

ERP Launch Event 2022

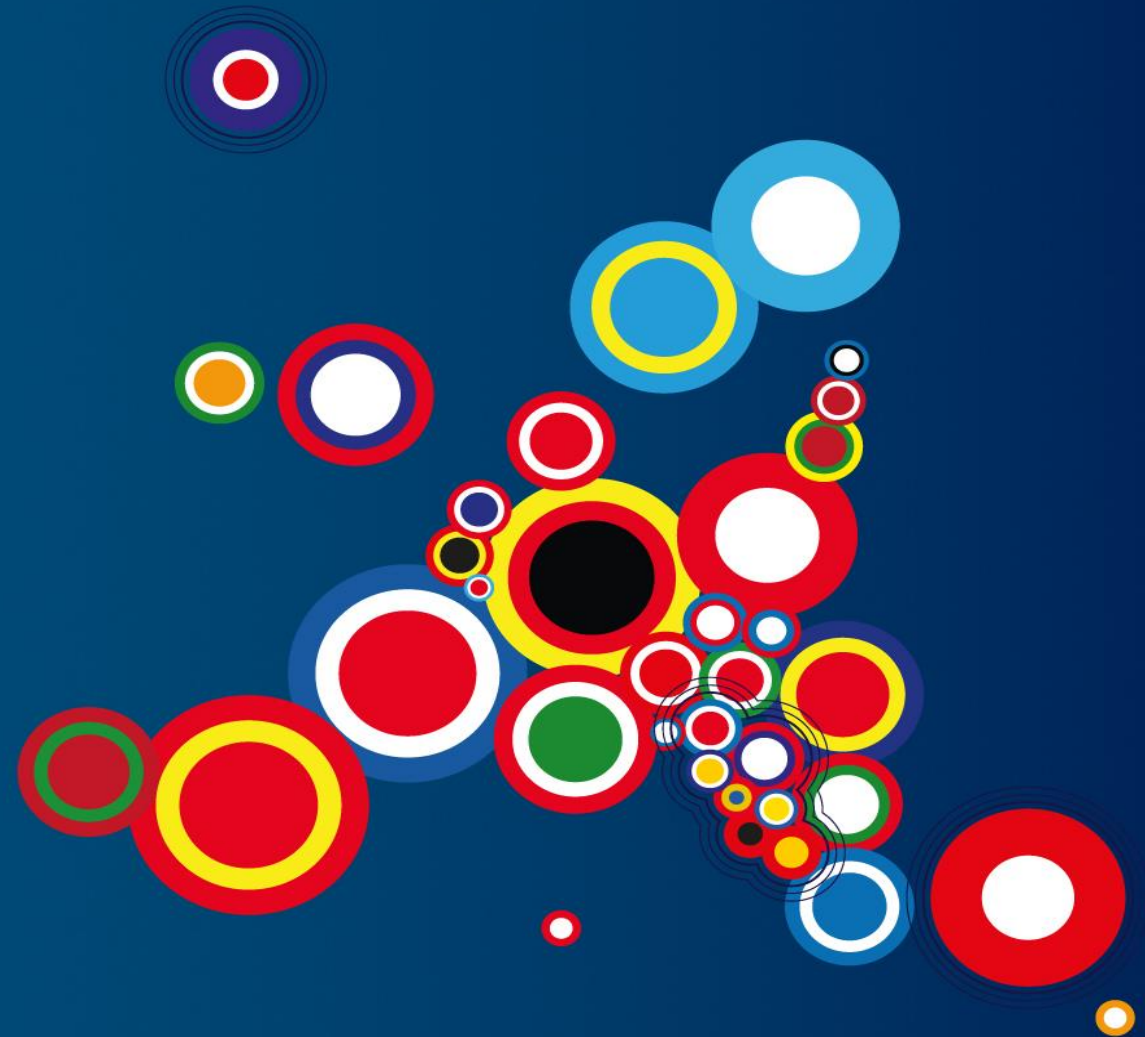
The New ERP Guidance Note for 2023-25

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22 June 2022



Introduction

- Some update of references to the current context (economic fallout of the pandemic and the Russian war of aggression against Ukraine)
- New specification about public consultation requirement: to allow for more updated macro-fiscal scenarios in the final ERP, only the structural reform-related sections 2 and 5 shall be subject to the public consultation in November / December.

3. Macroeconomic framework

- Reporting specifications basically unchanged
- Only some specific references to the COVID-19 crisis context have been removed or complemented with references to the economic fallout of the Russian war of aggression against Ukraine

4. Fiscal framework

- Reporting specifications mostly unchanged
- Some specific references to the COVID-19 crisis context have been removed
- Change to reporting on fiscal measures: last year's Annex 1 table 2c on discretionary fiscal measures deleted in line with requirements for EU Member States' Stability and Convergence programmes
- Reporting on fiscal measures (equal or above 0.1% of GDP) to continue in text of:
 - section 4.2 on 2022
 - section 4.3 on budget plans for 2023
 - section 4.4 on the medium-term budgetary outlook for 2024-2025
- Annex 1 table 7a on contingent liabilities has been maintained and shall continue to be used to underpin the reporting on contingent liabilities in the corresponding subsection of section 4.6

5. Structural reforms

Key messages

1

Reform areas remain

2

Structure remain

3

Links to IPA

1. Reform areas introduced in 2021

I Public Financial Management

II Green transition

III Digital transformation

IV Business environment

V Research, development and
innovation

VI Economic integration reforms

VII

VIII

IX

X

XI

XII

XIII

Sectoral reforms

Energy market

Transport market

Agriculture, industry and services

Human capital and social policies

Education and skills

Employment and labour market

Social protection and inclusion

Healthcare



Reform areas remain

The 2022 ERP cycle, still affected by the COVID pandemic, but additionally also by Russia's war on Ukraine, has once again forced us **to attend to what is most urgent today** – the green and digital transition and nurturing socio-economic recovery, including offering opportunities to youth.

To embrace the opportunities and to minimise potential negative implications of those transformations and challenges it is critical that the Western Balkans and Turkey implement **structural reforms** that help to address identified weaknesses in the economies and help societies become more resilient.

2. New structure introduced last year remains

Focus first on the **three key challenges** and their related reforms, and then on the rest.

- ❖ Under (5.1) identify and analyse the three key structural challenges across 13 areas (at least one to be chosen from human capital and social policies) → the ERP should propose relevant reform measures to address them;
- ❖ Under (5.2) provide an analysis of the remaining areas (not included as key challenges) → the ERP may propose additional reforms to address them.
- ✓ **20 reform measures in total**

- We opted to keep the structure introduced last year to avoid confusion & introducing substantial changes on a yearly basis & being too prescriptive
- Apart from the update regarding the economic fallout from Russia's war of aggression against Ukraine, we added clarification on the definition of structural reform/measure.
- An additional table on the links between reform measures and supporting investments, in particular those included in the EIP, may be added (ex. Table by MKD ERP 2022-24)
- It is crucial that the next ERPs propose reforms that focus on inclusive and sustainable economic growth in line with the EU priorities of **green transition** and **digitalisation**. **COM services support & TAEIX available!**

Lessons learnt from last exercise

Key challenge definition and reform measures

- Key challenge either corresponds to one of the pre-determined areas *or* it may refer to more than one area (or part of these) if there are very clear connections.
- The proposed reform measures shall aim at addressing the key challenge in a comprehensive manner (example: labour market transition of young people).
- The area(s) analysed under the key challenge (section 5.1) do not need to be repeated under section 5.2. *Tip: include the title of the area and refer to section 5.1.*
- Where key challenge under section 5.1 is a combination of areas and some aspects of the area that are deemed important were not covered under the ‘combined’ key challenge, you may wish to cover it under section 5.2.

Table 9a: Social Scoreboard indicators

<i>Equal opportunities</i>	<i>Social protection and inclusion</i>
1. Adult participation in learning during the last 12 months, age 25-64	11. At-risk-of-poverty or social exclusion rate (AROPE)
2. Share of early leavers from education and training, age 18-24	12. At-risk-of-poverty or social exclusion rate (AROPE) for children (0-17)
3. Share of population with basic overall digital skills or above, age 16-74	13. Impact of social transfers (other than pensions) on poverty reduction
4. Young people neither in employment nor in education or training (NEET rate), age 15-29	14. Disability employment gap, age 20-64
5. Gender gap in employment rate, age 20-64	15. Housing cost overburden rate
6. Income quintile share ratio - S80/S20	16. Children aged less than 3 years in formal childcare
<i>Working conditions</i>	17. Self-reported unmet needs for medical care
7. Employment rate, age 20-64	
8. Unemployment rate, age 15-74	
9. Long-term unemployment rate, age 15-74	
10. Gross disposable income of households in real terms, per capita	

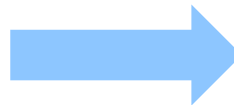
3. Links to IPA

Last year remarks remain valid: Reforms proposed are becoming more relevant; they should be used in the programming of IPA.

IPA programming should be based on:

1. Own diagnostic
2. Commission's ERP Assessment

IPA programming and ERP must be two complementary processes.



Programmes and projects
focusing on key reforms

Thank you

