



EUROPEAN COMMISSION

Brussels, 20.2.2019
C(2019) 1410 final

Dear President,

The Commission would like to thank the Senát for its Opinion on the proposal for a Regulation of the European Parliament and of the Council on the establishment of the Reform Support Programme {COM(2018) 391 final}.

The Commission welcomes the general support of the Senát to the proposal and takes good note of its concerns.

This proposal builds on the current experience of the Structural Reform Support Programme – the objective is to support Member States in their efforts to design and implement reforms that are aimed at improving the performance of national economies and at promoting resilient economic and social structures.

The size of the Programme should be proportionate to the objectives it is designed to achieve – it should be large enough to provide strong support for a broad range of reforms and offer suitable and meaningful incentives to all Member States.

In order to provide sufficient incentives for Member States to implement reforms , the overall funding of the Programme must allocate a significantly larger amount of the funding to the Reform Delivery Tool. In its proposal for the size of the Reform Delivery Tool, the Commission took into account the views of stakeholders (Member States' administrations), collected prior to the presentation of the Commission's proposal, during which some Member States noted that the size of the Reform Delivery Tool should be even higher than the EUR 25 billion to be allocated for the Reform Support Programme as a whole. Taking these views and the overall budgetary situation under the new Multiannual Financial Framework into account, the Commission proposed an overall size of EUR 22 billion for the Reform Delivery Tool. This amount is considered suitable for providing meaningful incentives to European Union Member States for reform implementation.

*Mr Jaroslav KUBERA
President of the Senát
Valdštejnské náměstí 17/4
CZ – 118 01 PRAGUE*

Regarding the Technical Support Instrument, the Commission took into account the recently adopted Regulation (EU) 2018/1671 amending Regulation (EU) 2017/825, which increased the budget of the Structural Reform Support Programme in response, inter alia, to the high demand for support from Member States. It also took into account past experience with the Structural Reform Support Programme and the possible future needs, while also factoring in the capacities of the Member States to absorb technical support and the Commission's capacity to provide it. The allocation for the Technical Support Instrument thus amounts to EUR 840 million for 2021-2027. There is also a technical support component under the Convergence Facility that can be up to EUR 160 million.

The amount of the financial support component of the Convergence Facility was determined by taking into account the overall budgetary situation under the next MFF, and the fact that this facility will offer financial support for additional reforms over and above the Reform Delivery Tool.

The size of the Reform Delivery Tool is not linked to the cost of the reforms. It is envisaged that the financial support would only be paid out once the reform commitments were fully implemented. The instrument is voluntary and a Member State can therefore not condition its reform efforts on the availability of financial support from the European Union.

With respect to the allocation of funds, the experience with the current Structural Reform Support Programme, in particular, has shown that both small and large, and richer and poorer Member States have reform needs. Therefore, the future Reform Support Programme should be available to all Member States. With regard to the Reform Delivery Tool, the financial allocation per Member State should provide for an incentive that is meaningful and thus sufficiently large. The incentive should therefore be in line with the size of the country and should allow for a fair distribution of the financial envelope among all Member States.

The allocation key that is being proposed for the Reform Delivery Tool – based on the share of the country's population in the total population of the European Union – meets the criteria mentioned above: more populous Member States can benefit from a higher maximum contribution; and the maximum net benefit per capita is the same across all Member States, since the amount will be the same for each citizen of the European Union.

The reason why the financial support will be paid only once the agreed milestones and targets have been achieved is to ensure that the reform efforts will be pursued until their full implementation and will not stop mid-way. At the same time, to allow flexibility in case the economic, political and social situations change, the proposed regulation foresees a possibility for Member States to make a request to the Commission to amend the reform commitments once during the period of implementation, if needed.

The proposed regulation also foresees that the financial incentive would have to be paid back to the Commission in case of a significant reform reversal within five years of the payment. This is to ensure that a Member State does not undo the reforms for which a financial contribution has been paid once the financial incentive has been received.

The Commission hopes that these clarifications address the issue raised by the Senát and looks forward to continuing this dialogue in the future.

Yours faithfully,

*Frans Timmermans
First Vice-President*

*Valdis Dombrovskis
Vice-President*