EUROPEAN
COMMISSION

Brussels, 11.10.2021
COM(2021) 622 final

REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

Annual Monitoring Report on the implementation of the 2019 Structural Reform Support Programme

{SWD(2021) 283 final}

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INTRODUCTION

Since 2017, the European Commission has been managing the **Structural Reform Support Programme** (SRSP). The SRSP, with a budget of EUR 222.8 million[1], supports Member States in designing and implementing institutional, administrative and growth-enhancing reforms.

Structural reforms are, by their nature, **complex processes**, and their design and implementation require highly specialised knowledge and skills at every stage. In addition, some Member States lack the capacity to address the administrative, economic and social challenges that arise from structural reforms.

The objective of the SRSP is to help Member States **address these challenges** and **strengthen their capacity** to prepare and implement growth-enhancing reforms. This helps to strengthen public institutions and administrations and improve governance processes and the performance and resilience of the economy and society at large. The goal is to enhance cohesion and improve competitiveness, productivity, sustainable growth, job creation and investment.

This report provides an overview of the **measures supported under the 2019 SRSP**. It describes the process of selecting and implementing projects and gives an account of the results achieved so far through projects under the 2017, 2018 and 2019 SRSPs.

IMPLEMENTATION OF THE 2019 SRSP

2019 was the third year of activities under the SRSP. Like the first 2 years, the third showed that there is **high demand** for the programme – **27 Member States** submitted **580 requests for support**, for an **amount estimated to be almost two and a half times the available SRSP budget for 2019**.

The Commission **assessed Member States' requests against the principles and criteria** established in the SRSP Regulation and **selected 263 requests from 26 Member States**.

The selected requests were distributed across the main policy areas as follows:

- **27%** – labour market, education, health and social policy;
- **23%** – growth and business environment (including climate and environment);
- **18%** – governance and public administration;
- **17%** – financial services and access to finance; and
- **15%** – revenue administration and public financial management.

The largest proportions of support measures aim to:

[1] The budget increased when the original SRSP Regulation (EU) 2017/825 (OJ L 129, 19.5.2017, p. 1-16) was amended (Regulation (EU) 2018/1671, OJ L 284, 12.11.2018, p. 3-5).

- digitalise public administration (12%);
- strengthen education and training schemes (8%);
- make healthcare systems more accessible, effective and resilient (8%);
- reinforce social protection and social services (7%);
- develop national and capital markets across borders (6%); and
- enhance the efficiency and effectiveness of the public sector (8%).

In line with the principle of sound financial management, priority was given to requests that allowed for **quick delivery of support and rapid implementation of reforms on the ground**. Requests that addressed **defined objectives**, and which were likely to have a **strong impact**, were also a priority.

92% of requests selected for funding under the 2019 SRSP were related directly to the EU's strategic priorities:

- 62% – implementation of reforms in response to challenges highlighted in the European Semester process (country-specific recommendations and country reports);
- 21% – implementation of EU priorities (capital markets union, digital single market, energy union and climate, etc.);
- 5% – implementation of EU law; and
- 4% – implementation of the EU's economic adjustment programmes.

The remaining 8% were related to the implementation of Member States' reforms linked to other priorities.

By 31 January 2021, **20%** of the reform support projects implemented under the 2019 SRSP had been completed and **80%** were ongoing.

PROGRESS IN RELATION TO THE PROGRAMME'S OBJECTIVES

In its third year of implementation, the SRSP made a **significant contribution** to Member States' efforts to **identify and overcome structural weaknesses** that prevent the design and implementation of reforms. This included:

- **helping to review current law-making procedures** (e.g. amending an existing law on labour mobility);
- **identifying weaknesses and providing recommendations for improvements** (e.g. in the procurement of IT solutions);
- **enhancing Member States' capacity to define more efficient processes and methodologies** (e.g. by developing a health system performance assessment framework);
- **supporting more effective human resource management** (e.g. by helping to improve strategic management and cooperation among senior and middle managers).

Actions selected and implemented under the 2019 SRSP are designed to ensure European added value. The SRSP **complements other programmes** and policies at national, EU and international level and **promotes mutual trust and cooperation** between beneficiary Member States and the Commission. In addition, SRSP actions support the development and implementation of solutions that address national challenges while also having a positive impact on **Union-wide challenges or challenges involving several Member States**.

The following support measures are illustrative examples:

- helping to develop action plans that support the transition from coal, and identifying sources of EU funding to finance the transition;
- facilitating sustainable mobility, designing insolvency frameworks and designing and implementing anti-corruption measures;
- exchanging best practices with Member States which have successfully implemented public financial management reforms;
- helping national promotional banks in several Member States to participate in InvestEU.

It is not within the remit of this report to illustrate the ultimate effects of the reforms[2] on which a Member State may have embarked as a result of SRSP support measures. However, we can say that the **SRSP is on track when it comes to delivering on its general objective**.

The support measures implemented under the first three rounds of the SRSP in 2017, 2018 and 2019 are **contributing to the design and implementation of institutional, administrative and growth-enhancing reforms**.

Among the projects implemented under the first three SRSP rounds, 276 have already helped to deliver concrete results, such as:

- designing a reform to implement the digital strategy;
- recommendations to strengthen the capacity of bodies implementing the European maritime and fisheries fund;
- developing a cost-benefit analysis and a communication strategy underpinning the modernisation of a waterway;
- a pilot project to upgrade the quality of budget preparation;
- drafting a detailed crisis management manual for the national bank resolution authority.

CONCLUSION

In its third year, the SRSP showed a further **increase in demand**, with **27 Member States** submitting **580 requests for support** (up from 24 Member States submitting 444 requests for support under the 2018 SRSP).

Overall, the first 3 years of the SRSP have shown that the programme can help national authorities identify and overcome structural weaknesses and bottlenecks when designing and implementing reforms. A number of **specific results** demonstrate this.

However, while the measures aim to support the reform process, **the recipient Member State is responsible for effective follow-up of the actions and actual implementation of the reforms**.

The Commission will continue to monitor uptake of the support measures and the implementation of institutional, administrative and growth-enhancing reforms in the years to come.

[2] According to Article 16 of the SRSP Regulation, the Commission must provide an independent mid-term evaluation report. This will look at progress towards achieving the programme's objectives, efficiency in the use of resources, the programme's European added value and the continued relevance of its objectives and actions.