



19.6.2018

# OPINION

of the Committee on Budgets

for the Committee on Regional Development

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))

Rapporteur for opinion (\*): Jean Arthuis

(\* ) Associated committee – Rule 54 of the Rules of Procedure

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## SHORT JUSTIFICATION

The rapporteur believes that the revision of the financial envelope of the Structural Reform Support Programme and of its general objective provides an opportunity to:

1) Revise the general objective of the programme to ensure it is clearly targeted at providing technical assistance at the request of Member States to reforms that are socially and/or environmentally beneficial. The Programme should contribute to achieving economic recovery and quality job creation, combating poverty, and stimulating investment in the real economy.

2) Develop criteria for accepting the request from Member States for assistance when more requests have been received than can be facilitated within the financial envelope, based on the above requirement that the reform is socially and/or environmentally beneficial.

The rapporteur believes the expansion of the financial envelope dedicated to this programme should be linked to a revision of the understanding of what 'structural reforms' it should be targeted towards. Structural reforms under the programme should be understood as including programmes of public investment, the renationalisation or re-municipalisation of public goods and services, the strengthening of public social security systems, and reforms that advance collective bargaining and promote real-wage growth.

According to the programme's 2017 work programme, around 90% of the programme's funds went to projects aimed at implementing the instructions of the Commission under the European Semester and other EU legislative requirements. As a result, the rapporteur believes that the role of social partners, civil society, and local and regional authorities in formulating the request and designing and monitoring the implementation of the reform should be specifically mentioned in the proposal.

Regarding the revision of the general objective to include the convergence criteria for Member States that are not members of the euro, the rapporteur believes this may result in the programme being used to undermine quality and accessible public services and social security systems – in relation to the government budget deficit and government debt-to-GDP ratio in particular. As a result, she believes the focus of the programme should be on authorising requests that will provide a definite social or environmental benefit.

The rapporteur disagrees with the Commission's suggestion in its Explanatory Memorandum accompanying the proposal that Member States should be invited to redeploy existing funds for technical assistance under the European Structural and Investment Funds towards this programme, including for requests regarding euro adoption. She believes the ESIF funds and the important role they play across Member States should be maintained and not redeployed to this programme.

## AMENDMENTS

The Committee on Budgets calls on the Committee on Regional Development, as the committee responsible, to take into account the following amendments:

### Amendment 1

#### Proposal for a regulation

##### Recital 1

###### *Text proposed by the Commission*

(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.

###### *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 ***and societies*** built on strong economic and social structures, contributes ***to territorial***, economic and social cohesion. The implementation of institutional, administrative and growth-sustaining structural reforms is an appropriate tool for achieving such a development. ***Structural reforms are recognised as beneficial not only when they reduce public expenditure in a socially sustainable way, but also when they increase expenditure in the short-term in order to improve economic performance and budget balances in the medium to long-term. It is vital for the successful implementation and sustainability of structural reforms that they are backed by democratic support, ensuring the involvement of all relevant stakeholder, such as local and regional authorities, economic and social partners, and representatives of civil society.***

## Amendment 2

### Proposal for a regulation

#### Recital 1 a (new)

*Text proposed by the Commission*

*Amendment*

***(1 a) In order to give an overview of the reforms designed and implemented on the basis of the request of each Member State, the distribution of the new budget for the Programme should be based on clear selection criteria and be presented in a transparent way. That would ensure the exchange of knowledge, experience and best practices, which is one of the aims of the Programme.***

## Amendment 3

### Proposal for a regulation

#### Recital 1 b (new)

*Text proposed by the Commission*

*Amendment*

***(1 b) 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 4

### Proposal for a regulation

#### Recital 2

*Text proposed by the Commission*

*Amendment*

(2) Member States have increasingly taken up support under the Programme, beyond the initial expectations. The requests for support received by the Commission during the 2017 cycle have, based on their estimated value, significantly exceeded the available annual

(2) Member States have increasingly taken up support under the Programme, beyond the initial expectations. The requests for support received by the Commission during the 2017 cycle have, based on their estimated value, significantly exceeded the available annual

allocation. During the 2018 cycle, the estimated value of requests received was five times the financial resources available for that year. Almost all Member States have requested support under the Programme and requests are distributed across all policy areas covered by the Programme.

allocation, *which has resulted therefore in requests not being selected for funding*. During the 2018 cycle, the estimated value of requests received was five times the financial resources available for that year. Almost all Member States have requested support under the Programme and requests are distributed across all policy areas covered by the Programme.

## Amendment 5

### 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 *territorial*, 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 6

### 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 *territorial*, 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 7

## 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 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. ***That additional allocation should be financed exclusively through fresh appropriations to be mobilised by the budgetary authority, making full use of the available budgetary flexibility, on the basis of a relevant Commission proposal. No redeployments should be considered for that purpose, in order to avoid any negative impact on the financing of existing multiannual programmes.***

## Amendment 8

### 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

*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 national authorities for measures aimed at reforming and strengthening institutions, governance, public administration, and economic and social sectors in response to ***territorial***, economic and social challenges, with a view to enhancing cohesion, competitiveness, productivity, sustainable growth, ***financial stability, quality job***

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.;

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 9

### 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*

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

#### *Amendment*

1. The financial envelope for the implementation of the Programme is set at EUR 222 800 000 in current prices. ***Any increase to the Programme shall be financed by the mobilisation of the special instruments as provided for in Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020\* and not at the expense of existing Union programmes.***;

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\* OJ L 347, 20.12.2013, p. 884.



## PROCEDURE – COMMITTEE ASKED FOR OPINION

<b>Title</b>	Increase of the financial envelope of the Structural Reform Support Programme and adapt its general objective
<b>References</b>	COM(2017)0825 – C8-0433/2017 – 2017/0334(COD)
<b>Committee responsible</b> Date announced in plenary	REGI 14.12.2017
<b>Opinion by</b> Date announced in plenary	BUDG 14.12.2017
<b>Associated committees - date announced in plenary</b>	19.4.2018
<b>Rapporteur</b> Date appointed	Liadh Ní Riada 21.3.2018
<b>Discussed in committee</b>	24.4.2018
<b>Date adopted</b>	19.6.2018
<b>Result of final vote</b>	+: 28 –: 5 0: 3
<b>Members present for the final vote</b>	Nedzhmi Ali, Jean Arthuis, Richard Ashworth, Gérard Deprez, Manuel dos Santos, José Manuel Fernandes, Eider Gardiazabal Rubial, Jens Geier, Iris Hoffmann, Monika Hohlmeier, John Howarth, Bernd Kölmel, Zbigniew Kuźmiuk, Vladimír Maňka, Siegfried Mureşan, Jan Olbrycht, Răzvan Popa, Petri Sarvamaa, Jordi Solé, Patricija Šulin, Isabelle Thomas, Inese Vaidere, Monika Vana, Tiemo Wölken, Marco Zanni
<b>Substitutes present for the final vote</b>	Anneli Jäätteenmäki, Alain Lamassoure, Janusz Lewandowski, Verónica Lope Fontagné, Andrey Novakov, Pavel Poc, Claudia Țapardel
<b>Substitutes under Rule 200(2) present for the final vote</b>	John Stuart Agnew, Martina Anderson, Auke Zijlstra, Ivan Štefanec

## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

28	+
ALDE	Nedzhmi Ali, Jean Arthuis, Gérard Deprez
ECR	Zbigniew Kuźmiuk
PPE	Richard Ashworth, José Manuel Fernandes, Monika Hohlmeier, Alain Lamassoure, Janusz Lewandowski, Verónica Lope Fontagné, Siegfried Mureşan, Andrey Novakov, Jan Olbrycht, Petri Sarvamaa, Inese Vaidere, Ivan Štefanec, Patricija Šulin
S&D	Eider Gardiazabal Rubial, Jens Geier, Iris Hoffmann, John Howarth, Vladimír Maňka, Pavel Poc, Răzvan Popa, Isabelle Thomas, Tiemo Wölken, Manuel dos Santos, Claudia Țapardel

5	-
ECR	Bernd Kölmel
EFDD	John Stuart Agnew
ENF	Marco Zanni, Auke Zijlstra
GUE/NGL	Martina Anderson

3	0
ALDE	Anneli Jäätteenmäki
Verts/ALE	Jordi Solé, Monika Vana

Key to symbols:

+ : in favour

- : against

0 : abstention