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REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

Annual Monitoring Report on the implementation of the 2018 Structural Reform Support Programme

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INTRODUCTION

Since 2017, the European Commission has been managing the **Structural Reform Support Programme** (SRSP), which is a dedicated programme with a budget of EUR 222.8 million[1] aimed at supporting Member States in the design and implementation of 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 some Member States, the capacity to initiate and implement structural reforms is often inadequate to address the administrative, economic and social challenges that they entail.

The objective of the SRSP is to help Member States **address these challenges** and **strengthen their capacity** to prepare and implement growth-enhancing reforms, helping strengthen public institutions and administrations and improving 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.

The present report provides an overview of the **support funded under the 2018 SRSP cycle**. It describes the process of selecting and implementing projects and gives an account of the results achieved so far by projects under both the 2017 and 2018 SRSPs. It also describes the process of selection and implementation of support measures funded by voluntary transfers to the SRSP by Greece and Bulgaria[2].

IMPLEMENTATION OF THE SRSP IN 2018

2018 was the second year of implementation of activities under the SRSP. Like the first year, the second showed that there is **high demand** for the programme from Member States – **24 Member States** submitted **444 requests for support,** for an **amount estimated to be five times the available SRSP 2018 budget**.

When looking at requests for funding under the SRSP in 2018, the Commission **assessed them against the principles and criteria** established in the SRSP Regulation. On this basis, **146 requests from 24 Member States** were selected.

The distribution of these selected requests across the main policy areas was as follows:

[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).

[2] In addition to the SRSP budget, Article 11 of the SRSP Regulation and Article 25 and 59 of the Common Provisions Regulation (EU) No 1303/2013 enable the programme to be financed through additional voluntary contributions from Member States from resources provided for technical assistance at the initiative of the Member States under the European Structural and Investment Funds (ESI Funds). In 2018, two Member States (Greece and Bulgaria) made voluntary transfers to the SRSP (C(2018) 3748 final and C(2018) 5435 final).

- **24%** in revenue administration and public financial management;
- **23%** in growth and business environment (including climate and environment);
- **21%** in labour market, education, health and social policy;
- **21%** related to governance and public administration; and
- **11%** related to financial services and access to finance.

In line with the principle of sound financial management, requests were prioritised that allowed for **quick delivery of support and rapid implementation of reforms on the ground,** and requests addressing **defined objectives, with strong expected results on the ground**.

93% of requests selected for funding under the 2018 SRSP relate directly to the EU's strategic priorities:

- **55%** relate to the implementation of reforms in response to **challenges highlighted in the European Semester process** (country-specific recommendations and country reports);
- **29%** relate to the **implementation of Union priorities** (capital markets union, digital single market, energy union and climate, etc.);
- **6%** relate to the **implementation of Union law**; and
- **3%** relate to the **implementation of the EU's economic adjustment programmes**.

The remaining 7% are linked to the implementation of Member States' own reforms.

By 30 November 2019, **30%** of the reform support projects implemented under the 2018 SRSP (not including voluntary transfers under Art. 11 of the SRSP Regulation) had already been completed and **70%** continued to be implemented on the ground.

The largest proportion of **support measures** aims to:

- improve processes in tax administrations and enhance tax compliance (13%);
- strengthen education and training schemes (9%);
- digitalise public administration (8%);
- promote the efficiency and effectiveness of the public sector (8%);
- make healthcare systems more accessible, effective and resilient (7%);
- develop national and cross-border capital markets (5%).

PROGRESS IN RELATION TO THE PROGRAMME'S OBJECTIVES

The second year of the implementation shows that the SRSP can make a **significant contribution** to Member States' national authorities in their efforts to **identify and overcome certain structural weaknesses** that prevent the design and implementation of reforms.

For example, the programme has helped **review current law-making procedures** (e.g. adopting a new law on the governance of state-owned enterprises), **identify weaknesses and provide recommendations for improvements** (e.g. recommendations on how to set objective criteria for the recruitment, evaluation and promotion of judges). The programme has also helped **enhance the capacity of Member States to define more efficient processes and methodologies** (e.g. by developing a quality assessment of teachers' training), and/or to progress towards **more effective human resource management** (e.g. providing concrete transition initiatives related to talent management, strategic HR, and building a stronger innovation culture in the public service).

Actions selected and implemented under the 2018 SRSP round are also designed to ensure European added value. This takes place through **complementarity and synergies with other programmes** and policies at national, Union and international level, and/or through their contribution to the **promotion of mutual trust and cooperation** between beneficiary Member States and the Commission. Actions also aim to allow for the development and implementation of solutions that address national challenges but also have a positive impact on **cross-border or Union-wide challenges**. The following support measures are illustrative examples:

- support measures **helping to identify bottlenecks in the implementation of the European Maritime and Fisheries Fund** (EMFF);
- support measures designed to **ensure compliance with EU environmental law**;
- exchange of **best practices** with Member States which have successfully implemented **spending reviews in the same policy areas** as the requesting Member State;
- support to **three different Member States** in health system reform which aims to extend coverage and effectiveness of colorectal cancer screening programmes, in order to reduce the number of people with cancer.

While it is not within the remit of this report to illustrate the ultimate effects of the reforms[3] on which a Member State may have embarked as a result of the support measures provided under the SRSP, 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 two rounds of the SRSP (in 2017 and 2018) are **contributing to the design and implementation of institutional, administrative and growth-enhancing reforms.**

Among the projects implemented under both the 2017 and the 2018 rounds, 123 have already helped to deliver concrete results, such as the following:

- a new public internal audit strategy;
- recommendations on how to set objective criteria for the recruitment, evaluation and promotion of judges;

[3] According to Article 16 of the SRSP Regulation, the Commission shall provide an independent mid-term evaluation report with information on the achievement of the programme's objectives, the efficiency of the use of the resources and the programme's European added value, as well as the continued relevance of objectives and actions.

- web-based, user-friendly tools for small-and-medium-sized enterprises (SMEs) in a Member State help the SMEs better understand and comply with the regulatory framework;
- a comprehensive information framework for the national water regulator;
- preparation and adoption of laws and regulations and the deployment of tools to contribute to the quality, accessibility and long-term fiscal sustainability of the health and long-term care systems;
- implementation of education reforms based on mentoring, training and enriched audiovisual material;
- recommendations to help implement a review of outpatient pharmaceutical public spending;
- implementation of a mid-term tax strategy; and
- development of a medium-term strategy for a development bank.

CONCLUSION

The second year of implementation of the SRSP showed an **increase in demand for the programme from the Member States, 24 of which** submitted **444 requests for support** (up from 16 Member States submitting 271 requests for support under the 2017 SRSP).

Overall, the first 2 years of implementation 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 examples of results and follow-up actions by governments** demonstrate this.

However, while the support measures are designed to contribute to the reform process, **effective follow-up of the actions, in terms of actual implementation of the reforms, remains the prerogative of the recipient Member State**.

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.