to any future proposals**, it is necessary to amend those Regulations.
- (13a) 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 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management⁵, for the European Parliament and the Council during the annual budgetary procedure.**

² 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).

³ 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).

⁴ 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).

⁵ **OJ C 373, 20.12.2013, p. 1.**

- (14) Member States that request support should **have the possibility (...)** to contribute 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 to 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.
- (15) This Regulation should be implemented in compliance with Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council⁶ on the financial rules applicable to the annual budget of the European Union. The Commission should adopt multi-annual work programmes that set out the political objectives pursued, the expected results of the support and the funding priorities in the respective policy areas. Those elements should be further specified in annual work programmes adopted by implementing acts. **The costs to be considered eligible for financing under the Programme are defined in Article 126 of the Regulation (EU, Euratom) No 966/2012.**
- (16) Considering 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 of **up to 100%** of the eligible costs **for grants** in order to achieve the objectives of the Programme, whilst ensuring compliance with the principles of co-financing and no-profit.

⁶ 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).

- (17) 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 seriously affecting the economic or social conditions in a Member State going beyond its control, upon request of a Member State **wishing to receive support**, the Commission should be able to adopt special measures, for a limited proportion 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 the urgent needs.
- (18) In order to ensure the efficient and coherent allocation of funds from the Union budget and the principle of sound financial management, actions under this 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, in all stages of the process, effective coordination in order to ensure consistency, complementarity and synergy between sources of funding supporting actions in the relevant Member States with close links to this Programme, specifically with measures being financed from the Union funds in the Member States.
- (19) 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, wrongly paid or incorrectly used and, where appropriate, penalties.

- (20) To facilitate the evaluation of the Programme, a proper framework for monitoring the results achieved by the Programme should be put in place from the very beginning. **An annual monitoring report on the implementation of the Programme and an analysis of the application of the criteria for assessing the request for support, an independent** mid-term evaluation looking at the achievement of the objectives of the Programme, its efficiency, (...) its added value at the European level **and an assessment on the future of the Programme after 2020** should be carried out. **An independent** final 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, measuring the effects of the Programme.
- (21) 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 carries 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 on *better law-making* of 13 April 2016.** 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.

- (22) In order to ensure uniform conditions for the implementation of this Regulation as regards the adoption of the multi-annual and annual work programmes, implementing powers should be conferred on the Commission. **To appropriately involve Member States, those implementing acts should be adopted in accordance with the advisory procedure within the meaning of Regulation (EU) No 182/2011 of the European Parliament of of the Council⁷.**
- (23) Since the objective of this Regulation, namely to contribute to the institutional, administrative and structural reforms in the Member States by providing support to national authorities, **meaning one or more national authorities, including authorities at regional and local levels, in accordance with national law**, for measures aimed at reforming institutions, governance, administration, economic and social sectors, including through assistance for the efficient and effective use of the Union funds cannot be sufficiently achieved by the Member States (...), but can rather, by reason of the scale *or* effects *of the action*, 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 (*TEU*). 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 would be mutually agreed with the Member State concerned.
- (24) 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:

⁷ Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13).

Article 1
Establishment and duration of the Programme

This Regulation establishes the Structural Reform Support Programme (*'the Programme'*) for the period from 1 January 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 this Programme;

(2) *'national authority'* means one or more national authorities, including authorities at regional and local levels, in accordance with national law; and

(3) *'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 Council⁸, the Asylum, Migration and Integration Fund established by Regulation (EU) No 516/2014 of the European Parliament and of the Council⁹, 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 Council¹⁰, 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 Council¹¹.

⁸ 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).

⁹ 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).

¹⁰ 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).

¹¹ 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

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 with 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 national challenges which have impact on cross-border or Union-wide challenges;
 - (b) their complementarity and synergy with other Union programmes and policies at national, Union and international level;
 - (c) their contribution to the consistent and coherent implementation of Union law;
 - (d) their contribution to the sharing of good practices and to building a Union-wide platform and network of expertise; *and*
 - (e) the promotion of mutual trust between *beneficiary* Member States and the Commission and cooperation among Member States.

for external borders and visa and repealing Decision No 574/2007/EC (OJ L 150, 20.5.2014, p. 143).

Article 4
General objective

The general objective of the Programme shall be to contribute to institutional, administrative and structural reforms in the Member States by providing support to national authorities for measures aimed at reforming institutions, governance, administration, economic and social sectors in response to economic and social challenges with a view to enhancing competitiveness, **productivity**, growth, jobs, **cohesion**, and investment, in particular in the context of economic governance processes, including through assistance for the efficient and effective 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 **that shall be pursued in close cooperation with beneficiary Member States**:
 - (a) to assist 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 to enhance their capacity to formulate, develop and implement reform policies and strategies and pursue 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 and lessons learned by other countries in addressing similar situations;

- (d) to assist the national authorities to enhance the efficiency and effectiveness of human resources management, where appropriate, through definition of clear responsibilities and increase of professional knowledge and skills.

(...)

2. The specific objectives set out in paragraph 1 *of this Article* shall refer to policy areas related to competitiveness, **productivity**, growth, jobs, **cohesion**, and investment, in particular to 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, effective rule of law, reform of the justice system and reinforcement of anti-fraud, anti-corruption and anti-money laundering;
- (c) business environment, private sector development, investment, privatization processes, trade and foreign direct investment, competition and public procurement, sustainable sectoral development and support for innovation;
- (d) education and training, labour market policies, social inclusion, social security and social welfare systems, public health and healthcare systems, asylum, migration and borders policies;
- (e) policies for the agricultural sector and the sustainable development of rural areas;
and
- (f) financial sector policies and access to finance.

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, and legislative, institutional, structural and administrative reforms;
- (a) the provision of expert(s) (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;
- (b) institutional, administrative or sectoral capacity building and related supporting actions, notably:
 - (i) seminars, conferences and workshops;
 - (ii) working visits to relevant Member States or a third country 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;
- (c) collection of data and statistics; development of common methodologies and, where appropriate, indicators or benchmarks;
- (d) organisation of local operational support in areas such as asylum, migration, border control;
- (e) IT capacity building: **expertise related to** development, maintenance, operation and quality control of the IT infrastructure and applications needed to implement the relevant reforms;

- (f) studies, researches, analyses and surveys; evaluations and impact assessments; elaboration and publication of guides, reports and educational material;
- (g) communication projects: learning, cooperation, awareness raising, dissemination activities, and exchange of good practices; organisation of awareness-raising and information campaigns, media campaigns and events, (...);
- (h) compilation and publication of materials to disseminate information as well as results of the Programme: development, operation and maintenance of systems and tools using information and communication technologies; *and*
- (i) 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). This request shall be submitted by 31 October of each calendar year *at the latest*.
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 *of this Article* based on the urgency, breadth and depth of the problems identified, support needs in respect of the policy areas concerned, analysis of socioeconomic indicators and general administrative capacity of the Member State.

Based on this 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 **in a cooperation and support plan**. **Upon request of the beneficiary Member State, the Commission shall provide the cooperation and support plan to other Member States.**

3. The request for support may be submitted regarding the following:

- (a) the implementation of reforms in the context of economic governance processes, in particular of the relevant *country-specific recommendations* issued in the context of the European Semester or of relevant actions related to the implementation of Union law;
- (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 Council¹² for the *Member States whose currency is the euro* and Council Regulation (EC) No 332/2002¹³ for the *Member States whose currency is not the euro*; and
- (c) the implementation of reforms by Member States, undertaken at their own initiative, notably to achieve sustainable investment, growth and job creation.

¹² 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).

¹³ 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).

Article 8
Organisation of support

1. The Commission may, **with the consent of the *beneficiary* Member State, organise (...)** the support (...) in cooperation with other Member States or ***European and*** international organisations.
2. The *beneficiary* Member States, 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 9
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 (...), as far as they are related to the general objectives of this Regulation, expenses linked to IT networks focusing on information processing and exchange, together with all other technical and administrative assistance expenses incurred by the Commission for the management of the Programme.
3. The budgetary authority shall authorise the available annual appropriations within the limits of the Multiannual Financial Framework established by Regulation (EU, Euratom) No 1311/2013.

Article 10

Other financial contributions to the budget of the Programme

1. In addition to the financial envelope set out in Article 9, the Programme may be financed through additional 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. These additional contributions referred to in paragraph 1 *of this Article* 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 *of this Article* shall be used exclusively in that Member State.

Article 11

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 the support does not cover the same cost items.

Article 12
Implementation of the Programme

1. The Commission shall implement the Programme in accordance with Regulation (EU, Euratom) No 966/2012.
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 Regulation (EU, Euratom) No 966/2012. 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 national authorities* of Member States;
 - (b) public procurement contracts;
 - (c) reimbursement of costs incurred by external experts, **including experts of the national authorities of Member States providing 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 and/or private bodies and entities legally established in any of the following:
 - (a) Member States; *and*
 - (b) European Free Trade Agreement countries which are party to the European Economic Area Agreement, in accordance with the conditions laid down in the EEA Agreement.

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 of this Regulation*.
5. In order to implement the Programme, the Commission shall adopt, by way of implementing acts, multi-annual work programmes. Multi-annual work programmes shall set out the policy objectives pursued through the envisaged support and the expected results, as well as funding priorities in the relevant policy areas. **Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 12a(2) of this Regulation.**
- 5a. The multi-annual work programmes shall be further specified in annual work programmes, adopted by way of implementing acts, identifying the measures needed for their implementation, together with all the elements required by Regulation (EU, Euratom) No 966/2012. **Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 12a(2) of this Regulation.**
6. To ensure timely availability of resources, the annual work programme **shall foresee a limited part of the annual work programme 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 Article 7(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 12a
Committee procedure

1. The Commission shall be assisted by a committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.

2. Where reference is made to this paragraph, Article 4 of Regulation (EU) No 182/2011 shall apply.

Article 13
Coordination and complementarity

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 this end, they shall:

- (a) ensure complementarity and synergy between different instruments at Union and national levels, 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 and national level to deliver coherent and streamlined support actions.

The Commission shall make its best effort to ensure complementarity and synergies with support provided by other relevant international organisations.

The relevant multi-annual and 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 14
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 wrongly paid and, where appropriate, by effective, proportionate and deterrent 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 who have received Union funds 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 2185/96¹⁴ 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 sub-paragraphs, 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, on-the-spot checks and inspections

¹⁴ 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 15

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 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 16 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 including an analysis of the application of the criteria referred to in Article 7(2) for assessing the requests for support submitted by Member States, an independent** interim evaluation report, by mid of 2019, at the latest, and an **independent** ex-post evaluation report by end of December 2021.
3. The interim 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 and assessment on whether funding in areas covered by the Programme needs to be adapted or extended **or suspended** after 2020. It shall also address the continued relevance of all objectives and actions. The ex-post evaluation report shall include information on the longer-term impact of the Programme.

Article 16

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 15(1) shall be conferred on the Commission for a period of four years from 1 January 2017.
3. The delegation of power referred to in the second subparagraph of Article 15(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.
- 3a. **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 on better law-making of 15 March 2016*.**
4. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.
5. A delegated act adopted pursuant to the second subparagraph of Article 15(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 17
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 10 of Regulation (EU) 2016/XXX 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.

(*) OJ [...];

(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 4 is added:

"4. Resources transferred by a Member State according to paragraph 1 shall be subject to the decommitment rule set out in Article 136 of Regulation (EU) 1303/2013 and Article 38 of Regulation (EU) No 1306/2013*.

(*) OJ [...]"

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

“(l) actions financed under Regulation (EU) 2016/XXX in order to contribute to delivering the Union strategy for smart, sustainable and inclusive growth.”;

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 (*the Programme*) for use within the scope and purpose of *the Programme*.”.

Article 18
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 for use within the scope and purpose of that Programme.”

Article 19
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*.

ANNEX

Indicators

The achievement of the (...) objectives referred to in Articles 4 and 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, seminars etc., split by:
 - (a) *country-specific recommendations* or relevant actions related to the implementation of Union law, economic adjustment programmes and the Member State's own-initiative reforms;
 - (b) specific objective, policy area and *beneficiary* Member State;
 - (c) support providers such as government bodies, public law bodies and bodies governed by private law with a public service mission, *international organisations*;
 - (d) 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, 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/participants on the results and/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 and/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 to amongst others the support from the Programme.*

These indicators shall be used according to data and information available, including appropriate quantitative or empirical data.

Further, a qualitative analysis shall be undertaken to establish the links between the support from the Programme, measured through the information from the above-mentioned 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.