EUROPEAN
COMMISSION

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2017/0334 (COD)

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

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

The Structural Reform Support Programme for the period 2017 to 2020 has been running since 20 May 2017 with a budget of EUR 142.8 million.[1] It was established with the objective of strengthening the capacity of Member States to prepare and implement growth-sustaining administrative and structural reforms, including through the use of 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.

Since the Structural Reform Support Programme Regulation entered into force, there has been a very high take-up of the programme by Member States, with requests for support significantly exceeding the amount of funding available for its annual cycles. This is borne out by data for the 2017 cycle where, despite the late adoption of the Structural Reform Support Programme Regulation, 271 requests for support were submitted by 16 Member States for an estimated amount of over EUR 80 million in total, compared with an allocation of EUR 22.5 million for 2017. This led to a strong prioritisation effort by the Commission, resulting in several requests not being selected for funding. The situation is even more acute for the 2018 cycle, which has just been launched (the deadline for submitting requests was 31 October 2017). 444 requests for support were submittted by 24 Member States and the total estimated cost of such requests is approximatly EUR 152 million, compared with the allocation for 2018 of EUR 30.5 million. This demonstrates clearly that the support needs on the ground and the interest for support from Member States goes well beyond the currently available financial resources of the Programme.

The experience to date has shown that many Member States have requested support under the Programme, and that requests for support are distributed across all support policy areas covered by the Programme, such as governance and public administration, revenue administration and public financial management, growth and business environment, labour market, education, health and social services, the financial sector and access to finance.

As indicated by President Juncker in his Address (and annexed Letter of Intent) to the European Parliament on 13 September 2017 on the State of the Union,[2] the euro is meant to be the single currency of the Union as a whole and, therefore, ultimately all but two Member States are required and entitled to join the euro area. There is thus a clear need to think ahead and support non-euro area Member States in preparing for their euro accession when they so desire. In order to be able to join the euro area, Member States must meet the "Maastricht" or "convergence criteria", which indicate that they have achieved *a high degree of sustainable convergence*.

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[1] Regulation (EU) No 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 L129 19.05.2017, p. 1).

[2] President Jean-Claude Juncker's State of the Union Address 2017, 13 September 2017.

The economic and financial crisis has demonstrated that, beyond nominal convergence, achieving real convergence and having resilient economies built on robust economic structures, which allow Member States to efficiently absorb shocks and swiftly recover from them, are crucial for ensuring successful participation in the euro area. This requires, in particular, that Member States have the capacity to manage their budgets in accordance with the principles of sound public financial management and are institutionally ready to participate in the Banking Union. Beyond this, properly functioning labour and product markets, which are able to absorb external shocks, a high degree of integration in terms of trade in goods and services, and a well-functioning public administration are of prime importance for successful integration into the euro area.

Against the background of (i) the higher financing needs for the provision of support for the implementation of structural reforms, and (ii) the need to support Member States that intend to adopt the euro in accelerating the process of real convergence and developing more resilient economic and social structures to ensure their smooth participation in the Economic and Monetary Union, the Commission is committed, as a first step, to reinforcing the budget of the Structural Reform Support Programme by EUR 80 million for the period 2019-2020. This should be achieved by using the Flexibility Instrument under Article 11 of the current Multiannual Financial Framework.[3] This would bring the overall financial envelope of the Structural Reform Support Programme to EUR 222.8 million. The increase would not only allow the demand for support stemming from the non-euro area Member States, which want to adopt the euro and need to implement reforms in their economies, to be satisfied, but would also allow for the increased number and cost of requests for support for the implementation of administrative and structural reforms to be catered for.

This additional budget would be supplemented by inviting Member States to make use of the possibility, under Article 11 of the Structural Reform Support Programme Regulation, of transferring part of their resources from the technical assistance component of the European Structural and Investment Funds to the Structural Reform Support Programme, for the purpose of provision of support for the implementation of reforms, including reforms linked to euro adoption. Based on current estimates of possible needs for support, this supplement would increase the total amount of the budget available for support to EUR 300 million, thus doubling the support capacity by 2020.

The support would offer tailor-made assistance for the implementation of all policies that help the Member States achieve a high degree of sustainable convergence. The support will be offered notably in the areas of the business environment, the financial sector, labour and product markets, the public administration and public financial management. The most important reforms needed to foster sustainable real convergence will be highlighted in the context of the European Semester.

In a dedicated work stream, those Member States wishing to make progress towards joining the euro area would agree, in dialogue with the Commission, on a limited set of reform commitments that are of particular importance for successful euro area membership. These reform commitments would also be reflected in the National Reform Programmes of the Member States concerned. The Commission through the Structural Reform Support Service would conclude a new Cooperation and Support Plan with the Member States concerned, focussing on providing technical support for the implementation of reform

[3] Cf. Article 11 of Council Regulation (EU, EURATOM) No 1311/2013.

commitments linked to euro adoption. This arrangement would be fully voluntary and would be offered without any co-financing from the beneficiary Member States.

- **Consistency with existing policy provisions in the policy area**

The Structural Reform Support Programme is an innovative Union programme, whereby the Commission provides support to Member States, upon their request, for the design and implementation of administrative and structural reforms. The Structural Reform Support Programme focuses on the provision of tailor-made assistance and expertise on the ground to accompany the national authorities of the requesting Member States throughout the reform process or in defined stages or different phases of this process. This is based on the most pressing country needs, as mutually agreed between the Commission and the Member State concerned in a Cooperation and Support Plan.

The Structural Reform Support Programme is complementary to existing resources for capacity building and technical assistance, which are available within other Union financing programmes under the Multiannual Financial Framework, and with technical assistance and other actions financed by Union funds. This is ensured at both the programming and implementation stages. To this effect, the Commission has set up a technical support coordination mechanism involving the services concerned, so as to ensure that the support provided under the various Union programmes and funds is consistent and avoids duplication with the measures under the Structural Reform Support Programme.

This proposal aims to increase the financial allocation of the Structural Reform Support Programme in order to allow the Commission to cater for the needs, in particular, of non-euro area Member States, which embark on structural reforms aimed at making their economies more resilient to shocks and better preparing them for euro area membership, as well as for the needs stemming from the increased number and cost of requests for support from all Member States in relation to the implementation of structural reforms.

- **Consistency with other Union policies**

The proposal is consistent with and contributes to major Union policy initiatives such as the European Semester and the proposals made in the Reflection Paper on the Deepening of the Economic and Monetary Union,[4] and is in line with the 2017 State of the Union address (and annexed Letter of Intent) made by President Juncker to the European Parliament on 13 September 2017, in which an outline of the strengthening of the future Economic and Monetary Union was presented.

The proposal allows for more financial resources to be available for the provision of support for much needed reforms, which would make the economies of non-euro area Member States more resilient to shocks and would help these Member States to thrive once they join the euro area. In addition, the proposal allows for more resources to be available for supporting the implementation of structural reforms throughout the Union.

[4] COM(2017) 291, 31 May 2017.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

• Legal basis

The Structural Reform Support Programme is based on Articles 175(third paragraph) and 197(2) of the Treaty on the Functioning of the European Union.

This proposal sets out a legislative amendment in order to (i) indicate the contribution of the Programme to facilitating the participation in the euro area of Member States whose currency is not the euro, (ii) increase the dedicated financial envelope of the Programme (using the Flexibility Instrument of the current Multiannual Financial Framework), and (iii) adapt the general objective of the Structural Reform Support Programme in order to stress the link with the preparation for membership of the euro area. It also caters for some technical changes as regards the use of the support expenditure of the Programme. By virtue of its increased financial resources, the Structural Reform Support Programme can decisively contribute to building more resilient economic structures in the Member States and to achieving sustainable convergence in the non-euro area Member States preparing to join the euro area.

• Subsidiarity (for non-exclusive competence)

The funding of the Programme's activities through the proposed amendment respects the principles of European added value and of subsidiarity. Increased funding from the Union budget is needed as regards the overall support for the implementation of structural reforms, in view of the unexpectedly high take-up of the Programme by the Member States. It is also needed in view of the objective of supporting sustainable convergence in the non-euro area Member States, which is crucial for the prosperity of the Union and, in particular, for the smooth functioning of the single currency. Neither of these objectives (support for structural reforms in general and support for euro area membership) can be achieved to a sufficient degree by the Member States acting alone ('necessity test'), while the Union's intervention can bring additional value compared to actions of Member States on their own ('effectiveness test').

Indeed, the Union is in a better position than Member States to identify, mobilise and coordinate the best available expertise (be it from inside the European institutions' services, from other countries or from international organisations), and foster the exchange of good practices (as well as ensure their consistent dissemination across the Union) to assist non-euro area Member States along their path to join the single currency and to support the implementation of targeted growth-enhancing reforms in all the Member States.

• Proportionality

The proposal complies with the proportionality principle in that it does not go beyond the minimum required in order to achieve the stated objective at European level and that which is necessary for that purpose.

• Choice of the instrument

The proposal is an amendment to the Structural Reform Support Programme Regulation.

3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

The current amendment aims to respond to an urgent need to cater for the support to non-euro area Member States that embark on structural reforms aimed at making their economies more resilient to shocks, accelerating the process of real convergence and better preparing them for euro area membership. The amendment also aims to increase the overall financial envelope in order to satisfy the much higher than expected demand for support from Member States in relation to the implementation of structural reforms.

• Regulatory fitness and simplification

The proposal is not linked to the regulatory fitness and simplification exercise and does not have any costs of compliance for small and medium-sized enterprises or any other stakeholders. The Structural Reform Support Programme will soon be implemented via an electronic platform (JIRA), which will be available for the Commission services and the Member States.

• Fundamental rights

The proposal has a positive effect on the preservation and development of Union fundamental rights, assuming that the Member States request and receive technical support in related areas. For example, support in areas such as migration, labour markets and social insurance, healthcare, education, the environment, property, public administration and the judicial system can support Union fundamental rights such as dignity, freedom, equality, solidarity, citizens' rights and justice.

4. BUDGETARY IMPLICATIONS

It is proposed to increase the dedicated financial envelope for the Structural Reform Support Programme from EUR 142 800 000 (current prices) to EUR 222 800 000 (current prices). This increase would be in place for 2019 and 2020. The legislative financial statement provides the appropriate explanations.

This increase should be made possible by using EUR 80 000 000 from the Flexibility Instrument under the current Multiannual Financial Framework (Article 11 of Council Regulation 1311/2013), which allows for supplementing the financing available in the general budget of the Union for the financial years 2018 and 2019 beyond the ceiling of heading 1b (cohesion).

This increased budget will be supplemented by inviting Member States to make use of the possibility, under Article 11 of the Structural Reform Support Programme Regulation, of transferring part of their resources from the technical assistance component of the European Structural and Investment Funds to the Structural Reform Support Programme, for the purpose of the provision of support for the implementation of reforms, including reforms linked to euro adoption. Based on current estimates of possible needs for support, this supplement would increase the total amount of the budget available for support to EUR 300 million.

5. OTHER ELEMENTS

• Implementation plans and monitoring, evaluation and reporting arrangements

The monitoring, evaluation and reporting requirements are adequately foreseen in the Structural Reform Support Programme Regulation. No change to this effect is foreseen.

• Explanatory documents (for directives)

N/A

• Detailed explanation of the specific provisions of the proposal

The proposal amends Article 4 of the Structural Reform Support Programme Regulation (general objective) in order to add support for euro area membership to the goals for which the Programe provides contributions. Notably, the Programme provides support to national authorities for reforming institutions, governance, administration, economic and societal sectors in response to economic and social challenges. With the proposed amendement, it is emphasised that enhancing cohesion, competitiveness, productivity, sustainable growth and job creation should also contribute to preparations for participation in the euro area by those Member States whose currency is not the euro and that want to join the single currency.

The proposed Article 5a emphasises the contribution of the Programme in a dedicated work stream towards supporting reforms that may help Member States in their preparation to join the euro area.

The proposal amends paragraph 1 of Article 10 of the Structural Reform Support Programme Regulation, as regards the dedicated financial envelope of the Structural Reform Support Programme, in order to bring it to EUR 222.8 million in current prices.

The proposal amends paragraph 2 of Article 10 of the Structural Reform Support Programme Regulation, i.e. the provision on support expenditure of the Programme, by adding the possibility of financing supporting activities, such as quality control and monitoring of concrete support projects on the ground.

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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

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[5],

Having regard to the opinion of the Committee of the Regions[6],

Acting in accordance with the ordinary legislative procedure,

Whereas:

(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.

(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.

(3) Strengthening economic and social cohesion by reinforcing structural reforms is crucial for successful participation in the Economic and Monetary Union. That is

[5] OJ C […], […], p. […].
[6] OJ C […], […], p. […].

particularly important for Member States whose currency is not the euro, in their preparation to join the euro area.

(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.

(5) It is also necessary to indicate that actions and activities of the Programme may support reforms that may help Member States that wish to adopt the euro to prepare for participation in the euro area.

(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.

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

(8) Regulation (EU) 2017/825 should therefore be amended accordingly.

(9) 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 its publication in the Official Journal of the European Union,

HAVE ADOPTED THIS REGULATION:

Article 1

Regulation (EU) 2017/825 is amended as follows:

(1) Article 4 is replaced by the following:

"Article 4

General objective

The general objective of the Programme shall be to contribute to institutional, administrative and growth-sustaining structural reforms in the Member States by providing support to national authorities for measures aimed at reforming and strengthening institutions, governance, public administration, and economic and social sectors in response to economic and social challenges, with a view to enhancing cohesion, competitiveness, productivity, sustainable growth, job creation, and investment, which will also prepare for participation in the euro area, in particular in the context of economic governance processes, including through assistance for the efficient, effective and transparent use of the Union funds.";

(2) Article 5a is added

“Article 5a

Support for preparation for euro area membership

The Programme may finance actions and activities in support of reforms that may help Members States in their preparation to join the euro area.”.

(3) Article 10 is amended as follows:

(a) paragraph 1 is replaced by the following:

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

(b) in paragraph 2, the following sentence is added:

“Expenses may also cover the costs of other supporting activities such as quality control and monitoring of support projects on the ground.”.

Article 2

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament
The President

For the Council
The President

LEGISLATIVE FINANCIAL STATEMENT

LEGISLATIVE FINANCIAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

Proposal for a Regulation of the European Parliament and the Council amending Regulation (EU) 2017/825 to increase the financial envelope of the Structural Reform Support Programme and adapt its general objective

1.2. Policy area(s) concerned

Policy area: COMMISSION'S POLICY COORDINATION AND LEGAL ADVICE ABB activity: Structural Reform Support Programme For a detail account of the ABB activity refer to section 3.2 Policy Area: Employment, Social Affaires and Inclusion Policy Area: Regional and Urban Policy Policy Area: Agriculture and Rural Development Policy Area: Migration and Asylum Policy Area: Economic and Financial Affairs

1.3. Nature of the proposal/initiative

☐ The proposal/initiative relates to **a new action**

☐ The proposal/initiative relates to **a new action following a pilot project/preparatory action**[7]

✓ The proposal/initiative relates to **the extension of an existing action**

☐ The proposal/initiative relates to **an action redirected towards a new action**

1.4. Objective(s)

1.4.1. The Commission's multiannual strategic objective(s) targeted by the proposal/initiative

The programme contributes to the priority: a new boost for jobs, growth and investment. The Programme general objective, as amended by this proposal, is to contribute to institutional, administrative and growth-sustaining structural reforms in the Member States by providing support to national authorities for measures aimed at reforming and strengthening institutions, governance, public administration, and economic and social sectors in response to economic and social challenges, with a view to enhancing cohesion, competitiveness, productivity, sustainable growth, job creation, and investment, which will also prepare for participation in the euro area, in particular in the context of economic governance processes, including through assistance for the efficient, effective and transparent use of the Union funds..

[7] As referred to in Article 54(2)(a) or (b) of the Financial Regulation.

In particular, with the proposed amendment the, Programme will also contribute to supporting reforms that may help Members States in their preparation to join the euro area.

1.4.2. *Specific objective(s) and Specific objective No [ ]*

As this proposal is an amendment to Regulation (EU) 2017/825, the specific objectives of the proposal are the same of Article 5 of the Regulation.

1.4.3. *Expected result(s) and impact*

Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.

The expected results are those of Regulation (EU) 2017/825, as reflected on the proposal COM(2015)701final.

The amendment proposed is also expected to reinforce the administrative capacity in the Member States to reform institutions, the administration, economic and social sectors, to foster sustainable convergence with a view to help Members States in their preparation to join the euro area.

1.4.4. *Indicators of results and impact*

Specify the indicators for monitoring implementation of the proposal/initiative.

As this proposal is an amendment to Regulation (EU) 2017/825, the indicators for monitoring results and impacts will be those of the annex to that Regulation.

1.4.5. *Requirement(s) to be met in the short or long term*

The requirement are those of Regulation (EU) 2017/825, as reflected on the proposal COM(2015)701final.

The amendment proposed is also expected to foster sustainable convergence with a view to help Members States in their preparation to join the euro area.

1.4.6. *Added value of Union involvement (it may result from different factors, e.g. coordination gains, legal certainty, greater effectiveness or complementarities). For the purposes of this point 'added value of Union involvement' is the value resulting from Union intervention which is additional to the value that would have been otherwise created by Member States alone.*

As this proposal is an amendment to Regulation (EU) No 2017/825, the added value of the programme is that reflected in its Article 3.

In addition, the Union is in a better position than Member States to identify, mobilise and coordinate the best available expertise (be it from inside the European institutions services and from other countries, or international organisations), foster the exchange of best practices (as well as ensure its consistent dissemination across the Union) in support of the implementation of targeted growth-sustaining reforms in the Member States and for helping non-euro area Member States in their preparation to join the euro area.

1.4.7. Lessons learned from similar experiences in the past

The experience gained through the implementation of the Preparatory Action "Capacity development and institution building to support the implementation of economic reforms" and in particular the first year of implementation of the Structural Reform Support Programme confirm the usefulness of a technical support programme open to all Member States and to a wide number of areas: Member States have confirmed their interest in benefiting from Commission expertise provision in support of their own reforms or those carried out in line with recommendations issued in the framework of the European Semester.

In year 2018 almost all Member States (24) have submitted request for support, and in both 2017 and 2018 the support requested exceeded considerably the budget allocation for the programme. This demonstrates clearly that the support needs on the ground and the interest for support from Member States goes well beyond the currently available financial resources of the Programme.

1.4.8. Compatibility and possible synergy with other appropriate instruments

The Programme is complementary to existing resources for capacity building and technical assistance available within other Union financing programmes under the Multi-annual Financial Framework and with technical assistance and other actions financed by Union funds.

1.5.

1.6. Duration and financial impact

✓ Proposal/initiative of **limited duration**

– ✓ Proposal/initiative in effect from 2019 to 2020

– ✓ Financial impact from 2019 to 2020

☐ Proposal/initiative of **unlimited duration**

– Implementation with a start-up period from YYYY to YYYY,

– followed by full-scale operation.

1.7. Management mode(s) planned[8]

✓ **Direct management** by the Commission

– ✓ by its departments, including by its staff in the Union delegations;

– ☐ by the executive agencies

☐ **Shared management** with the Member States

✓ **Indirect management** by entrusting budget implementation tasks to:

– ☐ third countries or the bodies they have designated;

– ✓ international organisations and their agencies (to be specified);

[8] Details of management modes and references to the Financial Regulation may be found on the BudgWeb site: https://myintracomm.ec.europa.eu/budgweb/EN/man/budgmanag/Pages/budgmanag.aspx

– ✓the EIB and the European Investment Fund;

– ☐ bodies referred to in Articles 208 and 209 of the Financial Regulation;

– ✓ public law bodies;

– ✓bodies governed by private law with a public service mission to the extent that they provide adequate financial guarantees;

– ✓ bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that provide adequate financial guarantees;

– ☐ persons entrusted with the implementation of specific actions in the CFSP pursuant to Title V of the TEU, and identified in the relevant basic act.

– *If more than one management mode is indicated, please provide details in the 'Comments' section.*

Comments

This is in line with the current provisions of the Regulation to be amended.

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

Specify frequency and conditions.

The monitoring and reporting rules will be those of the amended Regulation (EU) 2017/825.

2.2. Management and control system

2.2.1. Risk(s) identified

The risks identified are those reflected in the proposal for adoption of Regulation (EU) 2017/825, i.e. COM(2015) 701 final.

2.2.2. Information concerning the internal control system set up

As above, see the financial statement accompanying COM(2015)701 final.

2.2.3. Estimate of the costs and benefits of the controls and assessment of the expected level of risk of error

As above, see the financial statement accompanying COM(2015)701 final.

2.3. Measures to prevent fraud and irregularities

Specify existing or envisaged prevention and protection measures.

As above, see the financial statement accompanying COM(2015)701 final.

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing budget lines

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	1b **Economic, social and territorial cohesion**	Diff./Non-diff.[9]	from EFTA countries[10]	from candidate countries[11]	from third countries	within the meaning of Article 21(2)(b) of the Financial Regulation
1.b	13.08.01	Diff	YES	NO	NO	NO

- New budget lines requested

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number [Heading……………………………………………]	Diff./Non-diff.	from EFTA countries	from candidate countries	from third countries	within the meaning of Article 21(2)(b) of the Financial Regulation
	[XX.YY.YY.YY]		YES/NO	YES/NO	YES/NO	YES/NO

9 Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

10 EFTA: European Free Trade Association.

11 Candidate countries and, where applicable, potential candidates from the Western Balkans.

3.2. Estimated impact on expenditure

3.2.1. Summary of estimated impact on expenditure

EUR million (to three decimal places)

Heading of multiannual financial framework			1b	Economic, social and territorial cohesion/ Sustainable Growth: Natural Resources			
DG:SG / SRSS				Year 2019	Year 2020	Years 2021 & 2022	TOTAL
Operational appropriations							
13.08.01	Commitments		(1)	**40,000**	**40,000**		**80,000**
	Payments		(2)	**17,200**	**28,600**	**34,200**	**80,000**
TOTAL appropriations for 13	Commitments		=1+1a +3	**40,000**	**40,000**		**80,000**
	Payments		=2+2a 3	**17,200**	**28,600**	**34,200**	**80,000**

• **TOTAL operational appropriations**	Commitments	(4)	**40,000**	**40,000**		**80,000**
	Payments	(5)	**17,200**	**28,600**	**34,200**	**80,000**
• **TOTAL operational appropriations of an administrative nature financed from the envelope for specific programmes**		(6)				

TOTAL appropriations under HEADING 1b	Commitments	(4+6)	**40,000**	**40,000**		**80,000**
	Payments	(5+6)	**17,200**	**28,600**	**34,200**	**80,000**

TOTAL appropriations under HEADINGS 1 to 4 of the multiannual financial framework (Reference amount)	Commitments	=4+ 6	40,000	40,000		**80,000**
	Payments	=5+ 6	17,200	28,600	**34,200**	**80,000**

Heading of multiannual financial framework	5	'Administrative expenditure'

EUR million (to three decimal places)

		Year **2019**	Year **2020**			Enter as many years as necessary to show the duration of the impact (see point 1.6)			**TOTAL**
DG: SG/SRSS									
• Human resources		3,594	3,594						**7,188**
• Other administrative expenditure		0,300	0,300						**0,600**
TOTAL DG SG/SRSS	Appropriations	3,894	3,894						**7,788**

TOTAL appropriations under HEADING 5 of the multiannual financial framework	(Total commitments = Total payments)	3,894	3,894						**7,788**

EUR million (to three decimal places)

		Year **2019**	Year **2020**	Years2021 & 2022		Enter as many years as necessary to show the duration of the impact (see point 1.6)			**TOTAL**
TOTAL appropriations under HEADINGS 1 to 5 of the multiannual financial framework	Commitments	43,894	43,894						**87,788**
	Payments	21,094	32,494	34,200					**87,788**

3.2.2. Estimated impact on operational appropriations

– ☐ The proposal/initiative does not require the use of operational appropriations

– ✓ The proposal/initiative requires the use of operational appropriations, as explained below:

Commitment appropriations in EUR million (to three decimal places)

Indicate objectives and outputs ⇩			Year **2019**		Year **2020**		**TOTAL**
	OUTPUTS						
	Type[1]	Average cost	No	Cost	No	Cost	Total cost
SPECIFIC OBJECTIVE No 1							
To assist the initiatives of national authorities to design their reforms according to priorities, taking into account initial conditions and expected socio-economic impacts							
- Output A	Number of analyses supporting national reform sector	0,06	50-60	**3,360**	50-60	**3,360**	**6,720**
- Output B	Number of experts	0,00115	80	**0,092**	80	**0,092**	**0,184**
Subtotal for specific objective No 1				3,452		3,452	**6,904**

SPECIFIC OBJECTIVE No 2							
To sustain the endeavours of 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							
- Output C	Number of experts	0,00115	100-150	**0,141**	100-150	**0,141**	**0,282**
- Output D	Number of Roadmaps, Action plan, prepared and implemented by sector and country	0,125	25-30	3,125	25-30	3,125	**6,250**
- Output E	Number of specific service expertise	0,015	25-30	**0,390**	25-30	**0,390**	**0,780**
- Output F	Number of projects supported	0,900	6	**5,400**	6	**5,400**	**10,800**
Subtotal for specific objective No 2				**9,056**		**9,056**	**18,112**
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							
- Output G	Number of experts	0,00115	220-240	**0,251**	220-240	**0,251**	**0,502**
- Output H	Number of projects supported	0,900	8	**7,200**	8	**7,200**	**14,400**
- Output I	Number of projects supported	0,150	18	**2,700**	18	**2,700**	**5,400**
- Output J	Number of specific service expertise	0,015	90-95	**1,380**	90-95	**1,380**	**2,760**
Subtotal for specific objective No 3				**11,531**		**11,531**	**23,062**
SPECIFIC OBJECTIVE No 4							
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							
- Output K	Number of training events/seminars	0,08	40-50	**3,200**	40-50	**3,200**	**6,400**

- Output L	Number of experts	0,00115	100-150	**0,161**	100-150	**0,161**	**0,322**
- Output M	Number of projects supported	0,900	10-12	**9,900**	10-12	**9,900**	**19,800**
- Output N	Number of projects supported	0,150	18	**2,700**	18	**2,700**	**5,400**
Subtotal for specific objective No 4				**15,961**		**15,961**	**31,922**

3.2.3. Estimated impact on appropriations of an administrative nature

3.2.3.1. Summary

– ☐ The proposal/initiative does not require the use of appropriations of an administrative nature

– ✓ The proposal/initiative requires the use of appropriations of an administrative nature, as explained below:

EUR million (to three decimal places)

	Year **2019**[12]	Year **2020**	Year **N+2**	Year **N+3**	Enter as many years as necessary to show the duration of the impact (see point 1.6)			**TOTAL**
HEADING 5 of the multiannual financial framework								
Human resources	3,594	3,594						**7,188**
Other administrative expenditure	0,300	0,300						**0,600**
Subtotal HEADING 5 of the multiannual financial framework	3,894	3,894						**7,788**
Outside HEADING 5[13] of the multiannual financial framework								
Human resources								
Other expenditure of an administrative nature								
Subtotal outside HEADING 5 of the multiannual financial framework								
TOTAL	**3,894**	**3,894**						**7,788**

The appropriations required for human resources and other expenditure of an administrative nature will be met by appropriations from the DG that are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

[12] Year N is the year in which implementation of the proposal/initiative starts.

[13] Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

3.2.3.2. Estimated requirements of human resources

– ☐ The proposal/initiative does not require the use of human resources.

– ✓ The proposal/initiative requires the use of human resources, as explained below:

Estimate to be expressed in full time equivalent units

		Year **2019**	Year **2020**	Year **N+2**	Year **N+3**	Enter as many years as necessary to show the duration of the impact (see point 1.6)
• **Establishment plan posts (officials and temporary staff)**						
XX 01 01 01 (Headquarters and Commission's Representation Offices)		23	23			
XX 01 01 02 (Delegations)						
XX 01 05 01 (Indirect research)						
10 01 05 01 (Direct research)						
• **External staff (in Full Time Equivalent unit: FTE)**[14]						
XX 01 02 01 (AC, END, INT from the 'global envelope')		6	6			
XX 01 02 02 (AC, AL, END, INT and JED in the delegations)						
XX 01 04 **yy** [15]	- at Headquarters					
	- in Delegations					
XX 01 05 02 (AC, END, INT - Indirect research)						
10 01 05 02 (AC, END, INT - Direct research)						
Other budget lines (specify)						
TOTAL		**29**	**29**			

XX is the policy area or budget title concerned.

The human resources required will be met by staff from the DG who are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

Description of tasks to be carried out:

Officials and temporary staff	The task to be carried out comprise all tasks necessary to a) the processing of MS

14 AC= Contract Staff; AL = Local Staff; END= Seconded National Expert; INT = agency staff; JED= Junior Experts in Delegations.

15 Sub-ceiling for external staff covered by operational appropriations (former 'BA' lines).

	request and subsequent management of projects and b) the financial and contractual management of the programme, namely: • Providing input to the budgetary procedure and management plan • Preparing annual work programmes/financing decisions, establishing annual priorities • Managing call for tenders and call for proposals and the subsequent selection procedures in coordination with the operational services. • Communicating with stakeholders on contractual and financial matters. • Preparation and organisation of the High Level Group meetings with DG concerned, Member States and other stakeholders. • Managing projects: design, implementation and follow up of projects and management of the contractual and financial side: commitment, payment, recovery order, etc. • Performing controls, as described above (ex ante verification, procurement service, ex post/internal control) • Managing IT tools • Contributions and follow up of the annual DAS procedure. Monitoring and reporting on achievement of objectives, including in the budgetary procedure, management plan, mid-term review, AAR and AOS reports
External staff	Support to the financial and administrative tasks.

3.2.4. *Compatibility with the current multiannual financial framework*

– ☐ The proposal/initiative is compatible the current multiannual financial framework.

– ☐ The proposal/initiative will entail reprogramming of the relevant heading in the multiannual financial framework.

Explain what reprogramming is required, specifying the budget lines concerned and the corresponding amounts.

– ✓ The proposal/initiative requires application of the flexibility instrument or revision of the multiannual financial framework.

Explain what is required, specifying the headings and budget lines concerned and the corresponding amounts. The proposal requires the use of the Flexibility instrument under the current MFF (Article 11 of Council Regulation 1311/2013), which allows for supplementing the financing available in the general budget of the Union by EUR 40 million in 2019 and EUR 40 million in 2020 beyond the ceiling of sub-heading 1b.

3.2.5. *Third-party contributions*

– ✓ The proposal/initiative does not provide for co-financing by third parties.

– The proposal/initiative provides for the co-financing estimated below:

Appropriations in EUR million (to three decimal places)

	Year **N**	Year **N+1**	Year **N+2**	Year **N+3**	Enter as many years as necessary to show the duration of the impact (see point 1.6)	Total

Specify the co-financing body								
TOTAL appropriations co-financed								

3.3. Estimated impact on revenue

– ✓ The proposal/initiative has no financial impact on revenue.

– ☐ The proposal/initiative has the following financial impact:

☐ on own resources

☐ on miscellaneous revenue

EUR million (to three decimal places)

Budget revenue line:	Appropriations available for the current financial year	Impact of the proposal/initiative[16]						
		Year **N**	Year **N+1**	Year **N+2**	Year **N+3**	Enter as many years as necessary to show the duration of the impact (see point 1.6)		
Article ………….								

For miscellaneous ‘assigned’ revenue, specify the budget expenditure line(s) affected.

Specify the method for calculating the impact on revenue.

[16] As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 25 % for collection costs.