



European Economic and Social Committee

**ECO/398
Structural Reform
Support Programme**

Brussels, 16 March 2016

OPINION

of the

European Economic and Social Committee

on the

**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
COM(2015) 701 final – 2015/0263 (COD)**

Rapporteur: **Ioannis Vardakastanis**

On 2 December 2015, the European Parliament and, on 20 January 2016, the Council decided to consult the European Economic and Social Committee, under Articles 175(3) and 304 of the Treaty on the Functioning of the European Union, on the

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
COM(2015) 701 final – 2015/0263 (COD).

The Section for Economic and Monetary Union and Economic and Social Cohesion, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 3 March 2016.

At its 515th plenary session, held on 16 and 17 March 2016 (meeting of 16 March 2016), the European Economic and Social Committee adopted the following opinion with 153 votes in favour and 3 abstentions.

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1. Conclusions and recommendations

- 1.1 The EESC welcomes the initiative aimed at enhancing the capacity of the European Union (EU) to support structural reform at national level through a specific funding mechanism such as the Structural Reform Support Programme (SRSP).
- 1.2 The EESC regrets that the total budget allocated to this fund falls far short of what is needed for the macroeconomic policy reforms in the EU; it further regrets that the funding for the SRSP comes from existing ESIF (European Structural and Investment Funds) resources, and calls for a balance to be struck between the financial needs in the area of technical assistance in the ESIF and the financial needs in the area of technical support for the SRSP. The EESC calls for future reforms of the EU Multiannual Financial Framework to create a self-supporting structural reform support programme.
- 1.3 In order to ensure the success of the SRSP, the EESC strongly recommends that the following conditions be guaranteed:
 - Member States' contributions to the structural reforms pertaining to the SRSP are considered under the "structural reform clause" of the Stability and Growth Pact;
 - the SRSP remains voluntary for Member States and does not involve compulsory, stigmatising procedures;
 - central focal points are designated in order to ensure complementarities between programmes and funds and better use of funds to avoid overlaps.

- 1.4 The EESC calls strongly for the inclusion of social partners and civil society in the SRSP, ensuring:
- that the process of identification and initiation of the support includes broader consultation of the social partners and civil society, in line with national regulations;
 - incorporation of more stringent provisions requiring social and civil partners to be included in the design and monitoring of reform policy programmes at all levels: national, regional and local;
 - that the eligible actions include capacity building for social and civil society players involved in policy reform programmes.
- 1.5 The EESC stresses that, in view of the division of powers and responsibilities applying in each Member State and the Country Specific Recommendations often addressed to local and regional authorities, the programme must be open to local and regional authorities, which must be directly involved in putting together the structural reform project in question.
- 1.6 The EESC regrets that the list of indicators seems to be insufficient, requiring both updating and incorporation of the existing indicators from the ESIF.
- 1.7 The EESC stresses that the Member States can extend the "Specific objectives and scope of the Programme" to other policy areas, such as combating poverty, human rights, transport policies, ICT and the implementation of sustainable development goals.
- 1.8 The EESC believes that the SRSP could make use of the current existing monitoring mechanisms for the ESIF, in order to ensure higher quality monitoring and evaluation, better coordination with the ESIF and the best value for money from the control mechanisms already in operation.
- 1.9 To this end, the EESC supports the amendments to Regulations (EU) No 1303/2013 and (EU) 1305/2013 as proposed by the European Commission, provided that they include a provision ensuring that funds transferred to the new programme comply with the participatory requirements for social partners and civil society and are subject to the same monitoring mechanism as in the ESIF Common provisions regulation (CPR).
- 1.10 The EESC considers that while useful, such minor support measures can only be palliative. In order to resolve the problems generated by the ongoing crisis, the Commission and national governments should overhaul the economic policy in force in the euro area since the crisis began. This is the only way to facilitate structural reforms, avoid the damage done to date and avoid turning Europeans "against" the EU.

2. General comments

- 2.1 The EESC considers that the European Union could add value to the policy reforms undertaken at national level and therefore welcomes the initiative, which will enhance its capacity to support policy reform linked to the implementation of economic governance processes (in particular the Country Specific Recommendations), economic adjustment programmes, and reforms undertaken by the Member States at their own initiative, as specified in Article 3 of the current proposal.
- 2.2 The EESC believes that the support programmes for Greece (Task Force for Greece) and Cyprus (Support Group for Cyprus) have proved to be useful for the countries targeted, and that opening up the possibility of requesting such a support mechanism for all Member States will enhance overall capacity for institutional, structural and administrative reforms.
- 2.3 However, the EESC regrets that in the past the EU's capacity to support technical assistance for policy reform was reduced. The consequence was that the EU did not have the capacity to deal fast enough with situations requiring policy reform in times of crisis, and as a result other international organisations became active and took the lead.
- 2.4 The EESC also regrets that the current proposed programme is financed from existing EU funds instead of creating a self-supporting programme, which would not diminish other funds focusing on structural reforms. Moreover, the EESC considers that the SRSP initiative as planned does not have the capacity to meet the demand from Member States for technical support owing to its financial limitations.
- 2.5 The EESC points out that this technical assistance programme cannot and should not be overestimated, and that it should be seen as a means to help Member States achieve macroeconomic balance under the semester process. The funding is insufficient to provide real impetus for the macroeconomic challenges faced by Member States striving for convergence.
- 2.6 The EESC also stresses that Member States' contributions to the structural reforms pertaining to the SRSP should be considered under the “structural reform clause” of the Stability and Growth Pact as a way to achieve growth, combating poverty, fighting unemployment and bringing prosperity.
- 2.7 The EESC believes that it is important to change the attitude to structural reforms to avoid stigma or punishment and prevent them creating a bureaucratic trap. The new approach should encourage reforms and understanding between countries; the EESC is therefore pleased to see that the programme incorporates a positive approach and highlights the voluntary nature of the mechanism as a means to ensure that the programme is not used and/or perceived as an instrument of control or for overcoming national authorities' responsibilities in their reform programmes. However, it highlights the need for the countries

to be required to record the support and the success of the programme with sound, democratic, accountable reporting processes.

- 2.8 The EESC welcomes the fact that the Structural Reform Support Programme (SRSP) is launched following a request from a Member State, but highlights the need for the process of identification and initiation of the support to include broader consultation of the social partners and civil society, in line with national regulations.
- 2.9 The EESC stresses that, in view of the division of powers and responsibilities applying in each Member State and the Country Specific Recommendations often addressed to local and regional authorities, the programme must be open to local and regional authorities. Moreover, the EESC calls on the Commission to verify that, where requests for technical assistance submitted by the national authorities concern areas which fall within the remits of regional or local authorities, the latter have been directly involved in putting together the structural reform project in question and have endorsed it.
- 2.10 The EESC also welcomes the proactive approach of the SRSP, which extends the scope of support to all Member States regardless of their economic situation, and therefore highlights the fact that the programme needs to be seen as a mechanism for long-term structural support and not just as a response to economic and/or financial downturns.
- 2.11 The EESC emphasises the need to keep Article 5 "Specific objectives and scope of the Programme" as a non-exhaustive list in order to maintain the flexibility needed to address policy reforms. The EESC believes that the proposed list is quite comprehensive, but it suggests extending the list to other policy areas such as combating poverty, promoting human rights, transport policies, ICT and the implementation of sustainable development goals by the Member States.
- 2.12 The EESC strongly believes that policymaking in the European Union has to be carried out with the active participation of the general public, as a "partnership which involves all partners as defined in Article 5(1) of the Common Provisions Regulation (CPR) in the preparation, execution and ex-post evaluation of projects undertaken in the framework of EU cohesion policy contributes directly to the success" of the European Structural and Investment Funds (ESIF). The EESC therefore believes that the new SRSP should incorporate more stringent provisions for social and civil partners to be included in the design of reform policy programmes at all levels: national, regional and local. This will help close the gap between policymakers and the public.
- 2.13 The EESC believes that the SRSP could make use of the current existing monitoring mechanisms for the ESIF; this could ensure higher quality monitoring and evaluation, better coordination with the ESIF and the best value for money from the control mechanisms already in operation.

- 2.14 The EESC believes that the SRSP needs to be implemented in compliance with the ESIF Common Provisions Regulation (other than articles 25, 58 and 91), which provides a more developed support structure than the current proposed programme.
- 2.15 The EESC recommends that the eligible actions (Article 6) include capacity building for social and civil society players involved in policy reform programmes.
- 2.16 The EESC is keen to ensure that the new budget envelopes, sourced from the ESIF, strike a balance between the financial needs in the area of technical assistance in the ESIF and the financial needs in the area of technical support for the SRSP, in order to ensure proper technical assistance capacity for both funds.
- 2.17 The EESC recognises the importance of the crosscutting approach taken by the SRSP in order to support reforms, but calls on EU and national authorities to avoid overlaps with sector-specific programmes. The EESC therefore believes that there is a need to designate central focal points in order to ensure complementarities between programmes and funds and better use of funds in order to avoid overlaps. Article 13 should be enhanced in order to incorporate more elements into the coordination mechanism.
- 2.18 The EESC is keen to receive more information in the future about the coordination mechanisms that will be created for this fund.
- 2.19 The EESC regrets that the list of indicators seems to be insufficient and highlights the importance of appropriate indicators for monitoring and evaluating the programme, but would point out that the ESIF includes an extensive list of indicators that could complement those proposed by the SRSP. There is a need to update the EU indicators for measuring the impact of the reforms in order to ascertain their degree of success, linking them with a context of economic and social progress. Indicators should also reflect whether the impact remains national or brings real European added value.
- 2.20 The EESC welcomes the provision for the co-financing rate to rise to 100% of eligible costs, as this will facilitate access to the programme for Member States.
- 2.21 The EESC believes that the SRSP is an initial step that needs to be consolidated and reinforced in future reforms of the EU Multiannual Financial Framework, in order to create a self-supporting programme with no need to undermine the budget envelopes of other existing EU support funds.
- 2.22 To this end, the EESC supports the amendments to Regulations (EU) No 1303/2013 and (EU) 1305/2013 as proposed by the European Commission, strongly urging the latter to take on board the conclusions and recommendations included in this opinion.

2.23 However, the EESC proposes that the amended Regulations should provide for the funds transferred to new programmes to comply with the participatory requirements and be subject to the same monitoring mechanism as the ESIF. This should equally be reflected in the proposed SRSP regulation, and the current text amended to include specific provisions and references to the ESIF CPR monitoring system.

Brussels, 16 March 2016

The President
of the
European Economic and Social Committee

Georges Dassis
