



EUROPEAN UNION

THE EUROPEAN PARLIAMENT

THE COUNCIL

**Brussels, 24 June 2021
(OR. en)**

**2018/0196(COD)
LEX 2100**

PE-CONS 47/21

**COH 16
SOC 392
PECHE 191
CADREFIN 287
JAI 707
SAN 391
CODEC 869**

**REGULATION
OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
LAYING DOWN COMMON PROVISIONS
ON THE EUROPEAN REGIONAL DEVELOPMENT FUND,
THE EUROPEAN SOCIAL FUND PLUS,
THE COHESION FUND, THE JUST TRANSITION FUND
AND THE EUROPEAN MARITIME, FISHERIES AND AQUACULTURE FUND
AND FINANCIAL RULES FOR THOSE AND FOR THE ASYLUM, MIGRATION
AND INTEGRATION FUND, THE INTERNAL SECURITY FUND
AND THE INSTRUMENT FOR FINANCIAL SUPPORT
FOR BORDER MANAGEMENT AND VISA POLICY**

REGULATION (EU) 2021/...
OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of 24 June 2021

**laying down common provisions on the European Regional Development Fund,
the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund
and the European Maritime, Fisheries and Aquaculture Fund and financial rules
for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund
and the Instrument for Financial Support for Border Management and Visa Policy**

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 Article 177, point (a) of Article 322(1) and Article 349 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 Committee¹,

Having regard to the opinion of the Committee of the Regions²,

Having regard to the opinion of the Court of Auditors³,

Acting in accordance with the ordinary legislative procedure⁴,

¹ OJ C 62, 15.2.2019, p. 83.

² OJ C 86, 7.3.2019, p. 41

³ OJ C 17, 14.1.2019, p. 1.

⁴ Position of the European Parliament of 27 March 2019 (OJ C 108, 26.3.2021, p. 638) and position of the Council at first reading of 27 May 2021 (not yet published in the Official Journal). Position of the European Parliament of ... (not yet published in the Official Journal).

Whereas:

- (1) Article 174 of the Treaty on the Functioning of the European Union (TFEU) provides that, in order to strengthen its economic, social and territorial cohesion, the Union is to aim at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions or islands, and that particular attention is to be paid to rural areas, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps. Those regions particularly benefit from cohesion policy. Article 175 TFEU requires the Union to support the achievement of those objectives by the action it takes through the European Agricultural Guidance and Guarantee Fund, Guidance Section, the European Social Fund, the European Regional Development Fund, the European Investment Bank and other instruments. Article 322 TFEU provides the basis for adopting financial rules determining the procedure to be adopted for establishing and implementing the budget and for presenting and auditing accounts, as well as for checks on the responsibility of financial actors.

- (2) In order to further develop a coordinated and harmonised implementation of Union Funds implemented under shared management, namely the European Regional Development Fund (ERDF), the European Social Fund Plus (ESF+), the Cohesion Fund, the Just Transition Fund (JTF), and measures financed under shared management in the European Maritime, Fisheries and Aquaculture Fund (EMFAF), the Asylum, Migration and Integration Fund (AMIF), the Internal Security Fund (ISF) and the Instrument for Financial Support for Border Management and Visa Policy (BMVI), financial rules based on Article 322 TFEU should be established for all these Funds (together referred to as ‘the Funds’), clearly specifying the scope of application of the relevant provisions. In addition, common provisions based on Article 177 TFEU should be established to cover policy-specific rules for the ERDF, the ESF+, the Cohesion Fund, the JTF and the EMFAF.
- (3) Due to the specificities of each Fund, specific rules applicable to each Fund and to the European territorial cooperation goal (Interreg) under the ERDF should be laid down in separate Regulations (‘Fund-specific Regulations’) to complement this Regulation.
- (4) The outermost regions should benefit from specific measures and from additional funding to offset their structural social and economic situation together with the handicaps resulting from the factors referred to in Article 349 TFEU.
- (5) The northern sparsely populated regions should benefit from specific measures and additional funding to offset the severe and natural or demographic handicaps referred to in Article 2 of Protocol No 6 to the 1994 Act of Accession.

- (6) Horizontal principles as set out in Article 3 of the Treaty on European Union (TEU) and in Article 10 TFEU, including the principles of subsidiarity and proportionality as set out in Article 5 TEU, should be respected in the implementation of the Funds, taking into account the Charter of Fundamental Rights of the European Union. Member States should also respect the obligations set out in the United Nations Convention on the Rights of the Child, and in the United Nations Convention on the Rights of Persons with Disabilities, and ensure accessibility in line with Article 9 thereof and in accordance with Union law harmonising accessibility requirements for products and services. In that context, the Funds should be implemented in a way that promotes the transition from institutional to family-based and community-based care. Member States and the Commission should aim at eliminating inequalities and at promoting equality between men and women and integrating the gender perspective, as well as at combating discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. The Funds should not support actions that contribute to any form of segregation or exclusion, and, when financing infrastructure, should ensure the accessibility for persons with disabilities. The objectives of the Funds should be pursued in the framework of sustainable development and the Union's promotion of the aim of preserving, protecting and improving the quality of the environment as set out in Article 11 and Article 191(1) TFEU, taking into account the polluter pays principle, the UN Sustainable Development Goals and the Paris Agreement adopted under the United Nations Framework Convention on Climate Change¹ (the 'Paris Agreement'). In order to protect the integrity of the internal market, operations benefiting undertakings are to comply with Union State aid rules as set out in Articles 107 and 108 TFEU. Poverty is a particularly important challenge in the Union. The objectives of the Funds should therefore be pursued with a view to contributing to the eradication of poverty. The objectives of the Funds should be pursued with a view to providing adequate support, in particular to local and regional authorities of coastal and urban areas, to address the socio-economic challenges linked to the integration of third-country nationals and to providing adequate support to disadvantaged areas and communities in urban areas.

¹ OJ L 282, 19.10.2016, p. 4.

- (7) Horizontal financial rules adopted by the European Parliament and the Council on the basis of Article 322 TFEU apply to this Regulation. Those rules are laid down in Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council¹ (‘the Financial Regulation’) and determine in particular the procedure for establishing and implementing the Union budget through grants, procurement, prizes, indirect management, financial instruments, budgetary guarantees, financial assistance and the reimbursement of external experts, and provide for checks on the responsibility of financial actors. Rules adopted on the basis of Article 322 TFEU also include a general regime of conditionality for the protection of the Union budget.
- (8) Where a time limit is set for the Commission to take any action towards Member States, the Commission should take account of all necessary information and documents in a timely and efficient manner. Where submissions from Member States in any form under this Regulation are incomplete or non-compliant with the requirements of this Regulation and of Fund-specific Regulations, thus not allowing the Commission to take fully-informed action, that time limit should be suspended until the Member States comply with the regulatory requirements. Further, as the Commission is precluded from making payments for the expenditure incurred by beneficiaries and paid in implementing operations linked to specific objectives for which enabling conditions are not fulfilled, which is included in payment applications, the time limit for the Commission to make payments should not be triggered for such expenditure.

¹ Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.7.2018, p. 1).

- (9) In order to contribute to Union priorities, the Funds should focus their support on a limited number of policy objectives in line with their Fund-specific missions pursuant to their Treaty-based objectives. The policy objectives for the AMIF, the ISF and the BMVI should be set out in the respective Fund-specific Regulations. The JTF and any resources of the ERDF and the ESF+ that are transferred, on a voluntary basis, as a complementary support to the JTF, should contribute to a single specific objective.
- (10) Reflecting the importance of tackling climate change in line with the Union's commitments to implement the Paris Agreement and the United Nations Sustainable Development Goals, the Funds should contribute to mainstreaming climate actions and to the achievement of an overall target of 30 % of the Union budget expenditure supporting climate objectives. In that context, the Funds should support activities that would respect the climate and environmental standards and priorities of the Union and would do no significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852 of the European Parliament and of the Council¹. Adequate mechanisms to ensure the climate proofing of supported investment in infrastructure should be an integral part of programming and implementation of the Funds.

¹ Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13).

- (11) Reflecting the importance of tackling the loss of biodiversity, the Funds should contribute to mainstream biodiversity action in the Union policies and to the achievement of the overall ambition of providing 7,5 % of annual spending under the multiannual financial framework (MFF) to biodiversity objectives in the year 2024 and 10 % of annual spending under the MFF to biodiversity objectives in 2026 and 2027, while considering the existing overlaps between climate and biodiversity goals.
- (12) Part of the budget of the Union allocated to the Funds should be implemented by the Commission under shared management with Member States within the meaning of the Financial Regulation. Therefore, when implementing the Funds under shared management, the Commission and the Member States should respect the principles referred to in the Financial Regulation, such as sound financial management, transparency and non-discrimination.

- (13) Member States at the appropriate territorial level, in accordance with their institutional, legal and financial framework and the bodies designated by them for that purpose, should be responsible for preparing and implementing programmes. The Union and Member States should refrain from imposing unnecessary rules resulting in excessive administrative burden for beneficiaries.
- (14) The principle of partnership is a key feature in the implementation of the Funds, building on the multi-level governance approach and ensuring the involvement of regional, local, urban and other public authorities, civil society, economic and social partners and, where appropriate, research organisations and universities. In order to provide continuity in the organisation of partnership, the European code of conduct on partnership for Partnership Agreements and programmes supported by the European Structural and Investment Funds established by the Commission Delegated Regulation (EU) No 240/2014¹ (the ‘European code of conduct on partnership’) should continue to apply to the Funds.

¹ Commission Delegated Regulation (EU) No 240/2014 of 7 January 2014 on the European code of conduct on partnership in the framework of the European Structural and Investment Funds (OJ L 74, 14.3.2014, p. 1).

- (15) At Union level, the European Semester of economic policy coordination, including the principles of the European Pillar of Social Rights, is the framework to identify national reform priorities and monitor their implementation. Member States develop their own national multiannual investment strategies in support of those reforms. Those strategies should be presented alongside the yearly National Reform Programmes as a way to outline and coordinate priority investment projects to be supported by national or Union funding, or both. They should also serve to use Union funding in a coherent manner and to maximise the added value of the financial support to be received, in particular from the Funds, the Recovery and Resilience Facility established by Regulation (EU) 2021/241 of the European Parliament and of the Council¹ and the InvestEU Programme established by Regulation (EU) 2021/523 of the European Parliament and of the Council² (the ‘InvestEU Regulation’).

¹ Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility (OJ L 57, 18.2.2021, p. 17).

² Regulation (EU) 2021/523 of the European Parliament and of the Council of 24 March 2021 establishing the InvestEU Programme and amending Regulation (EU) 2015/1017 (OJ L 107, 26.3.2021, p. 30).

- (16) Member States should take into account relevant country-specific recommendations adopted in accordance with Article 121(2) TFEU and relevant Council recommendations adopted in accordance with Article 148(4) of the TFEU and complementary Commission recommendations issued in accordance with Article 34 of Regulation (EU) 2018/1999 of the European Parliament and of the Council¹, and for the AMIF, the ISF and the BMVI other relevant Union recommendations addressed to the Member State in the preparation of programming documents. During the 2021–2027 programming period (‘programming period’), Member States should regularly present to the monitoring committee and to the Commission the progress in implementing the programmes in support of the country-specific recommendations. During a mid-term review, Member States should, among other elements, consider the need for programme modifications to accommodate new challenges identified in relevant country-specific recommendations adopted or modified since the start of the programming period.
- (17) Member States should take account of the contents of their integrated national energy and climate plan, to be developed under Regulation (EU) 2018/1999, and the outcome of the process resulting in Union recommendations regarding these plans, for their programmes, including during the mid-term review, as well as for the financial needs allocated for low-carbon investments.

¹ Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council (OJ L 328, 21.12.2018, p. 1).

- (18) The Partnership Agreement, prepared by each Member State, should be a concise and strategic document guiding the negotiations between the Commission and the Member State concerned on the design of programmes under the ERDF, the ESF+, the Cohesion Fund, the JTF and the EMFAF. In order to streamline the approval process, the Commission should respect the principle of proportionality in its assessment, particularly concerning the length of the Partnership Agreement and requests for additional information. In order to reduce the administrative burden, it should not be necessary to amend Partnership Agreements during the programming period. However, if the Member State so wishes, it should be able to submit to the Commission one amendment to its Partnership Agreement to take into account the outcome of the mid-term review. To facilitate the programming and avoid overlapping content in programming documents, a Partnership Agreement can be included as part of a programme.
- (19) In order to provide Member States with sufficient flexibility in the implementation of their shared management allocations, it should be possible to transfer certain levels of funding between the Funds and between shared management and direct and indirectly managed instruments. Where the specific economic and social circumstances of a Member State justify it, that level of transfer should be higher.
- (20) Each Member State should have the flexibility to contribute to the InvestEU Programme for the provision of the EU guarantee and the InvestEU Advisory Hub for investments in that Member State, under certain conditions set out in this Regulation.

- (21) To ensure the necessary prerequisites for the effective and efficient use of Union support granted by the Funds, a limited list of enabling conditions as well as a concise and exhaustive set of objective criteria for their assessment should be established. Each enabling condition should be linked to a specific objective and should be automatically applicable where the specific objective is selected for support. Without prejudice to the rules on decommitment, where those conditions are not fulfilled, expenditure related to operations under the related specific objectives should not be reimbursed by the Commission. In order to maintain a favourable investment framework, the continued fulfilment of the enabling conditions should be monitored regularly. At the request of a Member State, the EIB should be able to contribute to the assessment of the fulfilment of enabling conditions. It is also important to ensure that operations selected for support are implemented consistently with the strategies and planning documents in place underlying the fulfilled enabling conditions, thus ensuring that all co-financed operations are in line with the Union policy framework.
- (22) While pursuing the objectives of economic, social and territorial cohesion, support to network connectivity by the ERDF and the Cohesion Fund should aim at completing missing links to the trans-European transport network.
- (23) Member States should establish a performance framework for each programme covering all indicators, milestones and targets to monitor, report on and evaluate programme performance. This should allow monitoring, reporting on and evaluating performance during implementation, and contribute to measuring the overall performance of the Funds.

- (24) The Member State should carry out a mid-term review of each programme supported by the ERDF, the ESF+, the Cohesion Fund and the JTF. That review should provide a fully-fledged adjustment of programmes based on programme performance, while also providing an opportunity to take account of new challenges and relevant country-specific recommendations issued in 2024, as well as progress in implementing the integrated national energy and climate plans and the principles of the European Pillar of Social Rights. For the purposes of the mid-term review, the socio-economic situation of the Member State or region concerned, including any major negative financial, economic or social development or demographic challenges and the progress towards reaching the climate contribution targets at national level should also be taken into account. The Commission should prepare a report about the outcome of the mid-term review, including its assessment of the application of the management costs and fees under financial instruments managed by bodies selected through direct award.

- (25) Mechanisms to ensure a link between Union funding policies and the economic governance of the Union should be further refined, allowing the Commission to make a proposal to the Council to suspend all or part of the commitments or payments for one or more of the programmes of the Member State concerned where that Member State fails to take effective action in the context of the economic governance process. The obligation of the Commission to propose a suspension should be suspended when and for as long as the so-called general escape clause under the Stability and Growth Pact has been activated. In order to ensure uniform implementation and in view of the importance of the financial effects of measures being imposed, implementing powers should be conferred on the Council which should act on the basis of a Commission proposal. To facilitate the adoption of decisions which are required to ensure effective action in the context of the economic governance process, reversed qualified majority voting should be used. Given the type of operations that are supported by the ESF+ and Interreg programmes, the ESF+ and these programmes should be excluded from the scope of those mechanisms.
- (26) In order to allow for a rapid response to exceptional or unusual circumstances as referred to in the Stability and Growth Pact that may arise during the programming period, implementing powers should be conferred on the Commission to adopt temporary measures to facilitate the use of the Funds in response to such circumstances. The Commission should adopt the measures that are most appropriate in light of the exceptional or unusual circumstances that a Member State is facing, while preserving the objectives of the Funds. The Commission should also monitor the implementation and assess the appropriateness of those measures.

- (27) It is necessary to set out common requirements as regards the content of the programmes, taking into account the specific nature of each Fund. Those common requirements can be complemented by Fund-specific rules. Regulation (EU) 2021/... of the European Parliament and of the Council¹⁺ (the ‘Interreg Regulation’) should set out specific provisions on the content of Interreg programmes.
- (28) In order to allow for flexibility in programme implementation and reduce administrative burden, limited financial transfers should be allowed between priorities of the same programme without requiring a Commission decision amending the programme. The revised financial tables should be submitted to the Commission in order to ensure up-to-date information on financial allocations for each priority.

¹ Regulation (EU) [...] of the European Parliament and of the Council of ... on specific provisions for the European territorial cooperation goal (Interreg) supported by the European Regional Development Fund and external financing instruments (OJ L [...], [...], p. [...]).

⁺ OJ: Please insert in the text the number of the Regulation contained in document PE-CONS .../... (2018/0199 (COD)) and insert the number, date and OJ reference of that Regulation in the footnote.

- (29) In order to enhance the effectiveness of the JTF, it should be possible that complementary resources from the ERDF and the ESF+ are made available to the JTF on a voluntary basis. Those complementary resources should be provided through a specific voluntary transfer from those funds to the JTF, taking into account the transition challenges set out in the territorial just transition plans, which need to be addressed. Amounts to be transferred should be provided from resources of the categories of region where the territories identified in territorial just transition plans are located. Given these specific arrangements for the use of the JTF resources, only the specific transfer mechanism should apply for the constitution of the JTF resources. Furthermore, it should be clarified that only this Regulation and Regulation (EU) 2021/[...] of the European Parliament and of the Council¹⁺ (the ‘ JTF Regulation ’) should apply to the JTF and to the resources of the ERDF and the ESF+ transferred to the JTF, which also become JTF support. Neither Regulation (EU) 2021/[...] of the European Parliament and of the Council²⁺⁺ (the ‘ERDF and CF Regulation’) nor Regulation (EU) 2021/[...] of the European Parliament and of the Council³⁺⁺⁺ (the ‘ESF+ Regulation’) should apply to the complementary support. Therefore, the ERDF resources transferred as a complementary support to the JTF should be excluded from the basis of calculation of the thematic concentration requirements set out in the ERDF and CF Regulation and from the basis of calculation of minimum allocations to sustainable urban development as set out in the ERDF and CF Regulation. The same applies to the ESF+ resources transferred as a complementary support to the JTF in respect of thematic concentration requirements set out in the ESF+ Regulation.

¹ Regulation (EU) 2021/... of the European Parliament and of the Council of ... establishing the Just Transition Fund (OJ L [...], [...], p. [...]).

⁺ OJ: Please insert in the text the number of the Regulation contained in document PE-CONS .../... (2020/0006 (COD)) and insert the number, date and OJ reference of that Regulation in the footnote.

² Regulation (EU) 2021/... of the European Parliament and of the Council of ... on the European Regional Development Fund and on the Cohesion Fund (OJ L [...], [...], p. [...]).

⁺⁺ OJ: Please insert in the text the number of the Regulation contained in document PE-CONS .../... (2018/0197 (COD)) and insert the number, date and OJ reference of that Regulation in the footnote.

³ Regulation (EU) 2021/... of the European Parliament and of the Council of ... establishing the European Social Fund Plus (ESF+), and repealing Regulation (EU) No 1296/2013 (OJ L [...], [...], p. [...]).

⁺⁺⁺ OJ: Please insert in the text the number of the Regulation contained in document PE-CONS .../... (2018/0206 (COD)) and insert the number, date and OJ reference of that Regulation in the footnote.

- (30) To strengthen the integrated territorial development approach, investments in the form of territorial tools, such as integrated territorial investments, community-led local development, referred to as ‘LEADER’ under the European Agricultural Fund for Rural Development (EAFRD), or any other territorial tool which supports initiatives designed by the Member State, should be based on territorial and local development strategies. The same should apply to related initiatives such as the Smart Villages. For the purposes of integrated territorial investments and territorial tools designed by Member States, minimum requirements should be set out for the content of territorial strategies. Those territorial strategies should be developed and endorsed under the responsibility of relevant authorities or bodies. To ensure the involvement of relevant authorities or bodies in implementing territorial strategies, those authorities or bodies should be responsible for the selection of operations to be supported, or be involved in that selection. Territorial strategies, when promoting sustainable tourism initiatives, should ensure an appropriate balance between the needs of both residents and tourists, such as interconnecting cycling and railway networks.

- (31) In order to address effectively the development challenges in rural areas, coordinated support from the Funds and the EAFRD should be facilitated. Member States and regions should ensure that the interventions supported through the Funds and the EAFRD are complementary and are implemented in a coordinated manner with a view to creating synergies and in order to reduce the administrative cost and burden for managing bodies and beneficiaries.
- (32) To better mobilise potential at the local level, it is necessary to strengthen and facilitate community-led local development. It should take local needs and potential as well as relevant socio-cultural characteristics into account, and should provide for structural changes, build community capacity and stimulate innovation. The close cooperation and integrated use of the Funds and the EAFRD to deliver local development strategies should be strengthened. It is crucial that local action groups, representing the interests of the community, are responsible for the design and implementation of community-led local development strategies. In order to facilitate coordinated support from different Funds and the EAFRD to community-led local development strategies and to facilitate their implementation, the use of a ‘Lead Fund’ approach should be facilitated. When the EAFRD is selected as a Lead Fund, it should follow the rules established for the ‘Lead Fund’ approach.

(33) In order to reduce the administrative burden, it should be possible to implement technical assistance linked to programme implementation at the initiative of the Member State through a flat rate based on progress in programme implementation which may also cover horizontal tasks. However, in order to simplify the implementation for the AMIF, the ISF and the BMVI, and for Interreg programmes, only the flat-rate approach should be used. In order to facilitate financial management, Member States should have the possibility to indicate one or more bodies to which related reimbursements should be made. Since those reimbursements are based on the application of a flat rate, verifications and audits should be limited to verifying that the conditions triggering reimbursement of the Union contribution are met but underlying expenditure should not be subject to verification or audit. Nevertheless, where continuity with the 2014-2020 period is preferred, the Member State should also be provided with the possibility to continue receiving reimbursement of eligible costs actually incurred by the beneficiary and paid in implementing operations for technical assistance implemented through one or more separate programmes or one or more priorities within programmes. The Member State should indicate in its Partnership Agreement its choice of the form of Union contribution for technical assistance for the entire programming period. Regardless of the option chosen, it should be possible for technical assistance to be complemented by targeted administrative capacity building measures using reimbursement methods that are not linked to costs. It should also be possible for actions and deliverables as well as corresponding Union payments to be agreed in a roadmap and lead to payments for results on the ground.

- (34) Where a Member State proposes to the Commission that a priority of a programme or a part thereof be supported through a financing scheme not linked to costs, the actions, deliverables and conditions agreed should be related to actual investments undertaken under the shared management programmes in that Member State or region. In that context, the respect of the principle of sound financial management should be ensured. In particular, as regards the appropriateness of the amounts linked to the fulfilment of the respective conditions or the achievement of results, the Commission and the Member State should ensure that resources employed are adequate for the investments undertaken. Where a financing scheme not linked to costs is used in a programme, the underlying costs linked to the implementation of that scheme should not be subject to any verifications or audits because the Commission provides an *ex-ante* agreement on the amounts linked to the fulfilment of the conditions or the achievement of results in the programme or in a delegated act. Verifications and audits should be limited instead to checking that the conditions or results triggering the reimbursement of the Union contribution are fulfilled.
- (35) In order to examine the performance of programmes, Member States should set up monitoring committees, whose composition should include representatives of relevant partners. For the ERDF, the ESF+, the Cohesion Fund and the EMFAF, annual implementation reports should be replaced by an annual structured policy dialogue based on the latest information and data on programme implementation made available by the Member State. The review meeting should be organised also for programmes covering the JTF.

- (36) Pursuant to paragraphs 22 and 23 of the Interinstitutional Agreement of 13 April 2016 on Better Law-Making¹, the Funds should be evaluated on the basis of information collected in accordance with specific monitoring requirements, while avoiding an administrative burden, in particular on Member States, and overregulation. Those requirements, where appropriate, should include measurable indicators, as a basis for evaluating the effects of the Funds on the ground. Those requirements should also enable the monitoring of the support of gender equality.
- (37) To ensure availability of comprehensive up-to-date information on programme implementation, effective and timely electronic reporting on quantitative data should be required.
- (38) In order to support the preparation of related programmes and activities of the subsequent programming period, the Commission should carry out a mid-term assessment of the Funds. At the end of the programming period, the Commission should carry out retrospective evaluations of the Funds, which should focus on the impact of the Funds. The results of these evaluations should be made public.

¹ OJ L 123, 12.5.2016, p. 1.

- (39) Programme authorities, beneficiaries and stakeholders in Member States should raise awareness of the achievements of Union funding and inform the general public accordingly. Transparency, communication and visibility activities are essential in making Union action visible on the ground and should be based on true, accurate and updated information. In order for those requirements to be enforceable, programme authorities and, in the event of non-compliance, the Commission should be able to apply remedial measures.
- (40) Managing authorities should publish structured information on selected operations and beneficiaries on the website of the programme providing support to the operation, while taking account of requirements for data protection of personal data in accordance with Regulation (EU) 2016/679 of the European Parliament and of the Council¹.
- (41) With a view to simplifying the use of the Funds and reducing the risk of error, it is appropriate to define both the forms of Union contribution to Member States and the forms of support provided by Member States to beneficiaries. It should also be possible for managing authorities to provide grants through the form of financing not linked to costs where these grants are covered by reimbursement of the Union contribution based on the same form, in order to increase experience with such a simplification possibility.

¹ Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (OJ L 119, 4.5.2016, p. 1).

- (42) As regards grants provided to beneficiaries, Member States should increasingly make use of simplified cost options. The threshold linked to the obligatory use of simplified cost options should be linked to the total costs of the operation in order to ensure the same treatment of all operations below the threshold, regardless of whether the support is public or private. Where a managing authority intends to propose the use of a simplified cost option in a call for proposals, it should be possible to consult the monitoring committee. Amounts and rates established by Member States need to be a reliable proxy to real costs. Periodic adjustments are a good practice in the context of multiannual programme implementation to take into account factors affecting rates and amounts. In order to facilitate the uptake of simplified cost options, this Regulation should also provide methods and rates that are able to be used without the requirement for Member States to carry out a calculation or define a methodology.
- (43) To enable immediate implementation of flat -rates, any flat rate established by Member States in the 2014-2020 period based on a fair, equitable and verifiable calculation method should continue to be applied for similar operations supported under this Regulation without requiring a new calculation method.

- (44) In order to optimise the uptake of co-financed environmental investments, synergies should be ensured with the LIFE programme for the Environment and Climate Action established by Regulation (EU) 2021/783 of the European Parliament and of the Council¹, in particular through LIFE strategic integrated projects and strategic nature projects, as well as with projects funded under Horizon Europe established by Regulation (EU) 2021/695 Regulation of the European Parliament and of the Council² (the ‘Horizon Europe Regulation’) and other Union programmes.
- (45) In order to provide legal clarity, it is appropriate to specify the eligibility period for expenditure or costs linked to operations supported by the Funds under this Regulation and to restrict support for completed operations. The date from which expenditure becomes eligible for support from the Funds in case of adoption of new programmes or of changes in the programmes should also be clarified, including the exceptional possibility to extend the eligibility period to the start of a natural disaster in case there is urgent need to mobilise resources to respond to such disaster. At the same time, programme implementation should provide for flexibility in relation to the eligibility of expenditure for operations which contribute to the objectives of the programme, regardless of whether they are implemented outside of a Member State or the Union or in the same category of region within a Member State.

¹ Regulation (EU) 2021/783 of the European Parliament and of the Council of 29 April 2021 establishing a Programme for the Environment and Climate Action (LIFE), and repealing Regulation (EU) No 1293/2013 (OJ L 172, 17.5.2021, p. 53).

² Regulation (EU) 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination, and repealing Regulations (EU) No 1290/2013 and (EU) No 1291/2013 (OJ L 170, 12.5.2021, p. 1).

- (46) In order to provide the necessary flexibility for implementation of public-private partnerships (PPPs), the PPP agreement should specify when expenditure is considered to be eligible, in particular under which conditions it is incurred by the beneficiary or by the private partner of the PPP, irrespective of who is carrying out the payments in implementing the PPP operation.
- (47) To ensure the effectiveness, fairness and sustainable impact of the Funds, there should be provisions guaranteeing that investments in infrastructure or productive investment are long-lasting and prevent the Funds from being used to undue advantage. Managing authorities should pay particular attention not to support relocation when selecting operations and to treat sums unduly paid to operations not complying with the requirement of durability as irregularities.
- (48) With a view to improving complementarities and simplifying implementation, it should be possible to combine support from the ERDF, the Cohesion Fund and the JTF with support from the ESF+ in joint programmes under the Investment for jobs and growth goal.
- (49) In order to optimise the added value from investments funded wholly or in part through the budget of the Union, synergies should be sought in particular between the Funds and other relevant instruments, including the Recovery and Resilience Facility and the Brexit Adjustment Reserve. Those synergies should be achieved through user-friendly key mechanisms, namely the recognition of flat rates for eligible costs from Horizon Europe for a similar operation and the possibility of combining funding from different Union instruments in the same operation as long as double financing is avoided. This Regulation should therefore set out rules for complementary financing from the Funds.

- (50) Financial instruments should not be used to support refinancing activities, such as replacing existing loan agreements or other forms of financing for investments which have already been physically completed or fully implemented at the date of the investment decision, but rather to support any type of new investments in line with the underlying policy objectives.
- (51) The decision by the managing authorities to finance support measures through financial instruments should be determined on the basis of an *ex ante* assessment. This Regulation should lay down the mandatory elements of *ex ante* assessments, for which indicative information available at the date of their completion should be provided, and should allow Member States to make use of the *ex ante* assessments carried out for the 2014-2020 period, updated where necessary, in order to avoid administrative burden and delays in setting up financial instruments.
- (52) In order to facilitate the implementation of certain types of financial instruments where programme support in the form of grants, including in the form of capital rebates, is envisaged, it is possible to apply the rules on financial instruments on such a combination in one financial instrument operation. However, conditions for such programme support and specific conditions preventing double financing should be set out.

- (53) In full respect of the applicable State aid and public procurement rules that have been clarified during the 2014-2020 programming period, managing authorities should have the possibility to decide on the most appropriate implementation options for financial instruments in order to address the specific needs of target regions. In addition, in order to ensure continuity with the 2014-2020 programming period, managing authorities should have the possibility to implement financial instruments through a direct award of a contract to the EIB and to international financial institutions in which a Member State is a shareholder. Managing authorities should also have the possibility to award contracts directly to publicly-owned banks or institutions fulfilling the same strict conditions as provided for by the Financial Regulation for the 2014-2020 programming period. This Regulation should provide clear conditions in order to ensure that the possibility of direct award remains consistent with the principles of the internal market. In this framework, the Commission should provide support to auditors, managing authorities and beneficiaries with a view to ensuring compliance with State aid rules.
- (54) Given the protracted low-interest rate environment and in order not to unduly penalise bodies implementing financial instruments, it is necessary, subject to active treasury management by these bodies, to enable the financing of negative interest generated as a result of investments of the Funds from resources paid back to the financial instrument. Through active treasury management, the bodies implementing financial instruments should seek to optimise returns and minimise charges, to an acceptable level of risk.

- (55) In accordance with the principle and rules of shared management, Member States and the Commission should be responsible for the management and control of programmes and give assurance on the legal and regular use of the Funds. Since Member States should have the primary responsibility for such management and control and should ensure that operations supported by the Funds comply with applicable law, their obligations in that regard should be specified. The powers and responsibilities of the Commission in that context should also be laid down.
- (56) In order to hasten the start of programme implementation, the roll-over of implementation arrangements from the previous programming period should be facilitated. The use of the computerised system already established for the previous programming period, adapted as required, should be maintained, unless a new technology is necessary.
- (57) To support the effective use of the Funds, EIB support should be available to all Member States at their request. Such support could cover capacity building, support for project identification, preparation and implementation, as well as advice on financial instruments and investment platforms.
- (58) A Member State should have the possibility, at its own initiative, to identify a coordinating body to liaise with and provide information to the Commission and to coordinate activities of the programme authorities in that Member State.
- (59) To streamline programme management functions, the integration of accounting functions with those of the managing authority should be maintained for the programmes supported by the AMIF, the ISF and the BMVI, and should be an option for the other Funds.

- (60) Since the managing authority bears the main responsibility for the effective and efficient implementation of the Funds and therefore fulfils a wide range of functions, its functions in relation to the selection of operations, programme management and support for the monitoring committee should be set out in detail. Procedures for the selection of operations can be competitive or non-competitive provided that criteria applied and procedures used are non-discriminatory, inclusive and transparent and the operations selected maximise the contribution of the Union funding and are in line with the horizontal principles defined in this Regulation. With a view to pursuing the objective of achieving a climate-neutral Union by 2050, Member States should ensure the climate proofing of investments in infrastructure and should prioritise operations that respect the ‘energy efficiency first’ principle when selecting such investments.
- (61) The synergies between the Funds and directly managed instruments should be optimised. The provision of support for operations that have already received a Seal of Excellence or were co-funded by Horizon Europe with a contribution from the Funds should be facilitated. Conditions already assessed at Union level, prior to the attributing of the Seal of Excellence quality label or the co-funding by Horizon Europe, should not be assessed again, as long as the operations comply with a limited set of requirements established in this Regulation. This should also facilitate following the appropriate rules set out in Commission Regulation (EU) No 651/2014¹.

¹ Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (OJ L 187, 26.6.2014, p. 1).

- (62) To ensure an appropriate balance between the effective and efficient implementation of the Funds and the related administrative costs and burdens, the frequency, scope and coverage of management verifications should be based on a risk assessment that takes into account factors such as the number, type, size and content of operations implemented, the beneficiaries as well as the level of the risk identified by previous management verifications and audits. Management verifications should be proportionate to the risks resulting from that risk assessment and audits should be proportionate to the level of risk to the budget of the Union.
- (63) The audit authority should carry out audits and ensure that the audit opinion provided to the Commission is reliable. That audit opinion should provide assurance to the Commission on three points, namely the legality and regularity of the declared expenditure, the effective functioning of the management and control systems and the completeness, accuracy and veracity of the accounts. Where an audit based on internationally accepted audit standards providing reasonable assurance has been conducted by an independent auditor on the financial statements and reports setting out the use of a Union contribution, that audit should form the basis of the overall assurance the audit authority provides to the Commission, insofar as there is sufficient evidence of the independence and competence of the auditor in accordance with Article 127 of the Financial Regulation.

- (64) A reduction of verifications and audit requirements should be possible where there is assurance that the programme has functioned effectively for the latest two consecutive years, since this demonstrates that the Funds are being implemented effectively and efficiently over a prolonged period of time.
- (65) To reduce the administrative burden on beneficiaries and administrative costs as well as to avoid duplication of audits and management verifications of the same expenditure declared to the Commission, the concrete application of the single audit principle should be specified for the Funds.
- (66) In order to enhance the preventive role of audit, provide legal transparency and share good practice, the Commission should be able to share audit reports at the request of Member States, with the consent of the audited Member States.
- (67) In order to improve financial management, a simplified pre-financing scheme should be provided for. The pre-financing scheme should ensure that a Member State has the means to provide support to beneficiaries from the start of the implementation of the programme.
- (68) To reduce the administrative burden for Member States as well as for the Commission, a schedule of payment applications should be established. Commission payments should be subject to a 5 % retention until the payment of the annual balance of accounts when the Commission is able to conclude that the accounts are complete, accurate and true.

- (69) In order to reduce the administrative burden, the procedure for the annual acceptance of accounts should be simplified by providing simpler arrangements for payments and recoveries where there is no disagreement between the Commission and the Member State.
- (70) In order to safeguard the financial interests and the budget of the Union, proportionate measures should be established and implemented at the level of Member States and the Commission. The Commission should be able to interrupt payments deadlines, suspend interim payments and apply financial corrections where the respective conditions are fulfilled. The Commission should respect the principle of proportionality by taking into account the nature, gravity and frequency of irregularities and their financial implications for the budget of the Union. Where it is not possible for the Commission to quantify precisely the amount of irregular expenditure in order to apply financial corrections linked to individual cases, it should apply a flat-rate or statistically extrapolated financial correction. Suspension of interim payments based on a reasoned opinion issued by the Commission pursuant to Article 258 TFEU, should be possible provided there is a sufficiently direct link between the matter addressed by the reasoned opinion and the expenditure at stake so as to put at risk its legality and regularity.

(71) Member States should prevent, detect and deal effectively with any irregularities, including fraud committed by economic operators. Moreover, in accordance with Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council¹, and Council Regulations (EC, Euratom) No 2988/95² and (Euratom, EC) No 2185/96³, the European Anti-Fraud Office (OLAF) has the power to carry out administrative investigations, including on-the-spot checks and inspections, with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union. The European Public Prosecutor's Office (EPPO) is empowered, in accordance with Council Regulation (EU) 2017/1939⁴, to investigate and prosecute fraud and other criminal offences affecting the financial interests of the Union as provided for in Directive (EU) 2017/1371 of the European Parliament and of the Council⁵. Member States should take the necessary measures to ensure that any person or entity receiving Union funds fully cooperates in the protection of the financial interests of the Union, grants the necessary rights and access to the Commission, OLAF, the Court of Auditors and, in respect of those Member States participating in enhanced cooperation pursuant to Regulation (EU) 2017/1939, EPPO, and ensures that any third parties involved in the implementation of Union funds grant equivalent rights. Member States should swiftly report to the Commission irregularities detected, including fraud, and any follow-up action they have taken with regard to such irregularities and with regard to any OLAF investigations.

¹ Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999 (OJ L 248, 18.9.2013, p. 1).

² Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests (OJ L 312, 23.12.1995, p. 1).

³ Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities (OJ L 292, 15.11.1996, p. 2).

⁴ Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office ('the EPPO') (OJ L 283, 31.10.2017, p. 1).

⁵ Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union's financial interests by means of criminal law (OJ L 198, 28.7.2017, p. 29).

- (72) To enhance the protection of the Union's budget, the Commission should make available an integrated and interoperable information and monitoring system, including a single data-mining and risk-scoring tool to access and analyse the relevant data, and the Commission should encourage its use with a view to a generalised application by Member States.
- (73) In line with the Interinstitutional Agreement between the European Parliament, the Council and the Commission of 16 December 2020 on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap for the introduction of new own resources¹, in order to enhance the protection of the Union budget and Next Generation EU against irregularities including fraud, standardised measures to collect, compare and aggregate information and figures on the recipients of Union funding should be introduced for the purposes of control and audit. The collection of data on those ultimately benefiting, directly or indirectly, from Union funding under shared management, including data on beneficial owners of the recipients of Union funding, is necessary to ensure effective controls and audits.

¹ OJ L 433 I, 22.12.2020, p. 28.

- (74) In order to enhance the protection of the Union’s budget against irregularities, including fraud, it is necessary to process personal data of beneficial owners who are natural persons. In particular, in order to effectively detect, investigate and prosecute such frauds or remedy irregularities, it is necessary to be able to identify beneficial owners who are natural persons that ultimately profit from irregularities, including fraud. For that purpose, and for the sake of simplification and in order to reduce the administrative burden, Member States should be allowed to comply with their obligation regarding information on beneficial owners by using the data stored in the register already used for the purposes of Directive (EU) 2015/849 of the European Parliament and of the Council¹. In that regard, the purposes of processing of personal data of beneficial owners under this Regulation, namely to prevent, detect and correct and report irregularities including fraud, are compatible with the purposes of processing of personal data under the Directive (EU) 2015/849.
- (75) In order to encourage financial discipline, it is appropriate to set out the arrangements for decommitment of budgetary commitments at programme level.

¹ Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (OJ L 141, 5.6.2015, p. 73).

- (76) In order to allow Member States appropriate time to declare to the Commission expenditure up to the available level of resources in the event of the adoption of the new rules or programmes under shared management after 1 January 2021, the amounts corresponding to the allocations not used in year 2021 should be transferred in equal proportions to the years 2022 to 2025 as envisaged under Article 7 of the Council Regulation (EU, Euratom) 2020/2093¹.
- (77) In order to promote the objectives of the TFEU related to economic, social and territorial cohesion, the Investment for jobs and growth goal should support all regions. To provide balanced and gradual support and reflect the level of economic and social development, resources under that goal should be allocated from the ERDF and the ESF+ on the basis of an allocation key which is predominantly based on gross domestic product (GDP) per capita. Member States whose per capita gross national income (GNI) is less than 90 % of that of the Union average should benefit under the Investment for jobs and growth goal from the Cohesion Fund.

¹ Council Regulation (EU, Euratom) 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027 (OJ L 433 I, 22.12.2020, p. 11).

- (78) The resources for the European territorial cooperation goal (Interreg) should be allocated to Member States on the basis of the allocation methodology which takes into account in particular population density in border areas. Additionally, to ensure continuity of existing programmes, specific provisions to define programme areas and the eligibility of regions under the different strands of Interreg should be set out in the relevant Fund-specific Regulation.
- (79) Objective criteria should be established for designating eligible regions and areas for support from the Funds. To that end, the identification of the regions and areas at Union level should be based on the common system of classification of the regions established by Regulation (EC) No 1059/2003 of the European Parliament and the Council¹, as amended by Commission Regulation (EU) 2016/2066².
- (80) In order to set out an appropriate financial framework for the ERDF, the ESF+, the Cohesion Fund and the JTF, the Commission should set out the annual breakdown of available allocations per Member State under the Investment for jobs and growth goal, together with the list of eligible regions, as well as the allocations for the European territorial cooperation goal (Interreg).

¹ Regulation (EC) No 1059/2003 of the European Parliament and of the Council of 26 May 2003 on the establishment of a common classification of territorial units for statistics (NUTS) (OJ L 154, 21.6.2003, p. 1).

² Commission Regulation (EU) 2016/2066 of 21 November 2016 amending the annexes to Regulation (EC) No 1059/2003 of the European Parliament and of the Council on the establishment of a common classification of territorial units for statistics (NUTS) (OJ L 322, 29.11.2016, p. 1).

- (81) Trans-European transport network projects under Regulation of the European Parliament and of the Council establishing the Connecting Europe Facility and repealing Regulations (EU) No 1316/2013 and (EU) No 283/2014 (the ‘CEF Regulation ‘) are to continue to be financed from the Cohesion Fund via both shared management and the direct implementation mode under the Connecting Europe Facility (CEF). Building on the successful approach of the 2014-2020 programming period, EUR 10 000 000 000 from the Cohesion Fund should be transferred to the CEF for this purpose.
- (82) A certain amount of the resources from the ERDF, the ESF+ and the Cohesion Fund should be allocated to the European Urban Initiative which should be implemented through direct or indirect management by the Commission.
- (83) With a view to ensuring an appropriate allocation to categories of region, and as a matter of principle, the total allocations to Member States in respect of less developed, transitional and more developed regions should not be transferable between the categories. Nevertheless, to accommodate Member States’ needs to tackle specific challenges, Member States should be able to request a transfer from their allocations for more developed regions or transition regions to less developed regions and from more developed regions to transition regions and, in such a case, should justify that choice. In order to ensure sufficient financial resources for less developed regions, a ceiling should be established for transfers to more developed regions or transition regions. Transferability of resources between goals should not be possible except for cases strictly set out in this Regulation.

- (84) Where a region was categorised as a more developed region for the 2014-2020 period but is categorised as a transition region for the 2021-2027 period and therefore would receive less support for the 2021-2027 period based on the allocation methodology, the Member State concerned is invited to take this factor into account when deciding on its internal distribution of funding.
- (85) Within the context of the unique and specific circumstances on the island of Ireland, and with a view to supporting North-South cooperation under the Good Friday Agreement, a ‘PEACE PLUS’ cross-border programme is to continue and build on the work of previous programmes, Peace and Interreg, between the border counties of Ireland and Northern Ireland. Taking into account its practical importance, that programme should be supported with a specific allocation to continue support for peace and reconciliation actions, and an appropriate share of the Irish allocation under Interreg should also be allocated to that programme.
- (86) It is necessary to establish the maximum rates of co-financing in the area of cohesion policy by category of region, where applicable, in order to ensure that the principle of co-financing is respected through an appropriate level of public or private national support. Those rates should reflect the level of economic development of regions in terms of GDP per capita in relation to the EU-27 average, while safeguarding no less favourable treatment due to shifts in their categorisation.

- (87) Within the framework of the relevant rules under the Stability and Growth Pact as clarified in the European code of conduct on partnership, Member States may make a duly justified request for further flexibility for the public or equivalent structural expenditure supported by the public administration by way of co-financing of investments.
- (88) In order to supplement or amend certain non-essential elements of this Regulation, the power to adopt acts in accordance with Article 290 TFEU should be delegated to the Commission in respect of the amendment of the elements contained in certain Annexes to this Regulation, namely for the dimensions and codes for the types of intervention, the templates for partnership agreements and programmes, the templates for the transmission of data, the template for forecasts of payment applications to the Commission, the use of the emblem of the Union, the elements for funding agreements and strategy documents, the electronic data exchange system between the Member States and the Commission, the templates for the description of the management and control system, for the management declaration, for the annual audit opinion, for the annual control report, for the annual audit report for financial instruments implemented by the EIB or other international financial institutions, for the audit strategy, for payment applications, for the accounts, for detailed rules and the template for the reporting of irregularities and for the determination of the level of financial corrections.

- (89) The power to adopt acts in accordance with Article 290 TFEU should be delegated to the Commission in respect of the amendment of the European code of conduct on partnership in order to adapt that code of conduct to this Regulation, the definition at Union level of unit costs, lump sums, flat rates and financing not linked to costs applicable to all Member States as well as the establishment of standardised off-the-shelf sampling methodologies.
- (90) It is of particular importance that the Commission carries out appropriate, transparent consultations with all interested parties during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.

- (91) In order to ensure uniform conditions for the adoption of Partnership Agreements, the adoption or amendment of programmes as well as the application of financial corrections, implementing powers should be conferred on the Commission. The implementing powers in relation to the establishment of the breakdown of financial allocations for the ERDF, the ESF+ and the Cohesion Fund should be adopted without committee procedures, given that they merely reflect the application of a pre-defined calculation methodology. Likewise, the implementing powers in relation to the temporary measures for the use of the Funds in response to exceptional circumstances should be adopted without committee procedures, given that the scope of application is determined by the Stability and Growth Pact and limited to the measures set out in this Regulation.
- (92) The implementing powers relating to the template for the final performance report should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council¹. Although the implementing act is of a general nature, the advisory procedure should be used for its adoption, given that it only sets out technical aspects, forms and templates.

¹ Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13).

(93) Since Regulation (EU) No 1303/2013 of the European Parliament and of the Council¹ or any act applicable to the 2014–2020 programming period should continue to apply to programmes and operations supported by the Funds covered under the 2014–2020 programming period and since the implementation period of that Regulation is expected to extend over to the programming period covered by this Regulation and in order to ensure continuity of implementation of certain operations approved by that Regulation, phasing provisions should be established. Each individual phase of the phased operation, which serves the same overall objective, should be implemented in accordance with the rules of the programming period under which it receives funding, while the managing authority may proceed with selecting the second phase on the basis of the selection procedure carried out under 2014-2020 programming period for the relevant operation, provided that it satisfies itself that the conditions set out in this Regulation for phased implementation are complied with.

¹ Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006 (OJ L 347, 20.12.2013, p. 320).

- (94) Since the objectives of this Regulation, namely to strengthen economic, social and territorial cohesion and to lay down common financial rules for part of the budget of the Union implemented under shared management, cannot be sufficiently achieved by the Member States by reason of the extent of the disparities between the levels of development of the various regions and the specific challenges faced by the least favoured regions, the limit on the financial resources of the Member States and regions and the need for a coherent implementation framework covering several Union funds under shared management, but can rather be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 TEU. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives.
- (95) This Regulation respects the fundamental rights and observes the principles recognised in particular by the Charter of Fundamental Rights of the European Union.
- (96) In view of the adoption of this Regulation after the start of the programming period, and taking into account the need to implement Union Funds covered by this Regulation in a coordinated and harmonised manner, and in order to allow for its prompt implementation, it should enter into force on the day following that of its publication in the *Official Journal of the European Union*,

HAVE ADOPTED THIS REGULATION:

TABLE OF CONTENTS

TITLE I	OBJECTIVES AND GENERAL RULES ON SUPPORT
Chapter I	Subject-matter, definitions and general rules
Article 1	Subject-matter and scope
Article 2	Definitions
Article 3	Calculation of time limits for Commission actions
Article 4	Processing and protection of personal data
Chapter II	Policy objectives and principles for the support of the Funds
Article 5	Policy objectives
Article 6	Climate targets and climate adjustment mechanism
Article 7	Shared management
Article 8	Partnership and multi-level governance
Article 9	Horizontal Principles
TITLE II	STRATEGIC APPROACH
Chapter I	Partnership Agreement
Article 10	Preparation and submission of the Partnership Agreement
Article 11	Content of the Partnership Agreement
Article 12	Approval of the Partnership Agreement

Article 13	Amendment of the Partnership Agreement
Article 14	Use of the ERDF, the ESF+, the Cohesion Fund and the EMFAF delivered through the InvestEU Programme
Chapter II	Enabling conditions and performance framework
Article 15	Enabling conditions
Article 16	Performance framework
Article 17	Methodology for the establishment of the performance framework
Article 18	Mid-term review and flexibility amount
Chapter III	Measures linked to sound economic governance and to exceptional or unusual circumstances
Article 19	Measures linking effectiveness of Funds to sound economic governance
Article 20	Temporary measures for the use of the Funds in response to exceptional or unusual circumstances
TITLE III	PROGRAMMING
Chapter I	General Provisions on the Funds
Article 21	Preparation and submission of programmes
Article 22	Content of programmes
Article 23	Approval of programmes
Article 24	Amendment of programmes

Article 25	Joint support from the ERDF, the ESF+, the Cohesion Fund and the JTF
Article 26	Transfer of resources
Article 27	Transfer of resources from the ERDF and the ESF+ to the JTF
Chapter II	Territorial development
Article 28	Integrated territorial development
Article 29	Territorial strategies
Article 30	Integrated territorial investment
Article 31	Community-led local development
Article 32	Community-led local development strategies
Article 33	Local action groups
Article 34	Support from Funds for community-led local development
Chapter III	Technical assistance
Article 35	Technical assistance at the initiative of the Commission
Article 36	Technical assistance of Member States
Article 37	Financing not linked to costs for technical assistance of Member States
TITLE IV	MONITORING, EVALUATION, COMMUNICATION AND VISIBILITY
Chapter I	Monitoring
Article 38	Monitoring committee

Article 39	Composition of the monitoring committee
Article 40	Functions of the monitoring committee
Article 41	Annual performance review
Article 42	Transmission of data
Article 43	Final performance report
Chapter II	Evaluation
Article 44	Evaluations by the Member State
Article 45	Evaluation by the Commission
Chapter III	Visibility, transparency and communication
Section I	Visibility of support from the Funds
Article 46	Visibility
Article 47	Emblem of the Union
Article 48	Communication officers and networks
Section II	Transparency of implementation of the Funds and communication on programmes
Article 49	Responsibilities of the managing authority
Article 50	Responsibilities of beneficiaries

TITLE V	FINANCIAL SUPPORT FROM THE FUNDS
Chapter I	Forms of Union contribution
Article 51	Forms of Union contribution to programmes
Chapter II	Forms of support by Member States
Article 52	Forms of support
Section I	Forms of Grants
Article 53	Forms of grants
Article 54	Flat-rate financing for indirect costs concerning grants
Article 55	Direct staff costs concerning grants
Article 56	Flat rate financing for eligible costs other than direct staff costs concerning grants
Article 57	Grants under conditions
Section II	Financial Instruments
Article 58	Financial instruments
Article 59	Implementation of financial instruments
Article 60	Interest and other gains generated by support from the Funds to financial instruments
Article 61	Differentiated treatment of investors
Article 62	Re-use of resources attributable to the support from the Funds

Chapter III	Eligibility rules
Article 63	Eligibility
Article 64	Non-eligible costs
Article 65	Durability of operations
Article 66	Relocation
Article 67	Specific eligibility rules for grants
Article 68	Specific eligibility rules for financial instruments
TITLE VI	MANAGEMENT AND CONTROL
Chapter I	General rules on management and control
Article 69	Responsibilities of Member States
Article 70	Commission powers and responsibilities
Article 71	Programme authorities
Chapter II	Standard management and control systems
Article 72	Functions of the managing authority
Article 73	Selection of operations by the managing authority
Article 74	Programme management by the managing authority
Article 75	Support of the work of the monitoring committee by the managing authority

Article 76	The accounting function
Article 77	Functions of the audit authority
Article 78	Audit strategy
Article 79	Audits of operations
Article 80	Single audit arrangements
Article 81	Management verifications and audits of financial instruments
Article 82	Availability of documents
Chapter III	Reliance on national management systems
Article 83	Enhanced proportionate arrangements
Article 84	Conditions for application of enhanced proportionate arrangements
Article 85	Adjustment during the programming period
TITLE VII	FINANCIAL MANAGEMENT, SUBMISSION AND EXAMINATION OF ACCOUNTS AND FINANCIAL CORRECTIONS
Chapter I	Financial management
Section I	General Accounting Rules
Article 86	Budgetary commitments
Article 87	Use of the euro
Article 88	Repayment

Section II	Rules for Payments to Member States
Article 89	Types of payments
Article 90	Pre-financing
Article 91	Payment applications
Article 92	Specific elements for financial instruments in payment applications
Article 93	Common rules for payments
Article 94	Union contribution based on unit costs, lump sums and flat rates
Article 95	Union contribution based on financing not linked to costs
Section III	Interruptions and Suspensions
Article 96	Interruption of the payment deadline
Article 97	Suspension of payments
Chapter II	Submission and examination of accounts
Article 98	Content and submission of accounts
Article 99	Examination of accounts
Article 100	Calculation of the balance
Article 101	Procedure for the examination of accounts
Article 102	Contradictory procedure for the examination of accounts

Chapter III	Financial corrections
Article 103	Financial corrections by Member States
Article 104	Financial corrections by the Commission
Chapter IV	Decommitment
Article 105	Decommitment principles and rules
Article 106	Exceptions to the decommitment rules
Article 107	Procedure for decommitment
TITLE VIII	FINANCIAL FRAMEWORK
Article 108	Geographical coverage of support for the Investment for jobs and growth goal
Article 109	Resources for economic, social and territorial cohesion
Article 110	Resources for the Investment for jobs and growth goal and for the European territorial cooperation goal (Interreg)
Article 111	Transferability of resources
Article 112	Determination of co-financing rates
TITLE IX	DELEGATION OF POWER, IMPLEMENTING, TRANSITIONAL AND FINAL PROVISIONS
Chapter I	Delegation of power and implementing provisions
Article 113	Delegation of powers as regards certain Annexes
Article 114	Exercise of the delegation
Article 115	Committee procedure

Chapter II	Transitional and final provisions
Article 116	Review
Article 117	Transitional provisions
Article 118	Conditions for operations subject to phased implementation
Article 119	Entry into force
ANNEX I	DIMENSIONS AND CODES FOR THE TYPES OF INTERVENTION FOR THE ERDF, THE ESF+, THE COHESION FUND AND THE JTF - ARTICLE 22(5)
ANNEX II	TEMPLATE FOR PARTNERSHIP AGREEMENT - ARTICLE 10(6)
ANNEX III	HORIZONTAL ENABLING CONDITIONS – ARTICLE 15(1)
ANNEX IV	THEMATIC ENABLING CONDITIONS APPLICABLE TO ERDF, ESF+ AND THE COHESION FUND – ARTICLE 15(1)
ANNEX V	TEMPLATE FOR PROGRAMMES SUPPORTED FROM THE ERDF (INVESTMENT FOR JOBS AND GROWTH GOAL), ESF+, THE JTF, THE COHESION FUND AND THE EMFAF – ARTICLE 21(3)
ANNEX VI	TEMPLATE OF A PROGRAMME FOR THE AMIF, THE ISF AND THE BMVI – ARTICLE 21(3)
ANNEX VII	TEMPLATE FOR THE TRANSMISSION OF DATA – ARTICLE 42
ANNEX VIII	A FORECAST OF THE AMOUNT FOR WHICH THE MEMBER STATE EXPECTS TO SUBMIT PAYMENT APPLICATIONS FOR THE CURRENT AND THE SUBSEQUENT CALENDAR YEAR (ARTICLE 69(10))

ANNEX IX	COMMUNICATION AND VISIBILITY – ARTICLES 47, 49 AND 50
ANNEX X	ELEMENTS FOR FUNDING AGREEMENTS AND STRATEGY DOCUMENTS – ARTICLE 59(1) AND (5)
ANNEX XI	KEY REQUIREMENTS OF MANAGEMENT AND CONTROL SYSTEMS AND THEIR CLASSIFICATION - ARTICLE 69(1)
ANNEX XII	DETAILED RULES AND TEMPLATE FOR THE REPORTING OF IRREGULARITIES - ARTICLE 69(2)
ANNEX XIII	ELEMENTS FOR THE AUDIT TRAIL – ARTICLE 69(6)
ANNEX XIV	ELECTRONIC DATA EXCHANGE SYSTEMS BETWEEN PROGRAMME AUTHORITIES AND BENEFICIARIES - ARTICLE 69(8)
ANNEX XV	SFC2021: ELECTRONIC DATA EXCHANGE SYSTEM BETWEEN THE MEMBER STATES AND THE COMMISSION – ARTICLE 69(9)
ANNEX XVI	TEMPLATE FOR THE DESCRIPTION OF THE MANAGEMENT AND CONTROL SYSTEM – ARTICLE 69(11)
ANNEX XVII	DATA TO BE RECORDED AND STORED ELECTRONICALLY ON EACH OPERATION – ARTICLE 72(1), POINT (E)
ANNEX XVIII	TEMPLATE FOR THE MANAGEMENT DECLARATION – ARTICLE 74(1), POINT (F)
ANNEX XIX	TEMPLATE FOR THE ANNUAL AUDIT OPINION – ARTICLE 77(3), POINT (A)
ANNEX XX	TEMPLATE FOR THE ANNUAL CONTROL REPORT – ARTICLE 77(3), POINT (B)

ANNEX XXI	TEMPLATE FOR THE ANNUAL AUDIT REPORT – ARTICLE 81(5)
ANNEX XXII	TEMPLATE FOR THE AUDIT STRATEGY – ARTICLE 78
ANNEX XXIII	TEMPLATE FOR PAYMENT APPLICATIONS – ARTICLE 91(3)
ANNEX XXIV	TEMPLATE FOR THE ACCOUNTS - ARTICLE 98(1), POINT (A)
ANNEX XXV	DETERMINATION OF THE LEVEL OF FINANCIAL CORRECTIONS: FLAT-RATE AND EXTRAPOLATED FINANCIAL CORRECTIONS – ARTICLE 104(1)
ANNEX XXVI	METHODOLOGY ON THE ALLOCATION OF GLOBAL RESOURCES PER MEMBER STATE – ARTICLE 109(2)

TITLE I

OBJECTIVES AND GENERAL RULES ON SUPPORT

CHAPTER I

Subject-matter, definitions and general rules

Article 1

Subject-matter and scope

1. This Regulation lays down:
 - (a) financial rules for the European Regional Development Fund (ERDF), the European Social Fund Plus (ESF+), the Cohesion Fund, the Just Transition Fund (JTF), the European Maritime, Fisheries and Aquaculture Fund (EMFAF), the Asylum, Migration and Integration Fund (AMIF), the Internal Security Fund (ISF) and the Instrument for Financial Support for Border Management and Visa Policy (BMVI) (together referred to as the ‘Funds’);
 - (b) common provisions applicable to the ERDF, the ESF+, the Cohesion Fund, the JTF and the EMFAF.

2. This Regulation does not apply to the Employment and Social Innovation strand of the ESF+ or to the direct or indirect management components of the EMFAF, the AMIF, the ISF and the BMVI, except for technical assistance at the initiative of the Commission.
3. Articles 5, 14, 19, 28 to 34 and 108 to 112 do not apply to the AMIF, the ISF or the BMVI.
4. Articles 108 to 112 do not apply to the EMFAF.
5. Articles 14, 15, 18, 19, 21 to 27, 37 to 42, Article 43(1) to (4), Articles 44 and 50, Article 55(1) and Articles 73, 77, 80 and 83 to 85 do not apply to Interreg programmes.
6. The Fund-specific Regulations listed below may establish rules to complement this Regulation which shall not be in contradiction with this Regulation:
 - (a) Regulation (EU) 2021/... of the European Parliament and of the Council¹⁺ (the ‘ERDF and CF Regulation’);
 - (b) Regulation (EU) 2021/... of the European Parliament and of the Council²⁺⁺ (the ‘ESF+ Regulation’);

¹ Regulation (EU) ... (OJ ...).

⁺ OJ please insert in the text the number of the Regulation contained in file 2018/0197(COD), and insert the number, date, authors, name and OJ reference of that Regulation in the footnote.

² Regulation (EU) ... (OJ ...).

⁺⁺ OJ please insert in the text the number of the Regulation contained in file 2018/0206(COD), and insert the number, date, authors, name and OJ reference of that Regulation in the footnote.

- (c) Regulation (EU) 2021/... of the European Parliament and of the Council¹⁺⁺⁺ (the ‘Interreg Regulation’);
- (d) Regulation (EU) 2021/... of the European Parliament and of the Council²⁺⁺⁺⁺ (the ‘JTF Regulation’).
- (e) Regulation of the European Parliament and of the Council establishing the European Maritime, Fisheries and Aquaculture Fund and amending Regulation (EU) 2017/1004 (the ‘EMFAF Regulation’);
- (f) Regulation of the European Parliament and of the Council establishing the Asylum, Migration and Integration Fund (the ‘AMIF Regulation’);
- (g) Regulation of the European Parliament and of the Council establishing the Internal Security Fund (the ‘ISF Regulation’);

¹ Regulation (EU) ... (OJ ...).

⁺⁺⁺ OJ please insert in the text the number of the Regulation contained in file 2018/0199(COD), and insert the number, date, authors, name and OJ reference of that Regulation in the footnote.

² Regulation (EU) ... (OJ ...).

⁺⁺⁺⁺ OJ please insert in the text the number of the Regulation contained in file 2020/0006(COD), and insert the number, date, authors, name and OJ reference of that Regulation in the footnote.

- (h) Regulation of the European Parliament and of the Council establishing, as part of the Integrated Border Management Fund, the Instrument for Financial Support for Border Management and Visa Policy (the ‘BMVI Regulation’);

In case of doubt about the application between this Regulation and Fund-specific Regulations, this Regulation shall prevail.

Article 2

Definitions

For the purpose of this Regulation, the following definitions apply:

- (1) ‘relevant country-specific recommendations’ mean Council recommendations adopted in accordance with Articles 121(2) and 148(4) TFEU relating to structural challenges as well as complementary Commission recommendations issued in accordance with Article 34 of Regulation (EU) 2018/1999, which are appropriate to be addressed through multiannual investments that fall within the scope of the Funds as set out in Fund-specific Regulations;
- (2) ‘enabling condition’ means a prerequisite condition for the effective and efficient implementation of the specific objectives;
- (3) ‘applicable law’ means Union law and the national law relating to its application;

- (4) ‘operation’ means:
- (a) a project, contract, action or group of projects selected under the programmes concerned;
 - (b) in the context of financial instruments, a programme contribution to a financial instrument and the subsequent financial support provided to final recipients by that financial instrument;
- (5) ‘operation of strategic importance’ means an operation which provides a significant contribution to the achievement of the objectives of a programme and which is subject to particular monitoring and communication measures;
- (6) ‘priority’ in the context of the AMIF, the ISF and the BMVI, means a specific objective;
- (7) ‘priority’ in the context of the EMFAF, for the purpose of Title VII only, means a specific objective;.
- (8) ‘intermediate body’ means a public or private body which acts under the responsibility of a managing authority, or which carries out functions or tasks on behalf of such an authority;

- (9) ‘beneficiary’ means:
- (a) a public or private body, an entity with or without legal personality, or a natural person, responsible for initiating or both initiating and implementing operations;
 - (b) in the context of public-private partnerships (‘PPPs’), the public body initiating a PPP operation or the private partner selected for its implementation;
 - (c) in the context of State aid schemes, the undertaking which receives the aid;
 - (d) in the context of de minimis aid provided in accordance with Commission Regulations (EU) No 1407/2013¹ or (EU) No 717/2014², the Member State may decide that the beneficiary for the purposes of this Regulation is the body granting the aid, where it is responsible for initiating or both initiating and implementing the operation;
 - (e) in the context of financial instruments, the body that implements the holding fund or, where there is no holding fund structure, the body that implements the specific fund or, where the managing authority manages the financial instrument, the managing authority;

¹ Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid (OJ L 352, 24.12.2013, p. 1).

² Commission Regulation (EU) No 717/2014 of 27 June 2014 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid in the fishery and aquaculture sector (OJ L 190, 28.6.2014, p. 45).

- (10) ‘small project fund’ means an operation in an Interreg programme aimed at the selection and implementation of projects, including people-to-people actions, of limited financial volume;
- (11) ‘target’ means a pre-agreed value to be achieved by the end of the eligibility period in relation to an indicator included under a specific objective;
- (12) ‘milestone’ means an intermediate value to be achieved at a given point in time during the eligibility period in relation to an output indicator included under a specific objective;
- (13) ‘output indicator’ means an indicator to measure the specific deliverables of the intervention;
- (14) ‘result indicator’ means an indicator to measure the effects of the interventions supported, with particular reference to the direct addressees, population targeted or users of infrastructure;
- (15) ‘PPP operation’ means an operation which is implemented under a partnership between public bodies and the private sector in line with a PPP agreement, and which aims to provide public services through risk sharing by the pooling of either private sector expertise or additional sources of capital or both;
- (16) ‘financial instrument’ means a form of support delivered via a structure through which financial products are provided to final recipients;

- (17) ‘financial product’ means equity or quasi-equity investments, loans and guarantees as defined in Article 2 of the Financial Regulation;
- (18) ‘final recipient’ means a legal or natural person receiving support from the Funds through a beneficiary of a small project fund or from a financial instrument;
- (19) ‘programme contribution’ means the support from the Funds and the national public and private, if any, co-financing to a financial instrument;
- (20) ‘holding fund’ means a fund set up under the responsibility of a managing authority under one or more programmes, to implement one or more specific funds;
- (21) ‘specific fund’ means a fund through which a managing authority or a holding fund provides financial products to final recipients;
- (22) ‘body implementing a financial instrument’ means a body, governed by public or private law, carrying out tasks of a holding fund or specific fund;
- (23) ‘leverage effect’ means the amount of reimbursable financing provided to final recipients divided by the amount of the contribution from the Funds;
- (24) ‘multiplier ratio’ in the context of guarantee instruments means a ratio established on the basis of a prudent *ex ante* risk assessment in respect of each a guarantee product to be offered, between the value of the underlying disbursed new loans, equity or quasi-equity investments, and the amount of the programme contribution set aside for guarantee contracts to cover expected and unexpected losses from these new loans, equity or quasi-equity investments;

- (25) ‘management costs’ means direct or indirect costs reimbursed against evidence of expenditure incurred in the implementation of financial instruments;
- (26) ‘management fees’ means a price for services rendered, as determined in the funding agreement between the managing authority and the body implementing a holding fund or a specific fund; and, where applicable, between the body implementing a holding fund and the body implementing a specific fund;
- (27) ‘relocation’ means a transfer of the same or similar activity or part thereof within the meaning of point (61a) of Article 2 of Regulation (EU) No 651/2014;
- (28) ‘public contribution’ means any contribution to the financing of operations the source of which is the budget of national, regional or local public authorities or of any European grouping of territorial cooperation (EGTC) established in accordance with Regulation (EC) No 1082/2006 of the European Parliament and of the Council¹, the budget of the Union made available to the Funds, the budget of public law bodies or the budget of associations of public authorities or of public law bodies and, for the purpose of determining the co-financing rate for ESF+ programmes or priorities, may include any financial resources collectively contributed by employers and workers;

¹ Regulation (EC) No 1082/2006 of the European Parliament and of the Council of 5 July 2006 on a European grouping of territorial cooperation (EGTC) (OJ L 210, 31.7.2006, p. 19).

- (29) ‘accounting year’ means the period from 1 July to 30 June of the following year, except for the first accounting year of the programming period, in respect of which it means the period from the start date for eligibility of expenditure until 30 June 2022; for the final accounting year, it means the period from 1 July 2029 to 30 June 2030;
- (30) ‘economic operator’ means any natural or legal person, or other entity involved in the implementation of the Funds, with the exception of a Member State exercising its prerogatives as a public authority;
- (31) ‘irregularity’ means any breach of applicable law, resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the budget of the Union by charging unjustified expenditure to that budget;
- (32) ‘serious deficiency’ means a deficiency in the effective functioning of the management and control system of a programme for which significant improvements in the management and control systems are required and where any of the key requirements 2, 4, 5, 9, 12, 13 and 15 referred to in Annex XI, or two or more of the other key requirements are assessed into categories 3 and 4 of that Annex;
- (33) ‘systemic irregularity’ means any irregularity, which may be of a recurring nature, with a high probability of occurrence in similar types of operations, which results from a serious deficiency, including a failure to establish appropriate procedures in accordance with this Regulation and the Fund-specific rules;

- (34) ‘total errors’ means the sum of the projected random errors and, if applicable, delimited systemic errors and uncorrected anomalous errors;
- (35) ‘total error rate’ means total errors divided by the audit population;
- (36) ‘residual error rate’ means the total errors less the financial corrections applied by the Member State to reduce the risks identified by the audit authority, divided by the expenditure to be declared in the accounts;
- (37) ‘completed operation’ means an operation that has been physically completed or fully implemented and in respect of which all related payments have been made by beneficiaries and the corresponding public contribution has been paid to the beneficiaries;
- (38) ‘sampling unit’ means one of the units, which may be an operation, a project within an operation or a payment claim by a beneficiary, into which an audit population is divided for the purpose of sampling;
- (39) ‘escrow account’ means, in the case of a PPP operation, a bank account covered by a written agreement between a public body beneficiary and the private partner approved by the managing authority or an intermediate body used for payments during or after the eligibility period;
- (40) ‘participant’ means a natural person benefiting directly from an operation without being responsible for initiating or both initiating and implementing the operation and who, in the context of the EMFAF, does not receive financial support;

- (41) ‘energy efficiency first’ means taking utmost account in energy planning, and in policy and investment decisions, of alternative cost-efficient energy efficiency measures to make energy demand and energy supply more efficient, in particular by means of cost-effective end-use energy savings, demand response initiatives and more efficient conversion, transmission and distribution of energy, whilst still achieving the objectives of those decisions;
- (42) ‘climate proofing’ means a process to prevent infrastructure from being vulnerable to potential long-term climate impacts whilst ensuring that the ‘energy efficiency first’ principle is respected and that the level of greenhouse gas emissions arising from the project is consistent with the climate neutrality objective in 2050;
- (43) ‘grants under conditions’ means a category of grant subject to conditions linked to the repayment of support;
- (44) ‘EIB’ means the European Investment Bank, the European Investment Fund or any subsidiary of the European Investment Bank;
- (45) ‘Seal of Excellence’ means the quality label attributed by the Commission in respect of a proposal, which shows that the proposal which has been assessed in a call for proposals under a Union instrument is deemed to comply with the minimum quality requirements of that Union instrument, but could not be funded due to lack of budget available for that call for proposals, and might receive support from other Union or national sources of funding.

Article 3

Calculation of time limits for Commission actions

Where a time limit is set for an action by the Commission, that time limit shall start when all information in accordance with the requirements laid down in this Regulation or in Fund-specific Regulations have been submitted by the Member State.

That time limit shall be suspended from the day following the date on which the Commission sends its observations or a request for revised documents to the Member State and until the Member State responds to the Commission.

Article 4

Processing and protection of personal data

The Member States and the Commission shall be allowed to process personal data only where necessary for the purpose of carrying out their respective obligations under this Regulation, in particular for monitoring, reporting, communication, publication, evaluation, financial management, verifications and audits and, where applicable, for determining the eligibility of participants. The personal data shall be processed in accordance with Regulation (EU) 2016/679 or Regulation (EU) 2018/1725 of the European Parliament and of the Council¹, whichever is applicable.

¹ Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC (OJ L 295, 21.11.2018, p. 39).

CHAPTER II

Policy objectives and principles for the support of the Funds

Article 5

Policy objectives

1. The ERDF, the ESF+, the Cohesion Fund and the EMFAF shall support the following policy objectives:
 - (a) a more competitive and smarter Europe by promoting innovative and smart economic transformation and regional ICT connectivity;
 - (b) a greener, low-carbon transitioning towards a net zero carbon economy and resilient Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate change mitigation and adaptation, risk prevention and management, and sustainable urban mobility;
 - (c) a more connected Europe by enhancing mobility;
 - (d) a more social and inclusive Europe implementing the European Pillar of Social Rights;
 - (e) a Europe closer to citizens by fostering the sustainable and integrated development of all types of territories and local initiatives.

The JTF shall support the specific objective of enabling regions and people to address the social, employment, economic and environmental impacts of the transition towards the Union's 2030 targets for energy and climate and a climate-neutral economy of the Union by 2050, based on the Paris Agreement.

The first subparagraph of paragraph 1 of this Article shall not apply to the resources of the ERDF and the ESF+ that are transferred to the JTF in accordance with Article 27.

2. The ERDF, the ESF+, the Cohesion Fund and the JTF shall contribute to the actions of the Union, leading to the strengthening of its economic, social and territorial cohesion in accordance with Article 174 TFEU, by pursuing the following goals:
 - (a) the Investment for jobs and growth goal in Member States and regions, to be supported by the ERDF, the ESF+, the Cohesion Fund and the JTF; and
 - (b) the European territorial cooperation goal (Interreg), to be supported by the ERDF.
3. Member States and the Commission shall promote the coordination, complementarity and coherence between the Funds and other Union instruments and funds. They shall optimise mechanisms for coordination between those responsible to avoid duplication during planning and implementation. Accordingly, Member States and the Commission shall also take into account the relevant country-specific recommendations in the programming and implementation of the Funds.

Article 6

Climate targets and climate adjustment mechanism

1. Member States shall provide information on support for environment and climate objectives by using a methodology based on types of intervention for each of the Funds. That methodology shall consist of assigning a specific weighting to the support provided at a level which reflects the extent to which such support makes a contribution to environmental objectives and to climate objectives. In the case of the ERDF, the ESF+ and the Cohesion Fund, weightings shall be attached to dimensions and codes for the types of intervention established in Annex I. The ERDF and the Cohesion Fund shall contribute with 30 % and 37 % respectively of the Union contribution to expenditure supported for the achievement of the climate objectives set for the Union budget.
2. The climate contribution target for each Member State shall be established as a percentage of its total ERDF and Cohesion Fund allocation and included in programmes as a result of the types of intervention and the indicative financial breakdown pursuant to point (d)(viii) of Article 22(3). As provided for in Article 11(1), the preliminary climate contribution target shall be established in the Partnership Agreement.
3. The Member State and the Commission shall regularly monitor respect of the climate contribution targets, based on the total eligible expenditure declared by the beneficiaries to the managing authority as broken down by types of intervention in accordance with Article 42 and on data submitted by the Member State. Where the monitoring shows insufficient progress towards reaching the climate contribution target, the Member State and the Commission shall agree on remedial measures in the annual review meeting.

4. Where there is insufficient progress towards reaching the climate contribution target at national level by 31 December 2024, the Member State shall take this into account in its mid-term review in accordance with Article 18(1).

Article 7

Shared management

1. The Member States and the Commission shall implement the budget of the Union allocated to the Funds under shared management in accordance with Article 63 of the Financial Regulation. Member States shall prepare and implement programmes at the appropriate territorial level in accordance with their institutional, legal and financial framework.
2. The Commission shall implement the amount of support from the Cohesion Fund transferred to the Connecting Europe Facility (CEF), the European Urban Initiative, Interregional Innovative Investments, the amount of support transferred from the ESF+ to transnational cooperation, the amounts contributed to the InvestEU Programme and technical assistance at the initiative of the Commission under direct or indirect management in accordance with points (a) and (c) of the first subparagraph of Article 62(1) of the Financial Regulation.
3. The Commission may, with the agreement of the Member State and the regions concerned, implement outermost regions' cooperation under the European territorial cooperation goal (Interreg) under indirect management.

Article 8

Partnership and multi-level governance

1. For the Partnership Agreement and each programme, each Member State shall organise and implement a comprehensive partnership in accordance with its institutional and legal framework and taking into account the specificities of the Funds. That partnership shall include at least the following partners:
 - (a) regional, local, urban and other public authorities;
 - (b) economic and social partners;
 - (c) relevant bodies representing civil society, such as environmental partners, non-governmental organisations, and bodies responsible for promoting social inclusion, fundamental rights, rights of persons with disabilities, gender equality and non-discrimination;
 - (d) research organisations and universities, where appropriate.
2. The partnership established under paragraph 1 of this Article shall operate in accordance with the multi-level governance principle and a bottom-up approach. The Member State shall involve partners referred to in paragraph 1 in the preparation of the Partnership Agreement and throughout the preparation, implementation and evaluation of programmes, including through participation in monitoring committees in accordance with Article 39.

In that context, Member States shall, where relevant, allocate an appropriate percentage of the resources coming from the Funds for the administrative capacity building of social partners and civil society organisations.

3. For Interreg programmes, the partnership shall include partners from all participating Member States.
4. The organisation and implementation of partnership shall be carried out in accordance with the European code of conduct on partnership established by Delegated Regulation (EU) No 240/2014.
5. At least once a year, the Commission shall consult organisations which represent partners at Union level on the implementation of programmes, and shall report to the European Parliament and Council on the outcome.

Article 9

Horizontal Principles

1. Member States and the Commission shall ensure respect for fundamental rights and compliance with the Charter of Fundamental Rights of the European Union in the implementation of the Funds.

2. Member States and the Commission shall ensure that equality between men and women, gender mainstreaming and the integration of a gender perspective are taken into account and promoted throughout the preparation, implementation, monitoring, reporting and evaluation of programmes.
3. Member States and the Commission shall take appropriate steps to prevent any discrimination based on gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation during the preparation, implementation, monitoring, reporting and evaluation of programmes. In particular, accessibility for persons with disabilities shall be taken into account throughout the preparation and implementation of programmes.
4. The objectives of the Funds shall be pursued in line with the objective of promoting sustainable development as set out in Article 11 TFEU, taking into account the UN Sustainable Development Goals, the Paris Agreement and the "do no significant harm" principle.

The objectives of the Funds shall be pursued in full respect of the Union environmental acquis.

TITLE II

STRATEGIC APPROACH

CHAPTER I

Partnership Agreement

Article 10

Preparation and submission of the Partnership Agreement

1. Each Member State shall prepare a Partnership Agreement which sets out the strategic orientation for programming and the arrangements for using the ERDF, the ESF+, the Cohesion Fund, the JTF and the EMFAF in an effective and efficient way for the period from 1 January 2021 to 31 December 2027.
2. The Partnership Agreement shall be prepared in accordance with the European code of conduct on partnership. Where a Member State already provides for a comprehensive partnership during the preparation of its programmes, that requirement is considered to be complied with.
3. The Member State shall submit the Partnership Agreement to the Commission before or at the same time as the submission of the first programme.

4. The Partnership Agreement may be submitted together with the relevant annual National Reform Programme and the integrated national energy and climate plan.
5. The Partnership Agreement shall be a strategic and concise document. It shall be no longer than 35 pages, unless the Member State, at its own initiative, decides to extend the length of the document.
6. The Member State shall draw up the Partnership Agreement in accordance with the template set out in Annex II. The Member State may include the Partnership Agreement in one of its programmes.
7. Interreg programmes may be submitted to the Commission before the submission of the Partnership Agreement.
8. The EIB may, at the request of the Member State concerned, participate in the preparation of the Partnership Agreement, as well as in activities relating to the preparation of operations, financial instruments and PPPs.

Article 11
Content of the Partnership Agreement

1. The Partnership Agreement shall contain the following elements:
 - (a) the selected policy objectives and the specific objective of the JTF, indicating by which of the funds covered by the Partnership Agreement and programmes these objectives will be pursued and a justification thereto, taking into account relevant country-specific recommendations, the integrated national energy and climate plan, the principles of the European Pillar of Social Rights and, where relevant, regional challenges;
 - (b) for each of the selected policy objectives and the specific objective of the JTF:
 - (i) a summary of the policy choices and the main results expected for each of the funds covered by the Partnership Agreement;
 - (ii) coordination, demarcation and complementarities between the Funds and, where appropriate, coordination between national and regional programmes;
 - (iii) complementarities and synergies between the funds covered by the Partnership Agreement, the AMIF, the ISF, the BMVI, and other Union instruments, including LIFE strategic integrated projects and strategic nature projects, and, where appropriate, projects funded under Horizon Europe;

- (c) the preliminary financial allocation from each of the funds covered by the Partnership Agreement by policy objective at national and where appropriate at regional level, respecting Fund-specific rules on thematic concentration and the preliminary financial allocation for the specific objective of the JTF, including any ERDF and ESF+ resources to be transferred to the JTF in accordance with Article 27;
- (d) the preliminary climate contribution target in accordance with Article 6(2);
- (e) where applicable, the breakdown of financial resources by category of region drawn up in accordance with Article 108(2) and the amounts of allocations proposed to be transferred pursuant to Articles 26 and 111, including a justification for such transfers;
- (f) for technical assistance, the choice of the Member State of the form of Union contribution pursuant to Article 36(3) and, where applicable, the preliminary financial allocation from each of the funds covered by the Partnership Agreement at national level and breakdown of financial resources by programme and category of region;
- (g) the amounts to be contributed to the InvestEU Programme by Fund and by category of region, where applicable;

- (h) the list of planned programmes under the funds covered by the Partnership Agreement with the respective preliminary financial allocations by fund and the corresponding national contribution by category of region, where applicable;
- (i) a summary of the actions which the Member State concerned plans to take to reinforce its administrative capacity of the implementation of the funds covered by the Partnership Agreement;
- (j) where appropriate, an integrated approach to address the demographic challenges or specific needs of regions and areas.

As regards the European territorial cooperation goal (Interreg), the Partnership Agreement shall only contain the list of planned programmes.

2. The Partnership Agreement may also contain a summary of the assessment of the fulfilment of relevant enabling conditions referred to in Article 15 and Annexes III and IV.

Article 12

Approval of the Partnership Agreement

1. The Commission shall assess the Partnership Agreement and its compliance with this Regulation and with the Fund-specific rules while respecting the principle of proportionality, taking into account the strategic nature of the document, the number of programmes covered and the total amount of resources allocated to the Member State concerned. In its assessment, the Commission shall, in particular, take into account how the Member State intends to address relevant country-specific recommendations, its integrated national energy and climate plan as well as the European Pillar of Social Rights.
2. The Commission may make observations within 3 months of the date of submission by the Member State of the Partnership Agreement.
3. The Member State shall review the Partnership Agreement, taking into account the observations made by the Commission.
4. The Commission shall adopt a decision by means of an implementing act approving the Partnership Agreement no later than 4 months after the date of first submission of that Partnership Agreement by the Member State concerned.
5. When the Partnership Agreement is included in a programme in accordance with Article 10(6), the Commission shall adopt a single decision by means of an implementing act approving both the Partnership Agreement and the programme no later than 6 months after the date of first submission of the programme by the Member State concerned.

Article 13
Amendment of the Partnership Agreement

1. A Member State may submit to the Commission by 31 March 2025 an amended Partnership Agreement, taking into account the outcome of the mid-term review.
2. The Commission shall assess the amendment and may make observations within 3 months of the submission of the amended Partnership Agreement.
3. The Member State shall review the amended Partnership Agreement, taking into account the observations made by the Commission.
4. The Commission shall approve the amendment of a Partnership Agreement no later than 6 months after its first submission by the Member State.

Article 14

Use of the ERDF, the ESF+, the Cohesion Fund and the EMFAF

delivered through the InvestEU Programme

1. Member States may allocate, in the Partnership Agreement, an amount of up to 2 % of the initial national allocation for the ERDF, the ESF+, the Cohesion Fund and the EMFAF, respectively, to be contributed to the InvestEU Programme and delivered through the EU guarantee and the InvestEU Advisory Hub in accordance with Article 10 of the InvestEU Regulation. Member States, with the agreement of the managing authority concerned, may further allocate an amount of up to 3 % of the initial national allocation of each of those Funds after 1 January 2023 through one or more programme amendment requests.

Such amounts shall contribute to the achievement of the policy objectives selected in the Partnership Agreement or the programme and shall support investments essentially in the category of contributing regions.

Such contributions shall be implemented in accordance with the rules established in the InvestEU Regulation and shall not constitute transfers of resources under Article 26.

2. Member States shall determine the total amount contributed for each year by Fund and by category of region, where applicable. For the Partnership Agreement, resources of the current and future calendar years may be allocated. Where a Member State requests an amendment of a programme, only resources of future calendar years may be allocated.

3. The amounts referred to in paragraph 1 of this Article shall be used for the provisioning of the part of the EU guarantee under the Member State compartment and for the InvestEU Advisory Hub upon conclusion of the contribution agreement in accordance with Article 10(3) of the InvestEU Regulation. The budgetary commitments of the Union in respect of each contribution agreement may be made by the Commission in annual instalments during the period between 1 January 2021 and 31 December 2027.
4. Notwithstanding Article 12 of the Financial Regulation, where a contribution agreement, as set out in Article 10(2) of the InvestEU Regulation, has not been concluded within 4 months of the date of the Commission decision adopting the Partnership Agreement, for an amount referred to in paragraph 1 of this Article allocated in the Partnership Agreement, the corresponding amount shall be allocated to a programme or programmes within the contributing Fund and category of region, where relevant following a request by the Member State.

The contribution agreement for the amounts referred to in paragraph 1 allocated in the request of the amendment of a programme shall be concluded simultaneously with the adoption of the decision amending the programme.

5. In accordance with the second subparagraph of Article 10(4) of the InvestEU Regulation, where a guarantee agreement has not been concluded within 9 months from the conclusion of the contribution agreement, the contribution agreement shall be terminated or prolonged by mutual agreement.

Where the participation of a Member State in the InvestEU Fund is discontinued, the amounts concerned paid into the common provisioning fund as a provisioning shall be recovered as internal assigned revenue pursuant to Article 21(5) of the Financial Regulation. The Member State concerned shall submit a request for one or more programme amendments to use the amounts recovered and the amounts allocated to future calendar years according to paragraph 2 of this Article. The termination or amendment of the contribution agreement shall be concluded simultaneously with the adoption of the decisions amending the programme or programmes concerned.

6. In accordance with the third subparagraph of Article 10(4) of the InvestEU Regulation, where a guarantee agreement has not been duly implemented within 4 years from the conclusion of the guarantee agreement, the contribution agreement shall be amended. The Member State may request that amounts contributed to the EU guarantee under paragraph 1 of this Article and committed in the guarantee agreement but not covering underlying loans, equity investments or other risk bearing instruments be treated in accordance with paragraph 5 of this Article.
7. Resources generated by or attributable to the amounts contributed to the EU guarantee shall be made available to the Member State in accordance with point (a) of Article 10(5) of the InvestEU Regulation and shall be used for support under the same objective or objectives in the form of financial instruments or budgetary guarantees.

8. For the amounts to be reused in a programme in accordance with paragraphs 4, 5 and 6 of this Article, the decommitment time limit as set out in Article 105(1) shall start in the year in which the corresponding budgetary commitments are made.

CHAPTER II

Enabling conditions and performance framework

Article 15

Enabling conditions

1. For the specific objectives, enabling conditions are laid down in this Regulation.

Annex III contains horizontal enabling conditions applicable to all specific objectives and the criteria necessary for the assessment of their fulfilment.

Annex IV contains thematic enabling conditions for the ERDF, the ESF+ and the Cohesion Fund and the criteria necessary for the assessment of their fulfilment.

The enabling condition regarding the tools and capacity for effective application of State aid rules shall not be applicable to programmes supported by the AMIF, the ISF or the BMVI.

2. When preparing a programme or introducing a new specific objective as part of a programme amendment, the Member State shall assess whether the enabling conditions linked to the selected specific objective are fulfilled. An enabling condition is fulfilled where all the related criteria are met. The Member State shall identify in each programme or in the programme amendment the fulfilled and non-fulfilled enabling conditions and shall provide a justification where it considers that an enabling condition has been fulfilled.
3. Where an enabling condition is not fulfilled at the time of approval of the programme or the programme amendment, the Member State shall inform the Commission as soon as it considers that the enabling condition has been fulfilled with a justification of the fulfilment.
4. The Commission shall, as soon as possible and no later than 3 months after receipt of the information referred to in paragraph 3, carry out an assessment and inform the Member State whether it agrees with the Member State regarding the fulfilment of the enabling condition.

Where the Commission disagrees with the Member State regarding the fulfilment of the enabling condition, it shall inform the Member State and set out its assessment.

Where the Member State disagrees with the Commission's assessment, it shall present its observations within 1 month and the Commission shall proceed in accordance with the first subparagraph.

Where the Member State accepts the Commission's assessment, it shall proceed in accordance with paragraph 3.

5. Without prejudice to Article 105, expenditure related to operations linked to the specific objective may be included in payment applications but shall not be reimbursed by the Commission until the Commission has informed the Member State of the fulfilment of the enabling condition pursuant to the first subparagraph of paragraph 4 of this Article.

The first subparagraph shall not apply to operations that contribute to the fulfilment of the corresponding enabling condition.

6. The Member State shall ensure that enabling conditions remain fulfilled and respected throughout the programming period. It shall inform the Commission of any modification impacting the fulfilment of enabling conditions.

Where the Commission considers that an enabling condition is no longer fulfilled, it shall inform the Member State setting out its assessment. Subsequently, the procedure set out in the second and third subparagraphs of paragraph 4 shall be followed.

Where the Commission concludes that the non-fulfilment of the enabling condition persists and without prejudice to Article 105, based on the observations of the Member State, expenditure related to the specific objective concerned may be included in payment applications but shall not be reimbursed by the Commission until the Commission has informed the Member State of the fulfilment of the enabling condition pursuant to the first subparagraph of paragraph 4 of this Article.

7. Annex IV shall not apply to priorities supported by the JTF or to any ERDF and ESF+ resources transferred to the JTF in accordance with Article 27.

Article 16

Performance framework

1. Each Member State shall establish a performance framework to allow monitoring, reporting on and evaluating programme performance during implementation of the programme, and to contribute to measuring the overall performance of the Funds.

The performance framework shall consist of:

- (a) output and result indicators linked to specific objectives set out in the Fund-specific Regulations selected for the programme;
 - (b) milestones to be achieved by the end of the year 2024 for output indicators; and
 - (c) targets to be achieved by the end of the year 2029 for output and result indicators.
2. Milestones and targets shall be established in relation to each specific objective within a programme, with the exception of technical assistance and of the specific objective addressing material deprivation set out in point (m) of Article 4(1) of the ESF+ Regulation.
 3. Milestones and targets shall allow the Commission and the Member State to measure progress towards the achievement of the specific objectives. They shall meet the requirements set out in Article 33(3) of the Financial Regulation.

Article 17

Methodology for the establishment of the performance framework

1. The methodology to establish the performance framework shall include:
 - (a) the criteria applied by the Member State to select indicators;
 - (b) data or evidence used, data quality assurance and the calculation method;
 - (c) factors that may influence the achievement of the milestones and targets and how they were taken into account.
2. The Member State shall make the methodology to establish the performance framework available to the Commission on request.

Article 18

Mid-term review and flexibility amount

1. For programmes supported by the ERDF, the ESF+, the Cohesion Fund and the JTF, the Member State shall review each programme, taking into account the following elements:
 - (a) the new challenges identified in relevant country-specific recommendations adopted in 2024;
 - (b) the progress in implementing the integrated national energy and climate plan, if relevant;

- (c) the progress in implementing the principles of the European Pillar of Social Rights;
 - (d) the socio-economic situation of the Member State or region concerned, with special emphasis on territorial needs, taking into account any major negative financial, economic or social development;
 - (e) the main results of relevant evaluations;
 - (f) the progress in achieving the milestones, taking into account major difficulties encountered in the implementation of the programme;
 - (g) for programmes supported by the JTF, the assessment carried out by the Commission, pursuant to point (b) of Article 29(1) of Regulation (EU) 2018/1999.
2. The Member State shall submit an assessment for each programme on the outcome of the mid-term review, including a proposal for the definitive allocation of the flexibility amount referred to in the second subparagraph of Article 86(1), to the Commission by 31 March 2025.
 3. If deemed necessary following the mid-term review of the programme or in the event that new challenges are identified pursuant to point (a) of paragraph 1, the Member State shall submit to the Commission the assessment referred to in paragraph 2 together with the amended programme.

The revisions shall include:

- (a) the allocations of the financial resources by priority;
- (b) revised or new targets;
- (c) the amounts to be contributed to the InvestEU Programme per Fund and per category of region, where applicable.

The Commission shall approve the revised programme in accordance with Article 24, including a definitive allocation of the flexibility amount.

4. Where, as a result of the mid-term review, the Member State considers that the programme does not need to be amended, the Commission shall either:
 - (a) adopt a decision within 3 months of the submission of the assessment referred to in paragraph 2 confirming the definitive allocation of the flexibility amount; or
 - (b) request the Member State within 2 months of the submission of the assessment referred to in paragraph 2 of this Article to submit an amended programme in accordance with Article 24.
5. Until the adoption of the Commission decision confirming the definitive allocation of the flexibility amount, this amount shall not be available for selection of operations.
6. The Commission shall prepare a report about the outcome of the mid-term review and submit it to the European Parliament and to the Council by the end of 2026.

CHAPTER III

Measures linked to sound economic governance and to exceptional or unusual circumstances

Article 19

Measures linking effectiveness of Funds to sound economic governance

1. The Commission may request a Member State to review and propose amendments of relevant programmes, where this is necessary to support the implementation of relevant Council Recommendations.

Such a request may be made for the following purposes:

- (a) to support the implementation of a relevant country-specific recommendation adopted in accordance with Article 121(2) TFEU and of a relevant Council recommendation adopted in accordance with Article 148(4) TFEU, addressed to the Member State concerned;
- (b) to support the implementation of relevant Council Recommendations addressed to the Member State concerned and adopted in accordance with Article 7(2) or 8(2) of Regulation (EU) No 1176/2011 of the European Parliament and of the Council¹ provided that these amendments are deemed necessary to help correct the macro-economic imbalances.

¹ Regulation (EU) No 1176/2011 of the European Parliament and of the Council of 16 November 2011 on the prevention and correction of macroeconomic imbalances (OJ L 306, 23.11.2011, p. 25).

2. A request by the Commission to a Member State in accordance with paragraph 1 shall be justified, with reference to the need to support the implementation of the relevant recommendations, and shall indicate the programmes or priorities which it considers are concerned and the nature of the amendments expected. Such a request shall not be made before 2023 or after 2026, nor in relation to the same programmes in two consecutive years.
3. The Member State shall submit its response to the request referred to in paragraph 1 within 2 months of its receipt, setting out the amendments it considers necessary in the relevant programmes, the reasons for such amendments, identifying the programmes concerned and outlining the nature of the amendments proposed and their expected effects on the implementation of recommendations and on the implementation of the Funds. If necessary, the Commission shall make observations within 1 month of the receipt of that response.
4. The Member State shall submit a proposal to amend the relevant programmes within 2 months of the date of submission of the response referred to in paragraph 3.
5. Where the Commission has not submitted observations or where it is satisfied that any observations submitted have been duly taken into account, it shall adopt a decision approving the amendments of the relevant programmes no later than 4 months after its submission by the Member State.

6. Where the Member State fails to take effective action in response to a request made in accordance with paragraph 1, within the deadlines set out in paragraphs 3 and 4, the Commission may, within 3 months, following its observations under paragraph 3 or following the submission of the proposal of the Member State under paragraph 4, make a proposal to the Council to suspend part or all of the payments for the programmes or priorities concerned. In its proposal, the Commission shall set out the grounds for concluding that the Member State has failed to take effective action. In making its proposal, the Commission shall take account of all relevant information, and shall give due consideration to any elements arising from and opinions expressed through the structured dialogue under paragraph 14.

The Council shall decide on that proposal by means of an implementing act. That implementing act shall only apply with respect to payment applications submitted after the date of the adoption of that implementing act.

7. The Commission shall make a proposal to the Council to suspend all or part of the commitments or payments for one or more of the programmes of a Member State where the Council decides in accordance with Article 126(8) or (11) TFEU that a Member State has not taken effective action to correct its excessive deficit, unless it has determined the existence of a severe economic downturn in the euro area or in the Union as a whole within the meaning of Articles 3(5) and 5(2) of Council Regulation (EC) No 1467/97¹.

¹ Council Regulation (EC) No 1467/97 of 7 July 1997 on speeding up and clarifying the implementation of the excessive deficit procedure (OJ L 209, 2.8.1997, p. 6).

8. The Commission may make a proposal to the Council to suspend all or part of the commitments or payments for one or more of the programmes of a Member State in the following cases:
- (a) where the Council adopts two successive recommendations in the same excessive imbalance procedure in accordance with Article 8(3) of Regulation (EU) No 1176/2011 on the grounds that a Member State has submitted an insufficient corrective action plan;
 - (b) where the Council adopts two successive decisions in the same excessive imbalance procedure in accordance with Article 10(4) of Regulation (EU) No 1176/2011 establishing non-compliance by a Member State on the grounds that it has not taken the recommended corrective action;
 - (c) where the Commission concludes that a Member State has not taken measures as referred to in Council Regulation (EC) No 332/2002¹ and as a consequence decides not to authorise the disbursement of the financial assistance granted to that Member State;

¹ Council Regulation (EC) No 332/2002 of 18 February 2002 establishing a facility providing medium-term financial assistance for Member States' balances of payments (OJ L 53, 23.2.2002, p. 1).

(d) where the Council decides that a Member State does not comply with the macro-economic adjustment programme referred to in Article 7 of Regulation (EU) No 472/2013 of the European Parliament and of the Council¹, or with the measures requested by a Council decision adopted in accordance with Article 136(1) TFEU.

9. Priority shall be given to the suspension of commitments. Payments shall be suspended only when immediate action is sought and in the case of significant non-compliance. The suspension of payments shall apply to payment applications submitted for the programmes concerned after the date of the decision to suspend.

10. A proposal by the Commission for a decision to suspend commitments shall be deemed adopted by the Council unless the Council decides, by means of an implementing act, to reject such a proposal by qualified majority within 1 month of the submission of the Commission proposal.

The suspension of commitments shall apply to the commitments from the Funds for the Member State concerned from 1 January of the year following the adoption of the decision to suspend.

The Council shall adopt a decision, by means of an implementing act, on a proposal by the Commission referred to in paragraphs 7 and 8 in relation to the suspension of payments.

¹ Regulation (EU) No 472/2013 of the European Parliament and of the Council of 21 May 2013 on the strengthening of economic and budgetary surveillance of Member States in the euro area experiencing or threatened with serious difficulties with respect to their financial stability (OJ L 140, 27.5.2013, p. 1).

11. The scope and level of the suspension of commitments or payments to be imposed shall be proportionate, respect the equality of treatment between Member States and take into account the economic and social circumstances of the Member State concerned, in particular the level of unemployment, the level of poverty or social exclusion in the Member State concerned compared to the Union average and the impact of the suspension on the economy of the Member State concerned. The impact of suspensions on programmes of critical importance to address adverse economic or social conditions shall be a specific factor to be taken into account.
12. The suspension of commitments shall be subject to a maximum of 25 % of the commitments relating to the next calendar year for the Funds or 0,25 % of nominal GDP, whichever is lower, in any of the following cases:
 - (a) in the first case of non-compliance with an excessive deficit procedure as referred to in paragraph 7;
 - (b) in the first case of non-compliance relating to a corrective action plan under an excessive imbalance procedure as referred to in point (a) of paragraph 8;
 - (c) in the case of non-compliance with the recommended corrective action pursuant to an excessive imbalance procedure as referred to in point (b) of paragraph 8;
 - (d) in the first case of non-compliance as referred to in points (c) and (d) of paragraph 8.

In the case of persistent non-compliance, the suspension of commitments may exceed the maximum percentages set out in the first subparagraph.

13. The Council shall lift the suspension of commitments on a proposal from the Commission in the following cases:
- (a) where the excessive deficit procedure is held in abeyance in accordance with Article 9 of Regulation (EC) No 1467/97 or the Council has decided in accordance with Article 126(12) TFEU to abrogate the decision on the existence of an excessive deficit;
 - (b) where the Council has endorsed the corrective action plan submitted by the Member State concerned in accordance with Article 8(2) of Regulation (EU) No 1176/2011 or the excessive imbalance procedure is placed in a position of abeyance in accordance with Article 10(5) of that Regulation or the Council has closed the excessive imbalance procedure in accordance with Article 11 of that Regulation;
 - (c) where the Commission has concluded that the Member State concerned has taken appropriate measures as referred to in Regulation (EC) No 332/2002;
 - (d) where the Commission has concluded that the Member State concerned has taken appropriate measures to implement the macroeconomic adjustment programme referred to in Article 7 of Regulation (EU) No 472/2013 or the measures requested by a Council decision adopted in accordance with Article 136(1) TFEU.

After the Council has lifted the suspension of commitments, the Commission shall re-budget the suspended commitments in accordance with Article 6 of Regulation (EU, Euratom) 2020/2093.

Suspended commitments may not be re-budgeted beyond the year 2027.

The decommitment time limit for the re-budgeted amount in accordance with Article 105 shall start from the year in which the suspended commitment has been re-budgeted.

A decision concerning the lifting of the suspension of payments shall be taken by the Council on a proposal by the Commission where the applicable conditions set out in the first subparagraph are fulfilled. A proposal by the Commission for a decision to lift the suspension of commitments shall be deemed adopted by the Council unless the Council decides, by means of an implementing act, to reject such a proposal by qualified majority within 1 month of the submission of the Commission proposal.

14. The Commission shall keep the European Parliament informed of the implementation of this Article. In particular, the Commission shall, when one of the conditions set out in paragraph 6, 7 or 8 is fulfilled for a Member State, immediately inform the European Parliament and provide details of the Funds and programmes which could be subject to a suspension.

The European Parliament may invite the Commission for a structured dialogue on the application of this Article, having regard to the transmission of the information referred to in the first subparagraph.

The Commission shall transmit the proposal for suspension or the proposal to lift such a suspension to the European Parliament and to the Council without delay after its adoption. The European Parliament may invite the Commission to explain the reasons for its proposal.

15. By 31 December 2025, the Commission shall carry out a review of the application of this Article. To that end, the Commission shall prepare a report which it shall transmit to the European Parliament and the Council, accompanied where necessary by a legislative proposal.
16. Where there are major changes in the social and economic situation in the Union, the Commission may submit a proposal to review the application of this Article, or the European Parliament or the Council, acting in accordance with Article 225 or 241 TFEU respectively, may request the Commission to submit such a proposal.
17. This Article shall not apply to the ESF+, the AMIF, the ISF, the BMVI or to Interreg programmes.

Article 20

*Temporary measures for the use of the Funds in response
to exceptional or unusual circumstances*

1. Where after ... [OJ: date of entry into force of this Regulation] the Council has recognised the occurrence of an unusual event outside the control of one or more Member States, which has a major impact on the financial position of the general government or a severe economic downturn for the euro area or the Union as a whole as referred to in the tenth subparagraph of Article 5(1), the fourth subparagraph of Article 6(3), the tenth subparagraph of Article 9(1) and the fourth subparagraph of Article 10(3) of Regulation (EC) No 1466/97¹ or the occurrence of unexpected adverse economic events with major unfavourable consequences for government finances as referred to in Articles 3(5) and 5(2) of Regulation (EC) No 1467/97, the Commission may, by means of an implementing decision and for a period of a maximum of 18 months, adopt one or more of the following measures provided that they are strictly necessary to respond to such exceptional or unusual circumstances:
 - (a) on request of one or more Member States concerned, increase interim payments by 10 percentage points above the co-financing rate applicable, not exceeding 100 %, by way of derogation from Article 112(3) and (4) of this Regulation, as well as from Article 40 of the EMFAF Regulation, Article 15 of the AMIF Regulation, Article 12 of the ISF Regulation and Article 12 of the BMVI Regulation;

¹ Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies (OJ L 209, 2.8.1997, p. 1).

- (b) allow the authorities of a Member State to select for support operations that have been physically completed or fully implemented before the application for the funding under the programme is duly submitted to the managing authority, by way of derogation from Article 63(6), provided that the operation is in response to the exceptional circumstances;
 - (c) provide that expenditure for operations in response to such circumstances may be eligible from the date on which the Council endorsed the occurrence of those circumstances, by way of derogation from Article 63(7);
 - (d) extend the deadlines for the submission of documents and the submission of data to the Commission by up to 3 months, by way of derogation from Articles 41(6), 42(1), 44(2) and the first subparagraph of Article 49(3).
2. The Commission shall keep the European Parliament and the Council informed of the implementation of this Article. When one of the conditions set out in paragraph 1 is fulfilled, the Commission shall immediately inform the European Parliament and the Council on its assessment of the situation and its envisaged follow-up.
3. The European Parliament or the Council may invite the Commission for a structured dialogue on the application of this Article. When assessing the situation and envisaging a follow-up, the Commission shall give due consideration to the positions taken and views expressed through the structured dialogue.

4. If after the period not exceeding 18 months, as referred to in paragraph 1, the specific circumstances that led to the adoption of these temporary measures persist, the Commission shall reassess the situation and put forward a legislative proposal, as appropriate, amending this Regulation, providing for the necessary flexibility to address these circumstances.
5. The Commission shall inform the European Parliament and the Council of the implementing decision adopted under paragraph 1 without delay, at the latest within 2 working days of its adoption.

TITLE III

PROGRAMMING

CHAPTER I

General provisions on the Funds

Article 21

Preparation and submission of programmes

1. Member States shall prepare, in cooperation with the partners referred to in Article 8(1), programmes to implement the Funds for the period from 1 January 2021 to 31 December 2027.

2. Member States shall submit programmes to the Commission no later than 3 months after the submission of the Partnership Agreement. For the AMIF, the ISF and the BMVI, Member States shall submit programmes to the Commission no later than 3 months after the entry into force of this Regulation or the relevant fund-specific Regulation, whichever is later.

3. Member States shall prepare programmes in accordance with the programme template set out in Annex V.

For the AMIF, the ISF and the BMVI, Member States shall prepare programmes in accordance with the programme template set out in Annex VI.

4. Where an environmental report is prepared in accordance with Directive 2001/42/EC of the European Parliament and of the Council¹, it shall be published on the programme website referred to in Article 49(1) of this Regulation.

Article 22

Content of programmes

1. Each programme shall set out a strategy for the contribution of the programme to the policy objectives or to the specific objective of the JTF and the communication of its results.

¹ Directive 2001/42/EC of the European Parliament and of the Council of 27 June 2001 on the assessment of the effects of certain plans and programmes on the environment (OJ L 197, 21.7.2001, p. 30).

2. A programme shall consist of one or more priorities. Each priority shall correspond to a single policy objective, the specific objective of the JTF, or to technical assistance implemented pursuant to Article 36(4) or Article 37. A priority may use support from one or more Funds unless it receives support from the JTF or concerns technical assistance implemented pursuant to Article 36(4) or Article 37. A priority corresponding to a policy objective shall consist of one or more specific objectives. More than one priority may correspond to the same policy objective or to the specific objective of the JTF.

For programmes supported by the AMIF, the ISF and the BMVI, a programme shall use support from one Fund and consist of specific objectives and of technical assistance specific objectives.

3. Each programme shall set out:
 - (a) a summary of the main challenges, taking into account:
 - (i) economic, social and territorial disparities as well as inequalities, except for programmes supported by the EMFAF;
 - (ii) market failures;
 - (iii) investment needs and complementarity and synergies with other forms of support;

- (iv) challenges identified in relevant country-specific recommendations, relevant national or regional strategies of that Member State, including its integrated national energy and climate plan, in relation to the principles of the European Pillar of Social Rights and, for the AMIF, the ISF and the BMVI, other relevant Union recommendations addressed to the Member State;
- (v) challenges in administrative capacity and governance and simplification measures;
- (vi) an integrated approach to address demographic challenges, where relevant;
- (vii) lessons learnt from past experience;
- (viii) macro-regional strategies and sea-basin strategies where Member States and regions participate in such strategies;
- (ix) for programmes supported by the AMIF, the ISF and the BMVI, progress in implementing the relevant Union acquis and action plans and a justification for the choice of specific objectives;
- (x) for programmes supported by the JTF, transition challenges identified in the territorial just transition plans ;

Points (i), (ii) and (viii) shall not apply to programmes supported by the AMIF, the ISF or the BMVI.

- (b) a justification for the selected policy objectives, corresponding priorities, specific objectives and the forms of support;
- (c) for each priority, except for technical assistance, specific objectives;
- (d) for each specific objective:
 - (i) the related types of actions and their expected contribution to those specific objectives, to macro-regional strategies, sea-basin strategies, and to territorial just transition plans supported by the JTF, where appropriate;
 - (ii) output indicators and result indicators with the corresponding milestones and targets;
 - (iii) the main target groups;
 - (iv) actions safeguarding equality, inclusion and non-discrimination;
 - (v) indication of the specific territories targeted, including the planned use of integrated territorial investment, community-led local development or other territorial tools;
 - (vi) the interregional, cross-border and transnational actions with beneficiaries located in at least one other Member State or outside the Union, where relevant;

- (vii) the planned use of financial instruments;
 - (viii) the types of intervention and an indicative breakdown of the programmed resources by type of intervention;
 - (ix) for the specific objective of the JTF, the justification of any amounts transferred from the ERDF and the ESF+ resources in accordance with Article 27, as well as their breakdown by category of region, reflecting the types of interventions planned in accordance with the territorial just transition plans;
- (e) for each priority on technical assistance implemented pursuant to Article 36(4):
- (i) the related types of actions;
 - (ii) output indicators with the corresponding milestones and targets;
 - (iii) the main target groups;
 - (iv) the types of intervention and an indicative breakdown of the programmed resources by type of intervention;
- (f) the planned use of technical assistance pursuant to Article 37, if applicable, and relevant types of intervention;

- (g) a financing plan containing:
 - (i) a table specifying the total financial allocations for each of the Funds and, where applicable, for each category of region for the whole programming period and by year, including any amounts transferred pursuant to Article 26 or 27;
 - (ii) for programmes supported by ERDF, the ESF+, the Cohesion Fund and the JTF, a table specifying the total financial allocations for each priority by Fund and by category of region, where applicable, and the national contribution and whether it is made up of public or private contribution, or both;
 - (iii) for programmes supported by the EMFAF, a table specifying for each specific objective, the amount of the total financial allocations of the support from the Fund and the national contribution;
 - (iv) for programmes supported by the AMIF, the ISF and the BMVI, a table specifying, by specific objective, the total financial allocations by type of action, the national contribution and whether it is made up of public or private contribution, or both;
- (h) the actions taken to involve the relevant partners referred to in Article 8(1) in the preparation of the programme, and the role of those partners in the implementation, monitoring and evaluation of the programme;

- (i) for each enabling condition linked to the selected specific objective, established in accordance with Article 15 and Annexes III and IV, an assessment of whether the enabling condition is fulfilled at the date of submission of the programme;
- (j) the envisaged approach to communication and visibility for the programme through defining its objectives, target audiences, communication channels, including social media outreach, where appropriate, planned budget and relevant indicators for monitoring and evaluation;
- (k) the programme authorities and the body or, in case of technical assistance pursuant to Article 36(5), where applicable, bodies which receive payments from the Commission.

Points (a)(i), (ii) and (viii) of this paragraph shall not apply to programmes limited to supporting the specific objective set out in point (m) of Article 4(1) of the ESF+ Regulation. Point (d) of this paragraph shall not apply to the specific objective set out in point (m) of Article 4(1) of the ESF+ Regulation.

For the ERDF, the Cohesion Fund, the ESF+, the JTF and the EMFAF, the programme shall be accompanied for information purposes by a list of planned operations of strategic importance, with a timetable.

If, in accordance with point (k), more than one body is identified to receive payments from the Commission, the Member State shall set out the share of the reimbursed amounts between those bodies.

4. By way of derogation from point (b) to (e) of paragraph 3, for each specific objective of programmes supported by the AMIF, the ISF and the BMVI, the following shall be provided:
 - (a) a description of the initial situation, challenges and responses supported by the Fund;
 - (b) indication of the implementation measures;
 - (c) an indicative list of actions and their expected contribution to the specific objectives;
 - (d) where applicable, a justification for the operating support, specific actions, emergency assistance, and actions as referred to in Articles 19 and 20 of the AMIF Regulation;
 - (e) output and result indicators with the corresponding milestones and targets;
 - (f) an indicative breakdown of the programmed resources by type of intervention.
5. Types of intervention shall be based on a nomenclature set out in Annex I. For programmes supported by the EMFAF, the AMIF, the ISF and the BMVI, types of intervention shall be based on a nomenclature set out in the Fund-specific Regulations.
6. For ERDF, ESF+, Cohesion Fund and JTF programmes, the table referred to in point (g)(ii) of paragraph 3 shall include the amounts for the years 2021 to 2027, including the flexibility amount.

7. The Member State shall communicate to the Commission any changes in the information referred to in point (k) of the first subparagraph of paragraph (3) without requiring a programme amendment.
8. For programmes supported by the JTF, Member States shall submit to the Commission the territorial just transition plans as part of the programme or programmes or of a request for amendment.

Article 23

Approval of programmes

1. The Commission shall assess the programme and its compliance with this Regulation and with the Fund-specific Regulations, as well as, for the ERDF, the ESF+, the Cohesion Fund, the JTF and the EMFAF, its consistency with the relevant Partnership Agreement. In its assessment, the Commission shall, in particular, take into account relevant country-specific recommendations, relevant challenges identified in the integrated national energy and climate plan, and the principles of the European Pillar of Social Rights, and the way they are addressed.
2. The Commission may make observations within 3 months of the date of submission of the programme by the Member State.
3. The Member State shall review the programme, taking into account the observations made by the Commission.

4. The Commission shall adopt a decision by means of an implementing act approving the programme no later than 5 months after the date of the first submission of the programme by the Member State.

Article 24

Amendment of programmes

1. The Member State may submit a reasoned request for an amendment of a programme, together with the amended programme, setting out the expected impact of that amendment on the achievement of the objectives.
2. The Commission shall assess the amendment and its compliance with this Regulation and with the Fund-specific Regulations, including requirements at national level, and may make observations within 2 months of the submission of the amended programme.
3. The Member State shall review the amended programme, taking into account the observations made by the Commission.
4. The Commission shall adopt a decision approving the amendment of a programme no later than 4 months after its submission by the Member State.

5. For programmes supported by the ERDF, the ESF+, the Cohesion Fund and the JTF, the Member State may transfer during the programming period an amount of up to 8 % of the initial allocation of a priority and no more than 4 % of the programme budget to another priority of the same Fund of the same programme. For programmes supported by the ERDF, the ESF+ and the JTF, the transfer shall only concern allocations for the same category of region.

For programmes supported by the EMFAF, the Member State may transfer during the programming period an amount of up to 8 % of the initial allocation of a specific objective to another specific objective, including technical assistance implemented pursuant to Article 36(4).

For programmes supported by the AMIF, the ISF and the BMVI, the Member State may transfer during the programming period allocations between types of actions within the same priority and, in addition, an amount of up to 15 % of the initial allocation of a priority to another priority of the same Fund.

Such transfers shall not affect previous years. The transfers and related changes shall be considered to be not substantial and shall not require a decision of the Commission approving the amendment of the programme. They shall however, comply with all regulatory requirements and shall be approved by the monitoring committee in advance pursuant to point (d) of Article 40(2). The Member State shall submit to the Commission the amended table referred to under points (g)(ii), (iii) or (iv) of Article 22(3), as applicable, together with any related changes in the programme.

6. The approval of the Commission shall not be required for corrections of a purely clerical or editorial nature that do not affect the implementation of the programme. Member States shall inform the Commission of such corrections.
7. For programmes supported by the EMFAF, amendments of the programmes relating to the introduction of indicators shall not require the approval of the Commission.

Article 25

Joint support from the ERDF, the ESF+, the Cohesion Fund and the JTF

1. The ERDF, the ESF+, the Cohesion Fund and the JTF may jointly provide support for programmes under the Investment for jobs and growth goal.
2. The ERDF and the ESF+ may finance, in a complementary manner and subject to a limit of 15 % of support from those Funds for each priority of a programme, all or part of an operation for which the costs are eligible for support from the other Fund on the basis of eligibility rules applied to that Fund, provided that such costs are necessary for the implementation. That option shall not apply to any resources of the ERDF and the ESF+ that are transferred to the JTF in accordance with Article 27.

Article 26
Transfer of resources

1. Member States may request, in the Partnership Agreement or in a request for an amendment of a programme if agreed by the monitoring committee of the programme pursuant to point (d) of Article 40(2), the transfer of up to 5 % of the initial national allocation of each Fund to any other instrument under direct or indirect management, where such possibility is provided for in the basic act of such an instrument.

The sum of the transfers referred to in the first subparagraph of this paragraph and the contributions in accordance with the first subparagraph of Article 14(1) shall not exceed 5 % of the initial national allocation of each Fund.

Member States may also request in the Partnership Agreement or in the request for an amendment of a programme the transfer of up to 5 % of the initial national allocation of each Fund to another Fund or Funds, except for transfers which are set out in the fourth subparagraph.

Member States may also request in the Partnership Agreement or in the request for an amendment of a programme an additional transfer of up to 20 % of the initial national allocation by Fund between the ERDF, the ESF+ or the Cohesion Fund within the Member State's global resources under the Investment for jobs and growth goal. The Member States whose average total unemployment rate for the period 2017-2019 is under 3 % may request such an additional transfer of up to 25 % of the initial national allocation.

2. Transferred resources shall be implemented in accordance with the rules of the Fund or the instrument to which the resources are transferred and, in the case of transfers to instruments under direct or indirect management, for the benefit of the Member State concerned.
3. Requests for an amendment of a programme shall set out the total amount transferred for each year by Fund and by category of region, where applicable, shall be duly justified with a view to the complementarities and impact to be achieved, and shall be accompanied by the amended programme or programmes in accordance with Article 24.
4. After consultation with the Member State concerned, the Commission shall object to a request for transfer in the related programme amendment where such a transfer would undermine the achievement of the objectives of the programme from which the resources are to be transferred.

The Commission shall also object to the request where it considers that the Member State has not provided an adequate justification for the transfer with regard to the results to be achieved or the contribution to be made to the objectives of the receiving Fund or instrument in direct or indirect management.

5. Where the request for transfer concerns an amendment of a programme, only resources of future calendar years may be transferred.

6. JTF resources, including any resources transferred from the ERDF and the ESF+ in accordance with Article 27, shall not be transferable to other Funds or instruments pursuant to paragraphs 1 to 5 of this Article.

The JTF shall not receive transfers pursuant to paragraphs 1 to 5.

7. Where the Commission has not entered into a legal commitment under direct or indirect management for resources transferred in accordance with paragraph 1, the corresponding uncommitted resources may be transferred back to the Fund from which they have been initially transferred and allocated to one or more programmes.

To this end, the Member State shall submit a request for a programme amendment in accordance with Article 24(1), at the latest 4 months before the time limit for commitments set out in the first subparagraph of Article 114(2) of the Financial Regulation.

8. Resources transferred back to the Fund from which they have been initially transferred and allocated to one or more programmes shall be implemented in accordance with the rules set out in this Regulation and the Fund-specific Regulations as from the date of submission of the request for programme amendment.
9. For the resources transferred back to the Fund from which they have been initially transferred and allocated to a programme in accordance with paragraph 7 of this Article, the decommitment time limit as defined in Article 105(1) shall start in the year in which the corresponding budgetary commitments are made.

Article 27

Transfer of resources from the ERDF and the ESF+ to the JTF

1. Member States may request on a voluntary basis that the amount of resources available for the JTF under the Investment for jobs and growth goal in accordance with Article 3 of the JTF Regulation be complemented with resources from the ERDF, the ESF+ or a combination thereof, of the category of region where the territory concerned is located. The total of the ERDF and the ESF+ resources transferred to the JTF shall not exceed three times the amount of the JTF allocation referred to in point (g) of Article 110(1). The resources transferred from either the ERDF or the ESF+ shall not exceed 15 % of the respective ERDF and ESF+ allocation to the Member State concerned. Member States shall set out in those requests the total amount transferred for each year by category of region.
2. The respective transfers from the ERDF and the ESF+ resources to the priority or priorities supported by the JTF shall reflect the types of interventions in accordance with the information set out in the programme pursuant to point (d)(ix) of Article 22(3). Such transfers shall be considered to be definitive.
3. The JTF resources, including the resources transferred from the ERDF and the ESF+, shall be implemented in accordance with the rules set out in this Regulation and in the JTF Regulation. The rules set out in the ERDF and CF Regulation and in the ESF+ Regulation shall not apply to the ERDF and ESF+ resources transferred in accordance with paragraph 1.

CHAPTER II

Territorial development

Article 28

Integrated territorial development

Where a Member State supports integrated territorial development, it shall do so through territorial or local development strategies in any of the following forms:

- (a) integrated territorial investments;
- (b) community-led local development; or
- (c) another territorial tool supporting initiatives designed by the Member State.

Where implementing territorial or local development strategies under more than one Fund, the Member State shall ensure coherence and coordination among the Funds concerned.

Article 29

Territorial strategies

1. Territorial strategies implemented pursuant to point (a) or (c) of Article 28 shall contain the following elements:
 - (a) the geographical area covered by the strategy;

- (b) an analysis of the development needs and the potential of the area, including economic, social and environmental interlinkages;
- (c) a description of an integrated approach to address the identified development needs and the potential of the area;
- (d) a description of the involvement of partners in accordance with Article 8 in the preparation and in the implementation of the strategy.

They may also contain a list of operations to be supported.

2. Territorial strategies shall be under the responsibility of the relevant territorial authorities or bodies. Existing strategic documents concerning the covered areas may be used for territorial strategies.
3. Where the list of operations to be supported has not been included in the territorial strategy, the relevant territorial authorities or bodies shall select or shall be involved in the selection of operations.
4. When preparing territorial strategies, the authorities or bodies referred to in paragraph 2 shall cooperate with relevant managing authorities, in order to determine the scope of operations to be supported under the relevant programme.

Selected operations shall comply with the territorial strategy.

5. Where a territorial authority or body carries out tasks falling under the responsibility of the managing authority other than the selection of operations, the authority shall be identified by the managing authority as an intermediate body.
6. Support may be provided for the preparation and design of territorial strategies.

Article 30

Integrated territorial investment

Where a territorial strategy referred to in Article 29 involves investments that receive support from one or more Funds, from more than one programme or from more than one priority of the same programme, actions may be carried out as an integrated territorial investment.

Article 31

Community-led local development

1. Where a Member State considers it appropriate pursuant to Article 28, the ERDF, the ESF+, the JTF and the EMFAF shall support community-led local development.
2. The Member State shall ensure that community-led local development is:
 - (a) focused on subregional areas;
 - (b) led by local action groups composed of representatives of public and private local socio-economic interests, in which no single interest group controls the decision-making;

- (c) carried out through strategies in accordance with Article 32;
 - (d) supportive of networking, accessibility, innovative features in the local context and, where appropriate, cooperation with other territorial actors.
3. Where support to strategies referred to in point (c) of paragraph 2 is available from more than one Fund, the relevant managing authorities shall organise a joint call for selection of those strategies and establish a joint committee for all the Funds concerned to monitor the implementation of those strategies. The relevant managing authorities may choose one of the Funds concerned to support all preparatory, management and animation costs referred to in points (a) and (c) of Article 34(1) related to those strategies.
 4. Where the implementation of such a strategy involves support from more than one Fund, the relevant managing authorities may choose one of the Funds concerned as the Lead Fund.
 5. While respecting the scope and the eligibility rules of each fund involved in supporting the strategy, the rules of the Lead Fund shall apply to that strategy. The authorities of other funds shall rely on decisions and management verifications made by the competent authority of the Lead Fund.
 6. The authority of the Lead Fund shall provide the authorities of other Funds with information necessary to monitor and make payments in accordance with the rules set out in the Fund-specific Regulations.

Article 32

Community-led local development strategies

1. The relevant managing authorities shall ensure that each strategy referred to in point (c) of Article 31(2) sets out the following elements:
 - (a) the geographical area and population covered by that strategy;
 - (b) the community involvement process in the development of that strategy;
 - (c) an analysis of the development needs and potential of the area;
 - (d) the objectives of that strategy, including measurable targets for results, and related planned actions;
 - (e) the management, monitoring and evaluation arrangements, demonstrating the capacity of the local action group to implement that strategy;
 - (f) a financial plan, including the planned allocation from each Fund, and also, where appropriate, the planned allocation from the EAFRD and each programme concerned.

It may also contain types of measures and operations to be financed by each affected Fund.

2. The relevant managing authorities shall define criteria for the selection of those strategies, set up a committee to carry out this selection and approve the strategies selected by that committee.

3. The relevant managing authorities shall complete the first round of selection of strategies and ensure the local action groups selected can fulfil their tasks set out in Article 33(3) within 12 months of the date of the decision approving the programme or, in the case of strategies supported by more than one Fund, within 12 months of the date of the decision approving the last programme concerned.
4. The decision approving a strategy shall set out the allocation of each Fund and programme concerned and set out the responsibilities for the management and control tasks under the programme or programmes.

Article 33

Local action groups

1. Local action groups shall design and implement the strategies referred to in point (c) of Article 31(2).
2. The managing authorities shall ensure that the local action groups are inclusive, and that they either select one partner within the group as a lead partner in administrative and financial matters or come together in a legally constituted common structure.
3. The following tasks shall be carried out exclusively by the local action groups:
 - (a) building the capacity of local actors to develop and implement operations;

- (b) drawing up a non-discriminatory and transparent selection procedure and criteria, which avoids conflicts of interest and ensures that no single interest group controls selection decisions;
 - (c) preparing and publishing calls for proposals;
 - (d) selecting operations and fixing the amount of support and presenting the proposals to the body responsible for final verification of eligibility before approval;
 - (e) monitoring progress towards the achievement of objectives of the strategy;
 - (f) evaluating the implementation of the strategy.
4. Where local action groups carry out tasks not covered by paragraph 3 that fall under the responsibility of the managing authority, or of the paying agency where the EAFRD is selected as a Lead Fund, these local action groups shall be identified by the managing authority as intermediate bodies in accordance with the Fund-specific rules.
5. The local action group may be a beneficiary and may implement operations in accordance with the strategy, provided that the local action group ensures that the principle of separation of functions is respected.

Article 34

Support from Funds for community-led local development

1. The Member State shall ensure that support from the Funds for community-led local development covers:
 - (a) capacity building and preparatory actions supporting the design and future implementation of the strategy;
 - (b) the implementation of operations, including cooperation activities and their preparation, selected under the strategy;
 - (c) the management, monitoring and evaluation of the strategy and its animation, including the facilitation of exchanges between stakeholders;
2. The support referred to under point (a) of paragraph 1 shall be eligible regardless of whether the strategy is subsequently selected for funding.

The support referred to under point (c) of paragraph 1 shall not exceed 25 % of the total public contribution to the strategy.

CHAPTER III

Technical assistance

Article 35

Technical assistance at the initiative of the Commission

1. At the initiative of the Commission, the Funds may support preparatory, monitoring, control, audit, evaluation, communication including corporate communication on the political priorities of the Union, visibility and all administrative and technical assistance actions necessary for the implementation of this Regulation and, where appropriate, with third countries.
2. The actions referred to in paragraph 1 may include in particular:
 - (a) assistance for project preparation and appraisal;
 - (b) support for institutional strengthening and administrative capacity-building for the effective management of the Funds;
 - (c) studies linked to the Commission's reporting on the Funds and the cohesion report;
 - (d) measures related to the analysis, management, monitoring, information exchange and implementation of the Funds, as well as measures relating to the implementation of control systems and technical and administrative assistance;

- (e) evaluations, expert reports, statistics and studies, including those of a general nature, concerning the current and future operation of the Funds;
- (f) actions to disseminate information, support networking where appropriate, carry out communication activities with particular attention to the results and added value of support from the Funds, and to raise awareness and promote cooperation and exchange of experience, including with third countries;
- (g) the installation, operation and interconnection of computerised systems for management, monitoring, audit, control and evaluation;
- (h) actions to improve evaluation methods and the exchange of information on evaluation practices;
- (i) actions related to auditing;
- (j) the strengthening of national and regional capacity regarding investment planning, funding needs, preparation, design and implementation of financial instruments, joint action plans and major projects;
- (k) the dissemination of good practices in order to assist Member States to strengthen the capacity of the relevant partners referred to in Article 8(1) and their umbrella organisations.

3. The Commission shall dedicate at least 15 % of the resources for technical assistance at the initiative of the Commission to the delivery of greater efficiency in communication to the public and stronger synergies between the communication activities undertaken at the initiative of the Commission, by extending the knowledge base about results, in particular through more effective data collection and dissemination, evaluations and reporting, and especially by highlighting the contribution of the Funds to improving the lives of citizens, and by increasing the visibility of support from the Funds as well as by raising awareness about the results and the added value of such support. Information, communication and visibility measures on results and added value of support from the Funds, with particular focus on operations, shall be continued after the closure of the programmes, where appropriate. Such measures shall also contribute to the corporate communication of the political priorities of the Union as far as they are related to the general objectives of this Regulation.
4. The actions referred to in paragraph 1 may cover previous and subsequent programming periods.
5. The Commission shall set out its plans when a contribution from the Funds is envisaged in accordance with Article 110 of the Financial Regulation.
6. Depending on the purpose, the actions referred to in this Article may be financed either as operational or administrative expenditure.

7. In accordance with point (a) of the second subparagraph of Article 193(2) of the Financial Regulation, in duly justified cases specified in the financing decision and for a limited period, technical assistance actions at the initiative of the Commission supported under this Regulation in direct management and the underlying costs may be considered to be eligible from 1 January 2021, even if these actions were implemented and incurred before the grant application was submitted.

Article 36

Technical assistance of Member States

1. At the initiative of a Member State, the Funds may support actions, which may concern previous and subsequent programming periods, necessary for the effective administration and use of those Funds, including for the capacity building of the partners referred to in Article 8(1), as well as to provide financing for carrying out, inter alia, functions such as preparation, training, management, monitoring, evaluation, visibility and communication.

The amounts for technical assistance under this Article and Article 37 shall not be taken into account for the purposes of thematic concentration in accordance with the fund-specific rules.

2. Each Fund may support technical assistance actions eligible under any of the other Funds.
3. The Union contribution for technical assistance in a Member State shall be made either pursuant to point (b) or (e) of Article 51.

The Member State shall indicate its choice of the form of Union contribution for technical assistance in the Partnership Agreement in accordance with Annex II. That choice shall apply to all programmes in the Member State concerned for the entire programming period and cannot be modified subsequently.

For programmes supported by the AMIF, the ISF and the BMVI and for Interreg programmes the Union contribution for technical assistance shall be made only pursuant to point (e) of Article 51.

4. Where the Union contribution for technical assistance in a Member State is reimbursed pursuant to point (b) of Article 51, the following elements shall apply:
 - (a) technical assistance takes the form of a priority relating to one single Fund in one or more programmes, or of a specific programme, or a combination thereof;
 - (b) the amount of the Funds allocated to technical assistance is limited to the following:
 - (i) for the ERDF support under the Investment for jobs and growth goal: 3,5 %;
 - (ii) for the Cohesion Fund support: 2,5 %;
 - (iii) for the ESF+ support: 4 % and for programmes under point (m) of Article 4(1) of the ESF+ Regulation: 5 %;
 - (iv) for the JTF support: 4 %;

- (v) for the ERDF, the ESF+ and the Cohesion Fund, where the total amount allocated to a Member State under the Investment for jobs and growth goal does not exceed EUR 1 billion: 6 %;
- (vi) for the EMFAF support: 6 %;
- (vii) for programmes under the Investment for jobs and growth goal that concern only the outermost regions, the percentage shall be increased by 1 percentage point.

5. Where the Union contribution for technical assistance is reimbursed pursuant to point (e) of Article 51, the following elements shall apply:

- (a) the amount of the Funds allocated to technical assistance is identified as part of the financial allocations of each priority of the programme in accordance with point (g)(ii) of Article 22(3), and for the EMFAF, each specific objective in accordance with point (g)(iii) of that paragraph; it does not take the form of a separate priority or a specific programme except for programmes supported by the AMIF, the ISF or the BMVI, for which it takes the form of a specific objective;

- (b) the reimbursement is made, by applying the percentages set out in points (i) to (vii) to the eligible expenditure included in each payment application pursuant to points (a) or (c) of Article 91(3) as appropriate and from the same fund to which the eligible expenditure is reimbursed, to one or more bodies which receive payments from the Commission in accordance with point (k) of Article 22(3);
- (i) for the ERDF support under the Investment for jobs and growth goal: 3,5 %;
 - (ii) for the Cohesion Fund support: 2,5 %;
 - (iii) for the ESF+ support: 4 % and for programmes under point (m) of Article 4(1) of the ESF+ Regulation: 5 %;
 - (iv) for the JTF support: 4 %;
 - (v) for the ERDF, the ESF+ and the Cohesion Fund, where the total amount allocated to a Member State under the Investment for jobs and growth goal does not exceed EUR 1 billion, the percentage reimbursed for technical assistance: 6 %;
 - (vi) for the EMFAF, the AMIF, the ISF and the BMVI support: 6 %;
 - (vii) for programmes under the Investment for jobs and growth goal that concern only the outermost regions, the percentage shall be increased by 1 percentage point;

- (c) the amounts allocated to technical assistance identified in the programme correspond to the percentages set out in points (i) to (vi) of point (b) for each priority and fund.
6. Specific rules for technical assistance for Interreg programmes shall be set out in the Interreg Regulation.

Article 37

Financing not linked to costs for technical assistance of Member States

In addition to Article 36, the Member State may propose to undertake additional technical assistance actions to reinforce the capacity and efficiency of public authorities and bodies, beneficiaries and relevant partners necessary for the effective administration and use of the Funds.

Support for such actions shall be implemented by financing not linked to costs in accordance with Article 95. Such support may also take the form of a specific programme.

TITLE IV
MONITORING, EVALUATION, COMMUNICATION
AND VISIBILITY

CHAPTER I
Monitoring

Article 38

Monitoring committee

1. Each Member State shall set up a committee to monitor the implementation of the programme ('monitoring committee'), after consulting the managing authority, within 3 months of the date of notification to the Member State concerned of the decision approving the programme.

The Member State may set up a single monitoring committee to cover more than one programme.

2. Each monitoring committee shall adopt its rules of procedure, including provisions regarding the prevention of any conflict of interest and the application of the principle of transparency.

3. The monitoring committee shall meet at least once a year and shall review all issues that affect the progress of the programme towards achieving its objectives.
4. The rules of procedure of the monitoring committee and the data and information shared with the monitoring committee shall be published on the website referred to in Article 49(1), without prejudice to Article 69(5).
5. Paragraphs 1 to 4 of this Article shall not apply to programmes limited to the specific objective set out in point (m) of Article 4(1) of the ESF+ Regulation and related technical assistance.

Article 39

Composition of the monitoring committee

1. Each Member State shall determine the composition of the monitoring committee and shall ensure a balanced representation of the relevant Member State authorities and intermediate bodies and of representatives of the partners referred to in Article 8(1) through a transparent process.

Each member of the monitoring committee shall have a vote. The rules of procedures shall regulate the exercise of the voting right and the details on the procedure in the monitoring committee in accordance with the institutional, legal and financial framework of the Member State concerned.

The rules of procedure may allow non-members, including the EIB, to participate in the work of the monitoring committee.

The monitoring committee shall be chaired by a representative of the Member State or of the managing authority.

The list of the members of the monitoring committee shall be published on the website referred to in Article 49(1).

2. Representatives of the Commission shall participate in the work of the monitoring committee in a monitoring and an advisory capacity.
3. For the AMIF, the ISF and the BMVI, relevant decentralised agencies may participate in the work of the monitoring committee.

Article 40

Functions of the monitoring committee

1. The monitoring committee shall examine:
 - (a) the progress in programme implementation and in achieving the milestones and targets;
 - (b) any issues that affect the performance of the programme and the measures taken to address those issues;

- (c) the contribution of the programme to tackling the challenges identified in the relevant country-specific recommendations that are linked to the implementation of the programme;
- (d) the elements of the *ex ante* assessment listed in Article 58(3) and the strategy document referred to in Article 59(1);
- (e) the progress made in carrying out evaluations, syntheses of evaluations and any follow-up given to findings;
- (f) the implementation of communication and visibility actions;
- (g) the progress in implementing operations of strategic importance, where relevant;
- (h) the fulfilment of enabling conditions and their application throughout the programming period;
- (i) the progress in administrative capacity building for public institutions, partners and beneficiaries, where relevant.
- (j) information regarding the implementation of the contribution of the programme to the InvestEU Programme in accordance with Article 14 or of the resources transferred in accordance with Article 26, where applicable.

As regards the programmes supported by the EMFAF, the monitoring committee shall be consulted and shall, if it considers it appropriate, give an opinion on any amendment of the programme proposed by the managing authority.

2. The monitoring committee shall approve:
 - (a) the methodology and criteria used for the selection of operations, including any changes thereto, without prejudice to points (b), (c) and (d) of Article 33(3); at the request of the Commission, the methodology and criteria used for the selection of operations, including any changes thereto, shall be submitted to the Commission at least 15 working days prior to their submission to the monitoring committee.
 - (b) the annual performance reports for programmes supported by the AMIF, the ISF and the BMVI, and the final performance report for programmes supported by the ERDF, the ESF+, the Cohesion Fund, the JTF and the EMFAF.
 - (c) the evaluation plan and any amendment thereto;
 - (d) any proposal by the managing authority for the amendment of a programme including for transfers in accordance with Article 24(5) and Article 26, with the exception of programmes supported by the EMFAF.
3. The monitoring committee may make recommendations to the managing authority, including on measures to reduce the administrative burden for beneficiaries.

Article 41

Annual performance review

1. Review meetings shall be organised once a year between the Commission and each Member State to examine the performance of each programme. Relevant managing authorities shall participate in the review meetings.

The review meeting may cover more than one programme.

The review meeting shall be chaired by the Commission or, if the Member State so requests, co-chaired by the Member State and the Commission.

2. By way of derogation from the first subparagraph of paragraph 1, for programmes supported by the AMIF, the ISF and the BMVI, the review meeting shall be organised at least twice during the programming period.

3. For programmes supported by the ERDF, the ESF+, the Cohesion Fund, the JTF and the EMFAF, the Member State shall no later than 1 month before the review meeting provide the Commission with concise information on the elements listed in Article 40(1). That information shall be based on the most recent data available to the Member State.

For programmes limited to the specific objective set out in point (m) of Article 4(1) of the ESF+ Regulation, the information to be provided, based on the most recent data available, shall be limited to points (a), (b), (e), (f) and (h) of Article 40(1) of this Regulation.

4. The Member State and the Commission may agree not to organise a review meeting. In such a case, the review may be carried out in writing.
5. The outcome of the review meeting shall be recorded in agreed minutes.
6. The Member State shall follow up issues raised during the review meeting which affect the implementation of the programme and shall inform the Commission within 3 months of the measures taken.
7. For programmes supported by the AMIF, the ISF and the BMVI, the Member State shall submit an annual performance report in accordance with the Fund-specific Regulations.

Article 42

Transmission of data

1. The Member State or the managing authority shall electronically transmit to the Commission cumulative data for each programme by 31 January, 30 April, 31 July, 30 September and 30 November of each year, with the exception of the data required in point (b) of paragraph 2 and in paragraph 3 that shall be electronically transmitted by 31 January and 31 July of each year, in accordance with the template set out in Annex VII.

The first transmission shall be due by 31 January 2022 and the last one by 31 January 2030.

For priorities supporting the specific objective set out in point (m) of Article 4(1) of the ESF+ Regulation, data shall be transmitted annually by 31 January.

The ESF+ Regulation may determine specific rules for the frequency of collecting and transmitting longer-term result indicators.

2. The data shall be broken down for each priority by specific objective and, where applicable, by category of region and shall refer to:
 - (a) the number of selected operations, their total eligible cost, the contribution from the Funds and the total eligible expenditure declared by the beneficiaries to the managing authority, all broken down by type of intervention;
 - (b) the values of output and result indicators for selected operations and values achieved by operations.

3. For financial instruments data shall also be provided on the following:
 - (a) eligible expenditure by type of financial product;
 - (b) amount of management costs and fees declared as eligible expenditure;
 - (c) the amount, by type of financial product, of private and public resources mobilised in addition to the Funds;

- (d) interest and other gains generated by support from the Funds to financial instruments referred to in Article 60 and resources returned attributable to support from the Funds as referred to in Article 62;
 - (e) total value of loans, equity or quasi-equity investments in final recipients which were guaranteed with programme resources and which were actually disbursed to final recipients.
4. The data submitted in accordance with this Article shall be reliable and reflect the data stored electronically as referred to in point (e) of Article 72 (1) as at the end of the month preceding the month of submission.
 5. The Member State or the managing authority shall publish or provide a link to all the data transmitted to the Commission on the website portal referred to in point (b) of Article 46 or on the website referred to in Article 49(1).

Article 43

Final performance report

1. For programmes supported by the ERDF, the ESF+, the Cohesion Fund, the JTF and the EMFAF, each managing authority shall submit to the Commission a final performance report of the programme by 15 February 2031.

2. The final performance report shall assess the achievement of programme objectives based on the elements listed in Article 40(1) with the exception of the information provided under point (d) of that paragraph.
3. The Commission shall examine the final performance report and inform the managing authority of any observations within 5 months of the date of receipt of the final performance report. Where such observations are made, the managing authority shall provide all necessary information with regard to those observations and, where appropriate, inform the Commission, within 3 months, of measures taken. The Commission shall inform the managing authority of the acceptance of the report, within 2 months of receiving all necessary information. Where the Commission does not inform the managing authority within those deadlines, the report shall be deemed to be accepted.
4. The managing authority shall publish final performance reports on the website referred to in Article 49(1).
5. The Commission shall, in order to ensure uniform conditions for the implementation of this Article, adopt an implementing act establishing the template for the final performance report. That implementing act shall be adopted in accordance with the advisory procedure referred to in Article 115(2).

CHAPTER II

Evaluation

Article 44

Evaluations by the Member State

1. The Member State or the managing authority shall carry out evaluations of the programmes related to one or more of the following criteria: effectiveness, efficiency, relevance, coherence and Union added value, with the aim to improve the quality of the design and implementation of programmes. Evaluations may also cover other relevant criteria, such as inclusiveness, non-discrimination and visibility, and may cover more than one programme.
2. In addition, an evaluation for each programme to assess its impact shall be carried out by 30 June 2029.
3. Evaluations shall be entrusted to internal or external experts who are functionally independent.
4. The Member State or the managing authority shall ensure the necessary procedures are set up to produce and collect the data necessary for evaluations.

5. The Member State or the managing authority shall draw up an evaluation plan which may cover more than one programme. For the AMIF, the ISF and the BMVI, that plan shall include a mid-term evaluation to be completed by 31 March 2024.
6. The Member State or the managing authority shall submit the evaluation plan to the monitoring committee no later than one year after the decision approving the programme.
7. All evaluations shall be published on the website referred to in Article 49(1).

Article 45

Evaluation by the Commission

1. The Commission shall carry out a mid-term evaluation to examine the effectiveness, efficiency, relevance, coherence and Union added value of each Fund by the end of 2024. The Commission may make use of all relevant information already available in accordance with Article 128 of the Financial Regulation.
2. The Commission shall carry out a retrospective evaluation to examine the effectiveness, efficiency, relevance, coherence and Union added value of each Fund by 31 December 2031. In the case of the ERDF, the ESF+, the Cohesion Fund and the EMFAF, that evaluation shall focus in particular on the social, economic and territorial impact of those funds in relation to the policy objectives referred to in Article 5(1).
3. The Commission shall publish the results of the retrospective evaluation on its website and communicate those results to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions.

CHAPTER III

Visibility, transparency and communication

SECTION I

VISIBILITY OF SUPPORT FROM THE FUNDS

Article 46

Visibility

Each Member State shall ensure:

- (a) the visibility of support in all activities relating to operations supported by the Funds with particular attention to operations of strategic importance;
- (b) communication to Union citizens of the role and achievements of the Funds through a single website portal providing access to all programmes involving that Member State.

Article 47

Emblem of the Union

Member States, managing authorities and beneficiaries shall use the emblem of the Union in accordance with Annex IX when carrying out visibility, transparency and communication activities.

Article 48

Communication officers and networks

1. Each Member State shall identify a communication coordinator for visibility, transparency and communication activities in relation to the support from the Funds, including programmes under the European territorial cooperation goal (Interreg) where that Member State hosts the managing authority. The communication coordinator may be appointed at the level of the body defined under Article 71(6) and shall coordinate communication and visibility measures across programmes.

The communication coordinator shall involve in the visibility, transparency and communication activities the following bodies:

- (a) European Commission Representations and European Parliament Liaison Offices in the Member States, as well as Europe Direct Information Centres and other relevant networks, educational and research organisations;
 - (b) other relevant partners referred to in Article 8(1).
2. Each managing authority shall identify a communication officer for each programme. A communication officer may be responsible for more than one programme.
3. The Commission shall maintain the network comprising communication coordinators, communication officers and Commission representatives to exchange information on visibility, transparency and communication activities.

SECTION II
TRANSPARENCY OF IMPLEMENTATION OF THE FUNDS
AND COMMUNICATION ON PROGRAMMES

Article 49

Responsibilities of the managing authority

1. The managing authority shall ensure that, within 6 months of the decision approving the programme, there is a website where information on programmes under its responsibility is available, covering the programme's objectives, activities, available funding opportunities and achievements.

2. The managing authority shall ensure the publication on the website referred to in paragraph 1, or on the single website portal referred to in point (b) of Article 46, of a timetable of the planned calls for proposals, that is updated at least three times a year, with the following indicative data:
 - (a) geographical area covered by the call for proposal;
 - (b) policy objective or specific objective concerned;
 - (c) type of eligible applicants;
 - (d) total amount of support for the call;
 - (e) start and end date of the call.

3. The managing authority shall make the list of operations selected for support by the Funds publicly available on the website in at least one of the official languages of the institutions of the Union and shall update that list at least every 4 months. Each operation shall have a unique code. The list shall contain the following data:
- (a) in the case of legal entities, the beneficiary's and, in the case of public procurement, the contractor's name;
 - (b) where the beneficiary is a natural person the first name and the surname;
 - (c) for EMFAF operations linked to a fishing vessel, the Union fishing fleet register identification number as referred to in Commission Implementing Regulation (EU) 2017/218¹;
 - (d) name of the operation;
 - (e) the purpose of the operation and its expected or actual achievements;
 - (f) start date of the operation;
 - (g) expected or actual date of completion of the operation;
 - (h) total cost of the operation;
 - (i) fund concerned;
 - (j) specific objective concerned;

¹ Commission Implementing Regulation (EU) 2017/218 of 6 February 2017 on the Union fishing fleet register (OJ L 34, 9.2.2017, p. 9).

- (k) Union co-financing rate;
- (l) location indicator or geolocation for the operation and country concerned;
- (m) for mobile operations or operations covering several locations the location of the beneficiary where the beneficiary is a legal entity; or the NUTS 2 level region where the beneficiary is a natural person;
- (n) type of intervention for the operation in accordance with point (g) of Article 73(2).

For data referred to in points (b) and (c) of the first subparagraph, the data shall be removed 2 years from the date of the initial publication on the website.

4. The data referred to in paragraphs 2 and 3 of this Article shall be published on the website referred to in paragraph 1, or on the single website portal referred to in point (b) of Article 46 of this Regulation, in open, machine-readable formats, as set out in Article 5(1) of the Directive (EU) 2019/1024 of the European Parliament and of the Council¹, which allows data to be sorted, searched, extracted, compared and reused.
5. The managing authority shall inform the beneficiaries that the data will be made public before the publication takes place in accordance with this Article.

¹ Directive (EU) 2019/1024 of the European Parliament and of the Council of 20 June 2019 on open data and the re-use of public sector information (OJ L 172, 26.6.2019, p. 56).

6. The managing authority shall ensure that communication and visibility material including at the level of beneficiaries is made available upon request to Union institutions, bodies, offices or agencies and that a royalty-free, non-exclusive and irrevocable licence to use such material and any pre-existing rights attached to it is granted to the Union in accordance with Annex IX. This shall not require significant additional costs or a significant administrative burden for the beneficiaries or for the managing authority.

Article 50

Responsibilities of beneficiaries

1. Beneficiaries and bodies implementing financial instruments shall acknowledge support from the Funds, including resources reused in accordance with Article 62, to the operation by:
 - (a) providing on the beneficiary's official website, where such a site exists, and social media sites, a short description of the operation, proportionate to the level of support, including its aims and results, and highlighting the financial support from the Union;
 - (b) providing a statement highlighting the support from the Union in a visible manner on documents and communication material relating to the implementation of the operation, intended for the public or for participants;

- (c) displaying durable plaques or billboards clearly visible to the public, that present the emblem of the Union in accordance with the technical characteristics laid down in Annex IX, as soon as the physical implementation of operations involving physical investment starts or purchased equipment is installed, in respect of the following:
 - (i) operations supported by the ERDF and the Cohesion Fund the total cost of which exceeds EUR 500 000;
 - (ii) operations supported by the ESF+, the JTF, the EMFAF, the AMIF, the ISF or the BMVI the total cost of which exceeds EUR 100 000;
- (d) for operations not falling under point (c), displaying at a location clearly visible to the public at least one poster of a minimum size A3 or equivalent electronic display with information about the operation highlighting the support from the Funds; where the beneficiary is a natural person, the beneficiary shall ensure, to the extent possible, that appropriate information is available, highlighting the support from the funds, at a location visible to the public or through an electronic display;
- (e) for operations of strategic importance and operations the total cost of which exceeds EUR 10 000 000, organising a communication event or activity, as appropriate, and involving the Commission and the responsible managing authority in a timely manner.

Where an ESF+ beneficiary is a natural person or for operations supported under the specific objective set out in point (m) of Article 4(1) of the ESF+ Regulation, the requirement set out in point (d) of the first subparagraph shall not apply.

By derogation from points (c) and (d) of the first subparagraph, for operations supported by the AMIF, the ISF and the BMVI, the document setting out the conditions for support may establish specific requirements for the public display of information on the support from the Funds where this is justified by reasons of security and public order in accordance with Article 69(5).

2. For small project funds, the beneficiary shall comply with the obligations under Article 36(5) of the Interreg Regulation.

For financial instruments, the beneficiary shall ensure by means of the contractual terms that final recipients comply with the requirements set out in point (c) of paragraph 1.

3. Where the beneficiary does not comply with its obligations under Article 47 or paragraphs 1 and 2 of this Article, and where remedial actions have not been put into place, the managing authority shall apply measures, taking into account the principle of proportionality, by cancelling up to 3 % of the support from the Funds to the operation concerned.

TITLE V
FINANCIAL SUPPORT FROM THE FUNDS

CHAPTER I
Forms of Union contribution

Article 51

Forms of Union contribution to programmes

The Union contribution may take any of the following forms:

- (a) financing not linked to costs of the relevant operations in accordance with Article 95 and based on either of the following:
 - (i) the fulfilment of conditions;
 - (ii) the achievement of results;
- (b) reimbursement of support provided to beneficiaries in accordance with Chapters II and III of this Title;
- (c) unit costs in accordance with Article 94, which cover all or certain specific categories of eligible costs, clearly identified in advance by reference to an amount per unit;

- (d) lump sums in accordance with Article 94, which cover in global terms all or certain specific categories of eligible costs, clearly identified in advance;
- (e) flat-rate financing in accordance with Article 94 or Article 36(5), which covers specific categories of eligible costs, clearly identified in advance, by applying a percentage;
- (f) a combination of the forms referred to in points (a) to (e).

CHAPTER II

Forms of support by Member States

Article 52

Forms of support

Member States shall use the contribution from the Funds to provide support to beneficiaries in the form of grants, financial instruments or prizes or a combination thereof.

SECTION I
FORMS OF GRANTS

Article 53
Forms of grants

1. Grants provided by Member States to beneficiaries may take any of the following forms:
 - (a) reimbursement of eligible costs actually incurred by a beneficiary or the private partner of PPP operations and paid in implementing operations, contributions in kind and depreciation;
 - (b) unit costs;
 - (c) lump sums;
 - (d) flat-rate financing;
 - (e) a combination of the forms referred to in points (a) to (d), provided that each form covers different categories of costs or where they are used for different projects forming a part of an operation or for successive phases of an operation;
 - (f) financing not linked to costs, provided such grants are covered by a reimbursement of the Union contribution pursuant to Article 95.

2. Where the total cost of an operation does not exceed EUR 200 000, the contribution provided to the beneficiary from the ERDF, the ESF+, the JTF, the AMIF, the ISF and the BMVI shall take the form of unit costs, lump sums or flat rates, except for operations for which the support constitutes State aid. Where flat-rate financing is used, only the categories of costs to which the flat -rate applies may be reimbursed in accordance with point (a) of paragraph 1.

By way of derogation from the first subparagraph of this paragraph, the managing authority may agree to exempt some operations in the area of research and innovation from the requirement set out in that subparagraph, provided that the monitoring committee has given prior approval for such an exemption. In addition, allowances and salaries paid to participants may be reimbursed in accordance with point (a) of paragraph 1.

3. The amounts for the forms of grants referred to under points (b), (c) and (d) of paragraph 1, shall be established in one of the following ways:

- (a) a fair, equitable and verifiable calculation method based on:
 - (i) statistical data, other objective information or an expert judgement;
 - (ii) the verified historical data of individual beneficiaries;
 - (iii) the application of the usual cost accounting practices of individual beneficiaries;

- (b) draft budget established on a case-by-case basis and agreed *ex ante* by the body selecting the operation, where the total cost of the operation does not exceed EUR 200 000;
- (c) in accordance with the rules for application of corresponding unit costs, lump sums and flat rates applicable in Union policies for a similar type of operation;
- (d) in accordance with the rules for application of corresponding unit costs, lump sums and flat rates applied under schemes for grants funded entirely by the Member State for a similar type of operation;
- (e) flat rates and specific methods established by or on the basis of this Regulation or the Fund-specific Regulations.

Article 54

Flat-rate financing for indirect costs concerning grants

Where a flat rate is used to cover indirect costs of an operation, it may be based on one of the following:

- (a) up to 7 % of eligible direct costs, in which case the Member State shall not be required to perform a calculation to determine the applicable rate;

- (b) up to 15 % of eligible direct staff costs, in which case the Member State shall not be required to perform a calculation to determine the applicable rate;
- (c) up to 25 % of eligible direct costs, provided that the rate is calculated in accordance with point (a) of Article 53(3).

In addition, where a Member State has calculated a flat rate in accordance with point (a) of Article 67(5) of Regulation (EU) No 1303/2013, that flat rate may be used for a similar operation for the purposes of point (c) of this Article.

Article 55

Direct staff costs concerning grants

1. Direct staff costs of an operation may be calculated at a flat rate of up to 20 % of the direct costs other than the direct staff costs of that operation, without there being a requirement for the Member State to perform a calculation to determine the applicable rate, provided that the direct costs of the operation do not include public works contracts or supply or service contracts which exceed in value the thresholds set out in Article 4 of Directive 2014/24/EU of the European Parliament and of the Council¹ or in Article 15 of Directive 2014/25/EU of the European Parliament and of the Council².

¹ Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC (OJ L 94, 28.3.2014, p. 65).

² Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC (OJ L 94, 28.3.2014, p. 243).

Where a flat rate is applied in accordance with the first subparagraph for the AMIF, the ISF and the BMVI, that flat rate shall only be applied to the direct costs of the operation not subject to public procurement.

2. For the purposes of determining direct staff costs, an hourly rate may be calculated in one of the following ways:
 - (a) by dividing the latest documented annual gross employment costs by 1 720 hours for persons working full time, or by a corresponding pro-rata of 1 720 hours, for persons working part-time;
 - (b) by dividing the latest documented monthly gross employment costs by the average monthly working time of the person concerned in accordance with applicable national rules referred to in the employment or work contract or an appointment decision (both referred to as the employment document).
3. When applying the hourly rate calculated in accordance with paragraph 2, the total number of hours declared per person for a given year or month shall not exceed the number of hours used for the calculation of that hourly rate.
4. Where annual gross employment costs are not available, they may be derived from the available documented gross employment costs or from the employment document, duly adjusted for a 12-month period.

5. Staff costs related to individuals who work on part-time assignment on the operation may be calculated as a fixed percentage of the gross employment costs, in line with a fixed percentage of time worked on the operation per month, with no obligation to establish a separate working time registration system. The employer shall issue a document for employees setting out that fixed percentage.

Article 56

Flat rate financing for eligible costs other than direct staff costs concerning grants

1. A flat rate of up to 40 % of eligible direct staff costs may be used in order to cover the remaining eligible costs of an operation. The Member State shall not be required to perform a calculation to determine the applicable rate.
2. For operations supported by the ERDF, the ESF+, the JTF, the AMIF, the ISF and the BMVI, salaries and allowances paid to participants shall be considered additional eligible costs not included in the flat rate.
3. The flat rate referred to in paragraph 1 of this Article shall not be applied to staff costs calculated on the basis of a flat rate as referred to in Article 55(1).

Article 57

Grants under conditions

1. Member States may provide grants under conditions to beneficiaries which are fully or partially repayable as specified in the document setting out the conditions for support.
2. Repayments by the beneficiary shall be made under the conditions agreed by the managing authority and the beneficiary.
3. Member States shall reuse resources paid back by the beneficiary for the same purpose or in accordance with the objectives of the programme concerned by 31 December 2030, in the form of grants under conditions or of a financial instrument or in another form of support. The amounts paid back and information about their reuse shall be included in the final performance report.
4. Member States shall adopt the necessary measures to ensure that the resources are kept in separate accounts or under appropriate accounting codes.
5. Union resources paid back by beneficiaries at any time, but not reused by 31 December 2030, shall be repaid to the budget of the Union in accordance with Article 88.

SECTION II
FINANCIAL INSTRUMENTS

Article 58
Financial instruments

1. Managing authorities may provide a programme contribution, from one or more programmes to existing or newly created financial instruments set up at national, regional, transnational or cross border level and implemented directly by, or under the responsibility of, the managing authority which contribute to achieving specific objectives.

2. Financial instruments shall provide support to final recipients only for investments in both tangible and intangible assets as well as working capital expected to be financially viable and which do not find sufficient funding from market sources. Such support shall be in compliance with applicable Union State aid rules.

Such support shall be provided only for the elements of the investments which are not physically completed or fully implemented at the date of the investment decision.

3. Appropriate support from the Funds through financial instruments shall be based on an *ex ante* assessment drawn up under the responsibility of the managing authority. The *ex ante* assessment shall be completed before managing authorities make programme contributions to financial instruments.

The *ex ante* assessment shall include at least the following elements:

- (a) the proposed amount of programme contribution to a financial instrument and the estimated leverage effect accompanied by a short justification;
- (b) the proposed financial products to be offered, including the possible need for differentiated treatment of investors;
- (c) the proposed target group of final recipients;
- (d) the expected contribution of the financial instrument to the achievement of specific objectives.

The *ex ante* assessment may be reviewed or updated, may cover part or the entire territory of the Member State, and may be based on existing or updated *ex ante* assessments.

4. Support to final recipients may be combined with support from any Fund or another Union instrument and may cover the same expenditure item. In such a case, the Fund's support under the financial instrument, which is part of a financial instrument operation, shall not be declared to the Commission for support under another form, another Fund or another Union instrument.

5. Financial instruments may be combined with programme support in the form of grants in a single financial instrument operation, within a single funding agreement, where both distinct forms of support shall be provided by the body implementing the financial instrument. In such a case, the rules applicable to financial instruments shall apply to that single financial instrument operation. The programme support in the form of grants shall be directly linked and necessary for the financial instrument and shall not exceed the value of the investments supported by the financial product.
6. In the case of combined support under paragraphs 4 and 5, separate records shall be kept for each source of support.
7. The sum of all forms of combined support shall not exceed the total amount of the expenditure item concerned. Grants shall not be used to reimburse support received from financial instruments. Financial instruments shall not be used to pre-finance grants.

Article 59

Implementation of financial instruments

1. Financial instruments implemented directly by the managing authority may only provide loans or guarantees. The managing authority shall set out the terms and conditions of the programme contribution to the financial instrument in a strategy document which shall include the elements set out in Annex X.

2. Financial instruments implemented under the responsibility of the managing authority may be either of the following:

- (a) an investment of programme resources into the capital of a legal entity;
- (b) separate blocks of finance or fiduciary accounts.

The managing authority shall select the body implementing a financial instrument.

3. The managing authority may directly award a contract for the implementation of a financial instrument to:

- (a) the EIB;
- (b) international financial institutions in which a Member State is a shareholder;
- (c) a publicly-owned bank or institution, established as a legal entity carrying out financial activities on a professional basis, which fulfils all of the following conditions:
 - (i) there is no direct private capital participation, with the exception of non-controlling and non-blocking forms of private capital participation required by national legislative provisions, in conformity with the Treaties, which do not exert a decisive influence on the relevant bank or institution, and with the exception of forms of private capital participation which confer no influence on decisions regarding the day-to-day management of the financial instrument supported by the Funds;

- (ii) operates under a public policy mandate given by the relevant authority of a Member State at national or regional level, which includes carrying out, as all or part of its activities, economic development activities contributing to the objectives of the Funds;
- (iii) carries out, as all or part of its activities, economic development activities contributing to the objectives of the Funds in regions, policy areas or sectors for which access to funding from market sources is not generally available or sufficient;
- (iv) operates without primarily focusing on maximising profits, but ensures a long-term financial sustainability for its activities;
- (v) ensures that the direct award of a contract referred to in point (b) does not provide any direct or indirect benefit for commercial activities by way of appropriate measures in accordance with applicable law;
- (vi) is subject to the supervision of an independent authority in accordance with applicable law,

(d) other bodies, also entering under the scope of Article 12 of Directive 2014/24/EU.

4. When the body selected by the managing authority implements a holding fund, that body may further select other bodies to implement specific funds.

5. The terms and conditions of programme contributions to financial instruments implemented in accordance with paragraph 2, shall be set out in funding agreements between:

- (a) the duly mandated representatives of the managing authority and the body implementing a holding fund, where applicable;
- (b) the duly mandated representatives of the managing authority, or, where applicable, the body implementing a holding fund and the body implementing a specific fund.

Those funding agreements shall include all the elements set out in Annex X.

6. The financial liability of the managing authority shall not exceed the amount committed by the managing authority to the financial instrument under the relevant funding agreements.

7. The bodies implementing the financial instruments concerned, or in the context of guarantees, the body providing the underlying loans, shall support final recipients, taking due account of the programme objectives and the potential for the financial viability of the investment as justified in the business plan or an equivalent document. The selection of final recipients shall be transparent and shall not give rise to a conflict of interest.

8. National co-financing of a programme may be provided either by the managing authority or at the level of holding funds, or at the level of specific funds, or at the level of investments in final recipients, in accordance with the Fund-specific rules. When the national co-financing is provided at the level of investments in final recipients, the body implementing financial instruments shall keep documentary evidence demonstrating the eligibility of the underlying expenditure.

9. The managing authority implementing directly the financial instrument pursuant to paragraph 1 of this Article, or the body implementing the financial instrument pursuant to paragraph 2 of this Article, shall keep separate accounts or maintain an accounting code for each priority or, for the EMFAF, each specific objective and, where applicable, each category of region for each programme contribution, and separately for resources referred to in Articles 60 and 62, respectively.

Article 60

*Interest and other gains generated by support
from the Funds to financial instruments*

1. Support from the Funds paid to financial instruments shall be placed in accounts in financial institutions domiciled within Member States and shall be managed in line with active treasury management and the principle of sound financial management.
2. Interest and other gains attributable to support from the Funds paid to financial instruments shall be used under the same objective or objectives, as the initial support from the Funds, including for the payments of management fees and the reimbursement of management costs incurred by the bodies implementing the financial instrument in accordance with point (d) of Article 68(1), either within the same financial instrument; or, following the winding up of the financial instrument, in other financial instruments or other forms of support for further investments in final recipients, until the end of the eligibility period.

3. Interest and other gains referred to in paragraph 2 not used in accordance with that provision shall be deducted from the accounts submitted for the final accounting year.

Article 61

Differentiated treatment of investors

1. Support from the Funds to financial instruments invested in final recipients and any type of income generated by those investments, including resources paid back, which are attributable to the support from the Funds, may be used for differentiated treatment of investors operating under the market economy principle through an appropriate sharing of risks and profits, taking into account the principle of sound financial management.
2. The level of such differentiated treatment shall not exceed that which is necessary to create incentives for attracting private resources, established either by a competitive process or an independent assessment.

Article 62

Re-use of resources attributable to the support from the Funds

1. Resources paid back, before the end of the eligibility period, to financial instruments from investments in final recipients or from the release of resources set aside for guarantee contracts, including capital repayments and any type of generated income that is attributable to the support from the Funds, shall be re-used in the same or other financial instruments for further investments in final recipients, to cover the losses in the nominal amount of the Funds contribution to the financial instrument resulting from negative interest, if such losses occur despite active treasury management, or for any management costs and fees associated to such further investments, taking into account the principle of sound financial management.
2. Member States shall adopt the necessary measures to ensure that the resources referred to in paragraph 1 and paid back to financial instruments during a period of at least 8 years after the end of the eligibility period, are re-used in accordance with the policy objectives of the programme or programmes under which they were set up, either within the same financial instrument or, following the exit of those resources from the financial instrument, in other financial instruments or in other forms of support.

CHAPTER III

Eligibility rules

Article 63

Eligibility

1. The eligibility of expenditure shall be determined on the basis of national rules, except where specific rules are laid down in, or on the basis of, this Regulation or the Fund-specific Regulations.
2. Expenditure shall be eligible for a contribution from the Funds if it has been incurred by a beneficiary or the private partner of a PPP operation and paid in implementing operations, between the date of submission of the programme to the Commission or from 1 January 2021, whichever date is earlier, and 31 December 2029.

For costs reimbursed pursuant to points (b), (c) and (f) of Article 53(1), the actions constituting the basis for reimbursement shall be carried out between the date of submission of the programme to the Commission or from 1 January 2021, whichever is earlier, and 31 December 2029.

3. For the ERDF, expenditure related to operations covering more than one category of region as set out in Article 108(2) within a Member State shall be allocated to the categories of region concerned on a *pro rata* basis, based on objective criteria.

For the ESF+, expenditure related to operations may be allocated to any of the categories of region of the programme under the condition that the operation contributes to the achievement of the specific objectives of the programme.

For the JTF, expenditure related to operations shall contribute to the implementation of the relevant territorial just transition plan.

4. All or part of an operation may be implemented outside of a Member State, including outside the Union, provided that the operation contributes to the objectives of the programme.
5. For grants taking the forms of points (b), (c) and (d) of Article 53(1), the expenditure which shall be eligible for a contribution from the Funds shall equal the amounts calculated in accordance with Article 53(3).
6. Operations shall not be selected for support by the Funds where they have been physically completed or fully implemented before the application for funding under the programme is submitted, irrespective of whether all related payments have been made. This paragraph shall not apply to the EMFAF compensation for additional costs in outermost regions pursuant to Article 24 of the EMFAF Regulation and to support from the additional funding for the outermost regions pursuant to point (e) of Article 110(1) of this Regulation.
7. Expenditure which becomes eligible as a result of a programme amendment shall be eligible from the date of the submission of the corresponding request to the Commission.

For the ERDF, the Cohesion Fund and the JTF, expenditure becomes eligible as a result of a programme amendment when a new type of intervention referred to in Table 1 of Annex I or, for the EMFAF, the AMIF, the ISF and the BMVI, in the Fund-specific Regulations is added in the programme.

Where a programme is amended in order to provide a response to natural disasters, the programme may provide that the eligibility of expenditure relating to such amendment starts from the date when the natural disaster occurred.

8. Where a new programme is approved, expenditure shall be eligible from the date of submission of the corresponding request to the Commission.
9. An operation may receive support from one or more Funds or from one or more programmes and from other Union instruments. In such cases, expenditure declared in a payment application for one of the Funds shall not be declared for either of the following:
 - (a) support from another Fund or Union instrument;
 - (b) support from the same Fund under another programme.

The amount of expenditure to be entered into a payment application of a Fund may be calculated for each Fund and for the programme or programmes concerned on a *pro rata* basis, in accordance with the document setting out the conditions for support.

Article 64

Non-eligible costs

1. The following costs shall not be eligible for a contribution from the Funds:
 - (a) interest on debt, except in relation to grants given in the form of an interest rate subsidy or guarantee fee subsidy;
 - (b) the purchase of land for an amount exceeding 10 % of the total eligible expenditure for the operation concerned; for derelict sites and for those formerly in industrial use which comprise buildings, that limit shall be increased to 15 %; for financial instruments, those percentages shall apply to the programme contribution paid to the final recipient or, in case of guarantees, to the amount of the underlying loan;
 - (c) value added tax ('VAT'), except:
 - (i) for operations the total cost of which is below EUR 5 000 000 (including VAT);
 - (ii) for operations the total cost of which is at least EUR 5 000 000 (including VAT) where it is non-recoverable under national VAT legislation;

- (iii) investments made by final recipients in the context of financial instruments; where these investments are supported by financial instruments combined with programme support in the form of a grant as referred to in Article 58(5), the VAT shall not be eligible for the part of the investment cost which corresponds to the programme support in the form of a grant, unless the VAT for the investment cost is non-recoverable under national VAT legislation or where the part of the investment cost corresponding to the programme support in the form of the grant is below EUR 5 000 000 (including VAT);
- (iv) for small project funds and investments made by final recipients in the context of small project funds under Interreg.

Point (b) of the first subparagraph shall not apply to operations concerning environmental conservation.

2. The Fund-specific Regulations may identify additional costs that are not eligible for a contribution from each Fund.

Article 65
Durability of operations

1. The Member State shall repay the contribution from the Funds to an operation comprising investment in infrastructure or productive investment, if within 5 years of the final payment to the beneficiary or within the period of time set out in State aid rules, where applicable, that operation is subject to any of the following:
 - (a) a cessation or transfer of a productive activity outside the NUTS level 2 region in which it received support;
 - (b) a change in ownership of an item of infrastructure which gives to a firm or a public body an undue advantage;
 - (c) a substantial change affecting its nature, objectives or implementation conditions which would result in undermining its original objectives.

The Member State may reduce the time limit set out in the first subparagraph to 3 years in cases concerning the maintenance of investments or jobs created by SMEs.

Repayment by the Member State due to non-compliance with this Article shall be made in proportion to the period of non-compliance.

2. Operations supported by the ESF+ or by the JTF in accordance with points (k), (l) and (m) of Article 8(2) of the JTF Regulation shall repay the support when they are subject to an obligation for maintenance of investment under State aid rules.

3. Paragraphs 1 and 2 shall not apply to programme contributions to or by financial instruments or to any operation which undergoes cessation of a productive activity due to a non-fraudulent bankruptcy.

Article 66

Relocation

1. Expenditure supporting relocation shall not be eligible for a contribution from the Funds.
2. Where a contribution from the Funds constitutes State aid, the managing authority shall satisfy itself that the contribution does not support relocation in accordance with Article 14(16) of Regulation (EU) No 651/2014.

Article 67

Specific eligibility rules for grants

1. Contributions in kind in the form of provision of works, goods, services, land and real estate for which no payment supported by invoices, or documents of equivalent probative value, has been made, may be eligible where the following conditions are fulfilled:
 - (a) the public support paid to the operation which includes contributions in kind does not exceed the total eligible expenditure, excluding contributions in kind, at the end of the operation;

- (b) the value attributed to contributions in kind does not exceed the costs generally accepted on the market in question;
- (c) the value and the delivery of the contribution in kind can be independently assessed and verified;
- (d) in the case of provision of land or real estate, a payment, for the purposes of a lease agreement of a nominal amount per annum not exceeding a single unit of the currency of the Member State, may be made;
- (e) in the case of contributions in kind in the form of unpaid work, the value of that work is determined by taking into account the verified time spent and the rate of remuneration for equivalent work.

The value of the land or real estate referred to in point (d) of the first subparagraph of this paragraph shall be certified by an independent qualified expert or duly authorised official body and shall not exceed the limit laid down in point (b) of Article 64(1).

2. Depreciation costs for which no payment supported by invoices has been made may be considered to be eligible where the following conditions are fulfilled:
 - (a) the eligibility rules of the programme allow for it;

- (b) the amount of the expenditure is duly justified by supporting documents having equivalent probative value to invoices for eligible costs where those costs were reimbursed in the form referred to in point (a) of Article 53(1);
- (c) the costs relate exclusively to the period of support for the operation;
- (d) public grants have not contributed towards the acquisition of the depreciated assets.

Article 68

Specific eligibility rules for financial instruments

1. Eligible expenditure of a financial instrument shall be the total amount of programme contribution paid to, or, in the case of guarantees, set aside for guarantee contracts, by the financial instrument within the eligibility period, where that amount corresponds to:
 - (a) payments to final recipients, in the case of loans, equity and quasi-equity investments;
 - (b) resources set aside for guarantee contracts, whether outstanding or having already come to maturity, in order to honour possible guarantee calls for losses, calculated based on a multiplier ratio established for the respective underlying disbursed new loans, equity or quasi-equity investments in final recipients;

- (c) payments to, or for the benefit of, final recipients where financial instruments are combined with other Union contribution in a single financial instrument operation in accordance with Article 58(5);
 - (d) payments of management fees and reimbursements of management costs incurred by the bodies implementing the financial instrument.
2. Where a financial instrument is implemented across consecutive programming periods, support may be provided to, or for the benefit of, final recipients, including management costs and fees, based on agreements made under the previous programming period, provided that such support complies with the eligibility rules of the subsequent programming period. In such cases, the eligibility of expenditure submitted in payment applications shall be determined in accordance with the rules of the respective programming period.
 3. For point (b) of paragraph 1, if the entity benefiting from the guarantees has not disbursed the planned amount of new loans, equity or quasi-equity investments to final recipients in accordance with the multiplier ratio, the eligible expenditure shall be reduced proportionally. The multiplier ratio may be reviewed, where justified by subsequent changes in market conditions. Such a review shall not have retroactive effect.

4. For point (d) of paragraph 1, management fees shall be performance based.

Where bodies implementing a holding fund are selected through a direct award of contract pursuant to Article 59(3), the amount of management costs and fees paid to those bodies that can be declared as eligible expenditure shall be subject to a threshold of up to 5 % of the total amount of programme contributions disbursed to final recipients in loans or set aside for guarantee contracts and up to 7 % of the total amount of programme contributions disbursed to final recipients in equity and quasi-equity investments.

Where bodies implementing a specific fund are selected through a direct award of contract pursuant to Article 59(3), the amount of management costs and fees paid to those bodies that can be declared as eligible expenditure shall be subject to a threshold of up to 7 % of the total amount of programme contributions disbursed to final recipients in loans or set aside for in guarantee contracts and up to 15 % of the total amount of programme contributions disbursed to final recipients in equity or quasi-equity investments.

Where bodies implementing a holding fund or specific funds, or both, are selected through a competitive tender in accordance with the applicable law, the amount of management costs and fees shall be established in the funding agreement and shall reflect the result of the competitive tender.

5. Where arrangement fees, or any part thereof, are charged to final recipients, they shall not be declared as eligible expenditure.

6. The eligible expenditure declared in accordance with paragraph 1 shall not exceed the sum of the total amount of support from the Funds paid for the purposes of that paragraph and the corresponding national co-financing.

TITLE VI

MANAGEMENT AND CONTROL

CHAPTER I

General rules on management and control

Article 69

Responsibilities of Member States

1. Member States shall have management and control systems for their programmes in accordance with this Title and ensure their functioning in accordance with the principle of sound financial management and the key requirements listed in Annex XI.

2. Member States shall ensure the legality and regularity of expenditure included in the accounts submitted to the Commission and shall take all required actions to prevent, detect and correct and report on irregularities including fraud. Those actions comprise the collection of information on the beneficial owners of the recipients of Union funding in accordance with Annex XVII. The rules related to the collection and processing of such data shall comply with applicable data protection rules. The Commission, the European Anti-Fraud Office and the Court of Auditors shall have the necessary access to that information.

For programmes supported by the AMIF, the ISF and the BMVI, the obligations concerning the collection of information on the beneficial owners of the recipients of Union funding in accordance with Annex XVII as set out in the first subparagraph shall apply as from 1 January 2023.

3. Member States shall, upon request of the Commission, take the actions necessary to ensure the effective functioning of their management and control systems and the legality and regularity of expenditure submitted to the Commission. Where that action is an audit, the Commission officials or their authorised representatives may take part.
4. Member States shall ensure the quality, accuracy and reliability of the monitoring system and of data on indicators.

5. Member States shall ensure the publication of information in accordance with the requirements established in this Regulation and in the Fund-specific Regulations, except where Union law or national law excludes such publication for reasons of security, public order, criminal investigations, or protection of personal data in accordance with Regulation (EU) 2016/679.
6. Member States shall have systems and procedures to ensure that all documents required for the audit trail as set out in Annex XIII are kept in accordance with the requirements set out in Article 82.
7. Member States shall make arrangements to ensure the effective examination of complaints concerning the Funds. The scope, rules and procedures concerning those arrangements shall be the responsibility of Member States in accordance with their institutional and legal framework. This is without prejudice to the general possibility to address complaints to the Commission by citizens and stakeholders. Member States shall, upon request by the Commission, examine complaints submitted to the Commission falling within the scope of their programmes and shall inform the Commission of the results of these examinations.

For the purposes of this Article, complaints cover any dispute between potential and selected beneficiaries with regard to the proposed or selected operation and any disputes with third parties on the implementation of the programme or operations thereunder, irrespective of the qualification of means of legal redress established under national law.

8. Member States shall ensure that all exchanges of information between beneficiaries and the programme authorities are carried out by means of electronic data exchange systems in accordance with Annex XIV.

Member States shall promote the benefits of electronic data exchange and provide all necessary support to beneficiaries in this respect.

By way of derogation from the first subparagraph, the managing authority may exceptionally accept, upon the explicit request of a beneficiary, the exchanges of information in paper format, without prejudice to its obligation to record and store data in accordance with point (e) of Article 72(1).

For programmes supported by the EMFAF, the AMIF, the ISF and the BMVI, the first subparagraph shall apply as from 1 January 2023.

The first subparagraph shall not apply to programmes or priorities under point (m) of Article 4(1) of the ESF+ Regulation.

9. Member States shall ensure that all official exchanges of information with the Commission are carried out by means of an electronic data exchange system in accordance with Annex XV.
10. The Member State shall provide, or shall ensure that the managing authorities provide, forecasts of the amount for payment applications to be submitted for the current and subsequent calendar year by 31 January and 31 July, in accordance with Annex VIII.

11. Each Member State shall have in place, at the latest by the time of submission of the final payment application for the first accounting year and no later than 30 June 2023, a description of the management and control system in accordance with the template set out in Annex XVI. It shall keep that description updated to reflect any subsequent modifications.
12. Member States shall report on irregularities in accordance with the criteria for determining the cases of irregularity to be reported, the data to be provided and the format for reporting set out in Annex XII.

Article 70

Commission powers and responsibilities

1. The Commission shall satisfy itself that Member States have management and control systems that comply with this Regulation and that these systems function effectively and efficiently during the implementation of the programmes. The Commission shall draw up, for the purposes of its own audit work, an audit strategy and an audit plan which shall be based on a risk-assessment.

The Commission and the audit authorities shall coordinate their audit plans.
2. The Commission shall carry out audits up to three calendar years following the acceptance of the accounts in which the expenditure concerned was included. That period shall not apply to operations where there is a suspicion of fraud.

3. For the purpose of their audits, Commission officials or their authorised representatives shall have access to all necessary records, documents and metadata, irrespective of the medium in which they are stored, relating to operations supported by the Funds or to management and control systems and shall receive copies in the specific format requested.
4. For on-the-spot audits, the following shall also apply:
 - (a) the Commission shall give at least 15 working days' notice for the audit to the competent programme authority, except in urgent cases; officials or authorised representatives of the Member State may take part in such audits;
 - (b) where the application of national provisions reserves certain acts for agents specifically designated by national legislation, Commission officials and authorised representatives shall have access to the information thus obtained without prejudice to the competences of national courts and in full respect of the fundamental rights of the legal subjects concerned;
 - (c) the Commission shall transmit the preliminary audit findings to the competent Member State authority no later than 3 months after the last day of the audit;

- (d) the Commission shall transmit the audit report no later than 3 months from the date of receiving a complete reply from the competent Member State authority to the preliminary audit findings; the Member State's reply shall be considered complete in the absence of a request from the Commission to provide further information or a revised document within 2 months from the date of receipt of the Member State's response.

For the purpose of complying with the time limits set out in points (c) and (d) of the first subparagraph of this paragraph, the Commission shall make available the preliminary audit findings and the audit report in at least one of the official languages of the institutions of the Union.

The time limits referred to in points (c) and (d) of the first subparagraph of this paragraph may be extended where it is deemed necessary and agreed upon between the Commission and the competent Member State authority.

Where a time limit is set for a reply by the Member State to the preliminary audit findings or the audit report referred to in points (c) and (d) of the first subparagraph of this paragraph, that time limit shall start upon their receipt by the competent Member State authority in at least one of the official languages of the Member State concerned.

Article 71

Programme authorities

1. For the purposes of Article 63(3) of the Financial Regulation, the Member State shall identify for each programme a managing authority and an audit authority. Where a Member State entrusts the accounting function to a body other than the managing authority in accordance with Article 72(2) of this Regulation, the body concerned shall also be identified as a programme authority. Those same authorities may be responsible for more than one programme.
2. The audit authority shall be a public authority. Audit work may be carried out by a public or private body other than the audit authority under its responsibility. The audit authority and any such body carrying out audit work under the responsibility of the audit authority shall be functionally independent from the auditees.
3. The managing authority may identify one or more intermediate bodies to carry out certain tasks under its responsibility. Arrangements between the managing authority and intermediate bodies shall be recorded in writing.
4. Member States shall ensure that the principle of separation of functions between and within the programme authorities is respected.

5. Where a programme provides, in line with its objectives, support from the ERDF or the ESF+ to a programme co-funded by Horizon Europe, as referred to in point (b) of Article 10(1) of the Horizon Europe Regulation, the body implementing the programme co-funded by Horizon Europe shall be identified as an intermediate body by the managing authority of the relevant programme, in accordance with paragraph 3 of this Article.
6. The Member State, at its own initiative, may set up a coordination body to liaise with and provide information to the Commission and to coordinate activities of the programme authorities in that Member State.

CHAPTER II

Standard management and control systems

Article 72

Functions of the managing authority

1. The managing authority shall be responsible for managing the programme with a view to delivering the objectives of the programme. In particular, it shall have the following functions:
 - (a) select operations in accordance with Article 73, with the exception of operations referred to in point (d) of Article 33(3);

- (b) carry out programme management tasks in accordance with Article 74;
 - (c) support the work of the monitoring committee in accordance with Article 75;
 - (d) supervise intermediate bodies;
 - (e) record and store electronically the data on each operation necessary for monitoring, evaluation, financial management, verifications and audits in accordance with Annex XVII, and ensure the security, integrity and confidentiality of data and the authentication of users.
2. The Member State may entrust the accounting function referred to in Article 76 to the managing authority or to another body.
 3. For programmes supported by the AMIF, the ISF and the BMVI, the accounting function shall be carried out by the managing authority or under its responsibility.

Article 73

Selection of operations by the managing authority

1. For the selection of operations, the managing authority shall establish and apply criteria and procedures which are non-discriminatory, transparent, ensure accessibility to persons with disabilities, ensure gender equality, and take account of the Charter of Fundamental Rights of the European Union, the principle of sustainable development and of the Union policy on the environment in accordance with Article 11 and Article 191(1) TFEU.

The criteria and procedures shall ensure that the operations to be selected are prioritised with a view to maximising the contribution of Union funding towards the achievement of the objectives of the programme.

2. In selecting operations, the managing authority shall:
 - (a) ensure that selected operations comply with the programme, including their consistency with the relevant strategies underlying the programme, as well as provide an effective contribution to the achievement of the specific objectives of the programme;
 - (b) ensure that selected operations which fall within the scope of an enabling condition are consistent with the corresponding strategies and planning documents established for the fulfilment of that enabling condition;
 - (c) ensure that selected operations present the best relationship between the amount of support, the activities undertaken and the achievement of objectives;
 - (d) verify that the beneficiary has the necessary financial resources and mechanisms to cover operation and maintenance costs for operations comprising investment in infrastructure or productive investment, so as to ensure their financial sustainability;

- (e) ensure that selected operations which fall under the scope of Directive 2011/92/EU of the European Parliament and of the Council¹ are subject to an environmental impact assessment or a screening procedure and that the assessment of alternative solutions has been taken in due account, on the basis of the requirements of that Directive;
- (f) verify that where the operations have started before the submission of an application for funding to the managing authority, applicable law has been complied with;
- (g) ensure that selected operations fall within the scope of the Fund concerned and are attributed to a type of intervention;
- (h) ensure that operations do not include activities which were part of an operation subject to relocation in accordance with Article 66 or which would constitute a transfer of a productive activity in accordance with point (a) of Article 65(1);
- (i) ensure that selected operations are not directly affected by a reasoned opinion by the Commission in respect of an infringement under Article 258 TFEU that puts at risk the legality and regularity of expenditure or the performance of operations;
- (j) ensure the climate proofing of investments in infrastructure which have an expected lifespan of at least 5 years.

¹ Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment (OJ L 26, 28.1.2012, p. 1).

As regards point (b) of this paragraph, in the case of policy objective one, as set out in point (a) of Article 3(1) of the ERDF and CF Regulation, only operations corresponding to the specific objectives referred to in subpoints (i) and (iv) of that point shall be consistent with the corresponding smart specialisation strategies.

3. The managing authority shall ensure that the beneficiary is provided with a document setting out all the conditions for support for each operation including the specific requirements concerning the products or services to be delivered, the financing plan, the time limit for its execution and where applicable, the method to be applied for determining the costs of the operation and the conditions for payment of the support.
4. For operations attributed a Seal of Excellence, or operations selected under a programme co-funded by Horizon Europe, the managing authority may decide to grant support from the ERDF or the ESF+ directly, provided that such operations meet the requirements set out in points (a), (b) and (g) of paragraph 2.

In addition, managing authorities may apply to the operations referred to in the first subparagraph the categories, maximum amounts and methods of calculation of eligible costs established under the relevant Union instrument. These elements shall be set out in the document referred in paragraph 3.

5. When the managing authority selects an operation of strategic importance, it shall inform the Commission within 1 month and shall provide all relevant information to the Commission about that operation.

Article 74

Programme management by the managing authority

1. The managing authority shall:
 - (a) carry out management verifications to verify that the co-financed products and services have been delivered, that the operation complies with applicable law, the programme and the conditions for support of the operation, and:
 - (i) where costs are to be reimbursed pursuant to point (a) of Article 53(1), that the amount of expenditure claimed by the beneficiaries in relation to these costs has been paid and that beneficiaries maintain separate accounting records or use appropriate accounting codes for all transactions relating to the operation;
 - (ii) where costs are to be reimbursed pursuant to points (b), (c) and (d) of Article 53(1), that the conditions for reimbursement of expenditure to the beneficiary have been met;
 - (b) ensure, subject to the availability of funding, that a beneficiary receives the amount due in full and no later than 80 days from the date of submission of the payment claim by the beneficiary; the deadline may be interrupted if information submitted by the beneficiary does not allow the managing authority to establish whether the amount is due;

- (c) have effective and proportionate anti-fraud measures and procedures in place, taking into account the risks identified;
- (d) prevent, detect and correct irregularities;
- (e) confirm that the expenditure entered into the accounts is legal and regular;
- (f) draw up the management declaration in accordance with the template set out in Annex XVIII.

For point (b) of the first subparagraph, no amount shall be deducted or withheld and no specific charge or other charge with equivalent effect shall be levied that would reduce amounts due to beneficiaries.

For PPP operations, the managing authority shall make payments to an escrow account set up for that purpose in the name of the beneficiary for use in accordance with the PPP agreement.

2. Management verifications referred to in point (a) of the first subparagraph of paragraph 1 shall be risk-based and proportionate to the risks identified *ex ante* and in writing.

Management verifications shall include administrative verifications in respect of payment claims made by beneficiaries and on-the-spot verifications of operations. Those verifications shall be carried out before submission of the accounts in accordance with Article 98.

3. Where the managing authority is also a beneficiary under the programme, arrangements for the management verifications shall ensure separation of functions.

Without prejudice to paragraph 2, the Interreg Regulation may establish specific rules on management verifications applicable to Interreg programmes. The AMIF, the ISF and the BMVI Regulations may establish specific rules on management verifications that are applicable where an international organisation is a beneficiary.

Article 75

Support of the work of the monitoring committee by the managing authority

The managing authority shall:

- (a) provide the monitoring committee in a timely manner with all information necessary to carry out its tasks;
- (b) ensure the follow-up of the decisions and recommendations of the monitoring committee.

Article 76

The accounting function

1. The accounting function shall consist of the following tasks:
 - (a) drawing up and submitting payment applications to the Commission in accordance with Articles 91 and 92;

- (b) drawing up and submitting the accounts confirming completeness, accuracy and veracity of the accounts in accordance with Article 98, and keeping electronic records of all the elements of the accounts, including payment applications;
 - (c) converting the amounts of expenditure incurred in another currency into euro by using the monthly accounting exchange rate of the Commission in the month during which the expenditure is registered in the accounting systems of the body responsible for carrying out the tasks set out in this Article.
2. The accounting function shall not comprise verifications at the level of beneficiaries.
 3. By way of derogation from point (c) of paragraph 1, the Interreg Regulation may establish a different method to convert the amounts of expenditure incurred in another currency into euro.

Article 77

Functions of the audit authority

1. The audit authority shall be responsible for carrying out system audits, audits on operations and audits of accounts in order to provide independent assurance to the Commission regarding the effective functioning of the management and control systems and the legality and regularity of the expenditure included in the accounts submitted to the Commission.
2. Audit work shall be carried out in accordance with internationally accepted audit standards.

3. The audit authority shall draw up and submit to the Commission:
- (a) an annual audit opinion in accordance with Article 63(7) of the Financial Regulation and with the template set out in Annex XIX to this Regulation and, based on all audit work carried out, cover the following distinct components:
 - (i) the completeness, accuracy and veracity of the accounts;
 - (ii) the legality and regularity of the expenditure included in the accounts submitted to the Commission;
 - (iii) the effective functioning of the management and control system;
 - (b) an annual control report fulfilling the requirements of point (b) of Article 63(5) of the Financial Regulation, in accordance with the template set out in Annex XX to this Regulation, which supports the annual audit opinion referred to in point (a) of this paragraph and sets out a summary of findings, including an analysis of the nature and extent of errors and deficiencies in the systems as well as the proposed and implemented corrective actions and the resulting total error rate and residual error rate for the expenditure entered in the accounts submitted to the Commission.
4. Where programmes are grouped for the purpose of audits of operations pursuant to the second subparagraph of Article 79(2), the information required under point (b) of paragraph 3 of this Article may be grouped in a single report.

5. The audit authority shall transmit to the Commission system audit reports as soon as the contradictory procedure with the relevant auditees is concluded.
6. The Commission and the audit authorities shall meet on a regular basis and, unless otherwise agreed, at least once a year to examine the audit strategy, the annual control report and the audit opinion, to coordinate their audit plans and methods, and to exchange views on issues relating to the improvement of management and control systems.

Article 78

Audit strategy

1. The audit authority shall, after consulting the managing authority, prepare an audit strategy based on a risk assessment, taking account of the management and control system description provided for in Article 69(11), covering system audits and audits of operations. The audit strategy shall include system audits of newly identified managing authorities and authorities in charge of the accounting function. Such audits shall be carried out within 21 months of the decision approving the programme or the amendment of the programme identifying such an authority. The audit strategy shall be prepared in accordance with the template set out in Annex XXII and shall be updated annually following the first annual control report and audit opinion provided to the Commission. It may cover one or more programmes.
2. The audit strategy shall be submitted to the Commission upon request.

Article 79
Audits of operations

1. Audits of operations shall cover expenditure declared to the Commission in the accounting year on the basis of a sample. That sample shall be representative and based on statistical sampling methods.
2. Where the population consists of less than 300 sampling units, a non-statistical sampling method may be used on the professional judgement of the audit authority. In such cases, the size of the sample shall be sufficient to enable the audit authority to draw up a valid audit opinion. The non-statistical sampling method shall cover a minimum of 10 % of the sampling units in the population of the accounting year, selected randomly.

The statistical sample may cover one or more programmes receiving support from the ERDF, the ESF+, the Cohesion Fund and the JTF and, subject to stratification where appropriate, one or more programming periods according to the professional judgement of the audit authority.

The sample of operations supported by the EMFAF, the AMIF, the ISF and the BMVI shall cover operations supported by each Fund separately.

3. Audits of operations shall include on-the-spot verification of the physical implementation of the operation only where it is required by the type of operation concerned.

The ESF+ Regulation may set out specific provisions for programmes or priorities under point (m) of Article 4(1) of that Regulation. The AMIF, the ISF and the BMVI Regulations may establish specific provisions for audit of operations where an international organisation is a beneficiary. The Interreg Regulation may establish specific rules on audits of operations applicable to Interreg programmes.

Audits shall be conducted on the basis of the rules in force at the time when the activities within the operation were carried out.

4. The Commission is empowered to adopt a delegated act in accordance with Article 114 to supplement this Article by setting out standardised off-the-shelf sampling methodologies and modalities to cover one or more programming periods.

Article 80

Single audit arrangements

1. When carrying out audits, the Commission and the audit authorities shall take due account of the principles of single audit and proportionality in relation to the level of risk to the budget of the Union. This shall be, in particular, in order to avoid duplication of audits and management verifications of the same expenditure declared to the Commission with the objective of minimising the cost of management verifications and audits and the administrative burden on beneficiaries.

The Commission and audit authorities shall first use all the information and records referred to in point (e) of Article 72(1), including results of management verifications, and only request and obtain additional documents and audit evidence from the beneficiaries concerned where, based on their professional judgement, this is required to support robust audit conclusions.

2. For programmes for which the Commission concludes that the opinion of the audit authority is reliable and the Member State concerned participates in the enhanced cooperation on the establishment of the European Public Prosecutor's Office, the Commission's own audits shall be limited to auditing the work of the audit authority.
3. Prior to the submission of the accounts for the accounting year in which the operation is completed, the Commission or audit authority shall not carry out more than one audit in respect of operations for which the total eligible expenditure does not exceed EUR 400 000 for the ERDF or the Cohesion Fund, EUR 350 000 for the JTF, EUR 300 000 for the ESF+, or EUR 200 000 for the EMFAF, the AMIF, the ISF or the BMVI.

Other operations shall not be subject to more than one audit per accounting year by either the audit authority or the Commission prior to the submission of the accounts for the accounting year in which the operation is completed. Operations shall not be subject to an audit by the Commission or the audit authority in any year where there has already been an audit in that year by the Court of Auditors, provided that the results of that Court of Auditors' audit for such operations can be used by the audit authority or the Commission for the purpose of fulfilling their respective tasks.

4. Notwithstanding paragraph 3, any operation may be subject to more than one audit, if the audit authority concludes, based on its professional judgement, that it is not possible to draw up a valid audit opinion.
5. Paragraphs 2 and 3 shall not apply where:
 - (a) there is a specific risk of irregularity or a suspicion of fraud;
 - (b) there is a need to re-perform the work of the audit authority for obtaining assurance as to its effective functioning;
 - (c) there is evidence of a serious deficiency in the work of the audit authority.

Article 81

Management verifications and audits of financial instruments

1. The managing authority shall carry out on-the-spot management verifications in accordance with Article 74(1) only at the level of bodies implementing the financial instrument and, in the context of guarantee funds, at the level of bodies delivering the underlying new loans. The managing authority may rely on verifications carried out by external bodies and not carry out on-the-spot management verifications, provided that it has sufficient evidence of the competence of these external bodies.
2. The managing authority shall not carry out on-the-spot verifications at the level of the EIB or other international financial institutions in which a Member State is a shareholder.

However, the EIB or other international financial institutions in which a Member State is a shareholder shall provide control reports supporting the payment claims to the managing authority.

3. The audit authority shall carry out system audits and audits of operations in accordance with Article 77, 79 or 83, as appropriate, at the level of bodies implementing the financial instrument and, in the context of guarantee funds, at the level of bodies delivering the underlying new loans. The audit results of external auditors of bodies implementing the financial instrument may be taken into account by the audit authority for the purposes of the overall assurance and on this basis, the audit authority may decide to limit its own audit work.
4. In the context of guarantee funds, the bodies responsible for the audit of programmes may conduct audits of the bodies providing new underlying loans only when one or more of the following situations occur:
 - (a) supporting documents, providing evidence of the support from the financial instrument to final recipients, are not available at the level of the managing authority or at the level of the bodies implementing the financial instrument;
 - (b) there is evidence that the documents available at the level of the managing authority or at the level of the bodies implementing the financial instrument do not represent a true and accurate record of the support provided.

5. The audit authority shall not carry out audits at the level of the EIB or other international financial institutions in which a Member State is a shareholder, for financial instruments implemented by them.

However, the EIB or other international financial institutions in which a Member State is a shareholder shall provide to the Commission and to the audit authority an annual audit report drawn up by their external auditors by the end of each calendar year. This report shall cover the elements included in Annex XXI, and constitute the basis for the audit authority's work.

6. The EIB or other international financial institutions shall provide to the programme authorities all the necessary documents to enable them to fulfil their obligations.

Article 82

Availability of documents

1. Without prejudice to the rules governing State aid, the managing authority shall ensure that all supporting documents related to an operation supported by the Funds are kept at the appropriate level for a 5-year period from 31 December of the year in which the last payment by the managing authority to the beneficiary is made.
2. The time period referred to in paragraph 1 shall be interrupted either in the case of legal proceedings or by a request of the Commission.

CHAPTER III

Reliance on national management systems

Article 83

Enhanced proportionate arrangements

The Member State may apply the following enhanced proportionate arrangements for the management and control system of a programme where the conditions set out in Article 84 are fulfilled:

- (a) by way of derogation from point (a) of Article 74(1) and Article 74(2), the managing authority may apply only national procedures to carry out management verifications;
- (b) by way of derogation from Article 77(1) regarding system audits and Article 79(1) and (3) regarding audits of operations, the audit authority may limit its audit activity to audits of operations covering a sample based on a statistical selection of 30 sampling units for the programme or group of programmes concerned;

For the purposes of management verifications referred to in point (a) of the first subparagraph, the managing authority may rely on verifications carried out by external bodies provided that it has sufficient evidence of the competence of those bodies.

For point (b) of the first subparagraph, where the population consists of less than 300 sampling units, the audit authority may apply a non-statistical sampling method in accordance with Article 79(2).

The Commission shall limit its own audits to a review of the work of the audit authority through re-performance at its level only, unless available information suggests a serious deficiency in the work of the audit authority.

Article 84

Conditions for application of enhanced proportionate arrangements

1. The Member State may apply the enhanced proportionate arrangements referred to in Article 83 at any time during the programming period, where the Commission has confirmed in its published annual activity reports, for the last 2 years preceding such a decision by the Member State, that the management and control system of the programme is functioning effectively and that the total error rate for each year is 2 % or below. When assessing the effective functioning of the management and control system of the programme, the Commission shall take into account the participation of the Member State concerned in the enhanced cooperation on the establishment of the European Public Prosecutor's Office.

Where a Member State decides to apply the enhanced proportionate arrangements referred to in Article 83, it shall notify the Commission on the application of such arrangements. In such a case the arrangements shall apply from the start of the subsequent accounting year.

2. At the start of the programming period, the Member State may apply the enhanced proportionate arrangements referred to in Article 83, provided that the conditions set out in paragraph 1 of this Article are met with respect to a similar programme implemented in 2014-2020 and where the management and control arrangements established for the 2021-2027 programme build largely on those from the previous programme. In such a case, the arrangements shall apply from the start of the programme.
3. The Member State shall establish or update accordingly the description of the management and control system and the audit strategy set out in Article 69(11) and Article 78.

Article 85

Adjustment during the programming period

1. Where the Commission or the audit authority conclude, based on the audits carried out and the annual control report, that the conditions set out in Article 84 are no longer fulfilled, the Commission shall request the audit authority to carry out additional audit work in accordance with Article 69(3) and satisfy itself that remedial actions are taken.

2. Where the subsequent annual control report confirms that the conditions continue not to be fulfilled, thus limiting the assurance provided to the Commission on the effective functioning of the management and control systems and of the legality and regularity of expenditure, the Commission shall request the audit authority to carry out system audits.
3. The Commission may, after having given to the Member State the opportunity to present its observations, inform the Member State that the enhanced proportionate arrangements set out in Article 83 shall no longer be applied from the start of the subsequent accounting year.

TITLE VII
FINANCIAL MANAGEMENT, SUBMISSION
AND EXAMINATION OF ACCOUNTS
AND FINANCIAL CORRECTIONS

CHAPTER I
Financial management

SECTION I
GENERAL ACCOUNTING RULES

Article 86

Budgetary commitments

1. The decision approving the programme in accordance with Article 23 shall constitute a financing decision within the meaning of Article 110(1) of the Financial Regulation and its notification to the Member State concerned shall constitute a legal commitment.

That decision shall specify the total Union contribution per Fund and per year. However, for programmes under the Investment for jobs and growth goal, an amount corresponding to 50 % of the contribution for the years 2026 and 2027 ('flexibility amount') per programme in each Member State shall be retained and shall only be definitively allocated to the programme after the adoption of the Commission decision following the mid-term review in accordance with Article 18.

2. The budgetary commitments of the Union in respect of each programme shall be made by the Commission in annual instalments for each Fund during the period between 1 January 2021 and 31 December 2027.
3. By way of derogation from Article 111(2) of the Financial Regulation, the budgetary commitments for the first instalment shall follow the adoption of the programme by the Commission.

Article 87

Use of the euro

Any amounts set out in programmes, reported or declared to the Commission by Member States shall be denominated in euro.

Article 88
Repayment

1. Any repayment due to be made to the budget of the Union shall be effected before the due date indicated in the order for recovery drawn up in accordance with Article 98 of the Financial Regulation. The due date shall be the last day of the second month following the issuing of the order.
2. Any delay in effecting repayment shall give rise to interest on account of late payment, starting on the due date and ending on the date of actual payment. The rate of such interest shall be one-and-a-half percentage points above the rate applied by the European Central Bank in its main refinancing operations on the first working day of the month in which the due date falls.

SECTION II
RULES FOR PAYMENTS TO MEMBER STATES

Article 89
Types of payments

Payments shall take the form of pre-financing, interim payments and payments of the balance of the accounts for the accounting year.

Article 90
Pre-financing

1. The Commission shall pay pre-financing based on the total support from the Funds set out in the decision approving the programme.
2. The pre-financing for each Fund shall be paid in yearly instalments before 1 July of each year, subject to availability of funds, as follows:
 - (a) 2021: 0,5 %;
 - (b) 2022: 0,5 %;
 - (c) 2023: 0,5 %;
 - (d) 2024: 0,5 %;
 - (e) 2025: 0,5 %;
 - (f) 2026: 0,5 %.

Where a programme is adopted after 1 July 2021, the earlier instalments shall be paid in the year of adoption.

3. By way of derogation from paragraph 2, specific rules on pre-financing for Interreg programmes shall be set out in the Interreg Regulation.

4. By way of derogation from paragraph 2, specific rules on pre-financing for programmes supported by the AMIF, the ISF and the BMVI shall be set out in the Fund-specific Regulations.
5. The amount paid as pre-financing for the years 2021 and 2022 shall be cleared from the Commission accounts each year and for the years 2023 to 2026 no later than with the final accounting year in accordance with Article 100.

For programmes supported by the AMIF, the ISF and the BMVI, the amount paid as pre-financing shall be cleared from the Commission accounts no later than with the final accounting year.

6. Any interest generated by the pre-financing shall be used for the programme concerned in the same way as the Funds and shall be included in the accounts for the final accounting year.

Article 91

Payment applications

1. The Member State shall submit a maximum of six payment applications per programme, per Fund and per accounting year. Every year, one payment application may be submitted at any time in each time period between the following dates: 28 February, 31 May, 31 July, 31 October, 30 November and 31 December.

The last payment application submitted by 31 July shall be deemed to be the final payment application for the accounting year that has ended 30 June.

The first subparagraph shall not apply to Interreg programmes.

2. Payment applications shall be admissible only where the latest assurance package due, as referred to in Article 98, has been submitted.
3. Payment applications shall be submitted to the Commission in accordance with the template set out in Annex XXIII and include, for each priority and, where applicable, by category of region:
 - (a) the total amount of eligible expenditure incurred by beneficiaries and paid in implementing operations linked to specific objectives for which enabling conditions are fulfilled and operations linked to specific objectives for which enabling conditions are not fulfilled but contribute to the fulfilment of enabling conditions, as entered in the system of the body carrying out the accounting function;
 - (b) the amount for technical assistance calculated in accordance with point (b) of Article 36(5), where applicable;
 - (c) the total amount of public contribution made or to be made linked to specific objectives for which enabling conditions are fulfilled and operations linked to specific objectives for which enabling conditions are not fulfilled but contribute to the fulfilment of enabling conditions, as entered in the system of the body carrying out the accounting function;

(d) the total amount of eligible expenditure incurred by beneficiaries and paid in implementing operations linked to specific objectives for which enabling conditions are not fulfilled, with the exception of operations that contribute to the fulfilment of enabling conditions, as entered in the system of the body carrying out the accounting function.

4. By way of derogation from point (a) of paragraph 3, the following shall apply:

- (a) where the Union contribution is made pursuant to point (a) of Article 51, the amounts included in a payment application are the amounts justified by the progress in the fulfilment of conditions, or achievement of results, in accordance with the decision referred to in Article 95(2) or the delegated act referred to in Article 95(4);
- (b) where the Union contribution is made pursuant to points (c), (d) and (e) of Article 51, the amounts included in a payment application are the amounts determined in accordance with the decision referred to in Article 94(3) or the delegated act referred to in Article 94(4);
- (c) for the forms of grants listed in points (b), (c) and (d) of the first subparagraph of Article 53(1), the amounts included in a payment application are the costs calculated on the applicable basis.

5. By way of derogation from paragraph 3, in the case of State aid, the payment application may include advances paid to the beneficiary by the body granting the aid under the following cumulative conditions:
- (a) those advances are subject to a guarantee provided by a bank or other financial institution established in the Member State or be covered by a facility provided as a guarantee by a public entity or by the Member State;
 - (b) those advances do not exceed 40 % of the total amount of the aid to be granted to a beneficiary for a given operation;
 - (c) those advances are covered by expenditure paid by beneficiaries in implementing the operation and supported by receipted invoices or accounting documents of equivalent probative value at the latest within 3 years following the year of the payment of the advance or on 31 December 2029, whichever is earlier, failing which the next payment application shall be corrected accordingly.

Each payment application which includes advances of this type shall separately disclose the total amount paid from the programme as advances, the amount which has been covered by expenditure paid by beneficiaries within 3 years of the payment of the advance in accordance with point (c), and the amount which has not been covered by expenditure paid by beneficiaries and for which the 3-year period has not yet elapsed.

6. By way of derogation from point (c) of paragraph 3 of this Article, in the case of aid schemes under Article 107 TFEU, the public contribution corresponding to the expenditure included in a payment application shall have been paid to the beneficiaries by the body granting the aid.

Article 92

Specific elements for financial instruments in payment applications

1. Where financial instruments are implemented in accordance with Article 59(1), payment applications submitted in accordance with Annex XXIII shall include the total amounts disbursed or, in the case of guarantees, the amounts set aside for guarantee contracts, by the managing authority to final recipients as referred to in points (a), (b) and (c) of Article 68(1).
2. Where financial instruments are implemented in accordance with Article 59(2), payment applications that include expenditure for financial instruments shall be submitted in accordance with the following conditions:
 - (a) the amount included in the first payment application shall have been paid to the financial instruments and may be up to 30 % of the total amount of programme contributions committed to the financial instruments under the relevant funding agreement, in accordance with the relevant priority and category of region, where applicable;

- (b) the amount included in subsequent payment applications submitted during the eligibility period shall include the eligible expenditure as referred to in Article 68(1).
3. The amount included in the first payment application, referred to in point (a) of paragraph 2, shall be cleared from Commission accounts no later than the final accounting year.

It shall be disclosed separately in payment applications.

Article 93

Common rules for payments

1. Without prejudice to Article 15(5) and (6) and subject to available funding, the Commission shall make interim payments within 60 days of the date on which a payment application is received by the Commission.
2. Each payment shall be attributed to the earliest open budget commitment of the Fund and category of region concerned. The Commission shall reimburse as interim payments 95 % of the amounts included in the payment application, which results from applying the co-financing rate for each priority to the total eligible expenditure or to the public contribution, as appropriate. The Commission shall determine the remaining amounts to be reimbursed or to be recovered when calculating the balance of the accounts in accordance with Article 100.

3. The support from the Funds to a priority in interim payments shall not be higher than the amount of the support from the Funds for the priority laid down in the decision approving the programme.
4. Where the Union contribution takes any of the forms listed in Article 51, the Commission shall not pay more than the amount requested by the Member State.
5. The support from the Funds to a priority in the payment of the balance of the final accounting year shall not exceed any of the following amounts:
 - (a) the public contribution declared in payment applications;
 - (b) support from the Funds paid or to be paid to beneficiaries;
 - (c) the amount requested by the Member State.

Amounts reimbursed pursuant to Article 36(5) shall not be taken into account for the purposes of calculating the ceiling set out in point (b) of the first subparagraph of this Article.

6. On the request of a Member State, interim payments may be increased by 10 % above the co-financing rate applicable to each priority for the Funds, if a Member State meets one of the following conditions after ... [OJ: date of entry into force of this Regulation]:
 - (a) the Member State receives a loan from the Union pursuant to Council Regulation (EU) No 407/2010¹;

¹ Council Regulation (EU) No 407/2010 of 11 May 2010 establishing a European financial stabilisation mechanism (OJ L 118, 12.5.2010, p. 1).

- (b) the Member State receives medium-term financial assistance under the European Stability Mechanism as established by the Treaty establishing the European Stability Mechanism of 2 February 2012 or as referred to in Regulation (EC) No 332/2002 conditional on the implementation of a macro-economic adjustment programme;
- (c) financial assistance is made available to the Member State conditional on the implementation of a macroeconomic adjustment programme as specified in Regulation (EU) No 472/2013.

The increased rate, which may not exceed 100 %, shall apply to requests for payments until the end of the calendar year in which the related financial assistance comes to an end.

7. Paragraph 6 shall not apply to Interreg programmes.

Article 94

Union contribution based on unit costs, lump sums and flat rates

1. The Commission may reimburse the Union contribution to a programme on the basis of unit costs, lump sums and flat rates in accordance with Article 51, either based on the amounts and rates approved by a decision in accordance with paragraph 3 of this Article or set out in the delegated act referred to in paragraph 4 of this Article.
2. In order to make use of a Union contribution to the programme based on unit costs, lump sums and flat rates, Member States shall submit a proposal to the Commission in accordance with the templates set out in Annexes V and VI, as part of the programme submission or of a request for its amendment.

The amounts and rates proposed by the Member State shall be established on the basis of the following and assessed by the audit authority:

- (a) a fair, equitable and verifiable calculation method based on any of the following:
 - (i) statistical data, other objective information or an expert judgement;
 - (ii) verified historical data;
 - (iii) the application of usual cost accounting practices;
- (b) draft budgets;

- (c) the rules on corresponding unit costs, lump sums and flat rates applicable in Union policies for a similar type of operation;
 - (d) the rules on corresponding unit costs, lump sums and flat rates applied under schemes for grants funded entirely by the Member State for a similar type of operation.
3. The decision approving the programme or its amendment shall set out the types of operations covered by the reimbursement based on unit costs, lump sums and flat rates, the definition and the amounts covered by those unit costs, lump sums and flat rates, and the methods for adjustment of the amounts.
- Member States shall reimburse beneficiaries for the purposes of this Article. That reimbursement may take any form of support.
- Commission and Member State audits and management verifications carried out by Member States shall exclusively aim at verifying that the conditions for reimbursement by the Commission have been fulfilled.
4. The Commission is empowered to adopt a delegated act in accordance with Article 114 to supplement this Article by defining at Union level unit costs, lump sums, flat rates, their amounts and adjustment methods in the ways referred to in points (a) to (d) of the second subparagraph of paragraph 2 of this Article.
5. This Article shall not apply to the Union contribution for technical assistance reimbursed pursuant to point (e) of Article 51.

Article 95

Union contribution based on financing not linked to costs

1. The Commission may reimburse the Union contribution to all or parts of a priority of programmes based on financing not linked to costs in accordance with Article 51, either based on the amounts approved by a decision referred to in paragraph 2 of this Article or set out in the delegated act referred to in paragraph 4 of this Article. In order to make use of a Union contribution to the programme based on financing not linked to costs, Member States shall submit a proposal to the Commission in accordance with the templates set out in Annexes V and VI, as part of the programme or of a request for its amendment. The proposal shall contain the following information:
 - (a) identification of the priority concerned and the overall amount covered by the financing not linked to costs;
 - (b) a description of the part of the programme and the type of operations covered by the financing not linked to costs;
 - (c) a description of the conditions to be fulfilled or of the results to be achieved and a timeline;
 - (d) intermediate deliverables triggering reimbursement by the Commission;
 - (e) measurement units;

- (f) the schedule for reimbursement by the Commission and related amounts linked to the progress in the fulfilment of conditions or achievement of results;
 - (g) the arrangements for verification of the intermediate deliverables and of the fulfilment of conditions or achievement of results;
 - (h) the methods for adjustment of the amounts, where applicable;
 - (i) the arrangements to ensure the audit trail in accordance with Annex XIII demonstrating the fulfilment of conditions or achievement of results;
 - (j) the envisaged type of reimbursement method used to reimburse the beneficiary or beneficiaries within the priority or parts of a priority of programmes concerned by this Article.
2. The decision approving the programme or the request for its amendment shall set out all the elements listed in paragraph 1.
 3. Member States shall reimburse beneficiaries for the purposes of this Article. That reimbursement may take any form of support.

Commission and Member State audits and management verifications carried out by Member States shall exclusively aim at verifying that the conditions for reimbursement by the Commission have been fulfilled or the results have been achieved.

4. The Commission is empowered to adopt a delegated act in accordance with Article 114 to supplement this Article by establishing amounts for Union-level financing not linked to costs by type of operation, the methods for adjustment of the amounts and the conditions to be fulfilled or the results to be achieved.

SECTION III

INTERRUPTIONS AND SUSPENSIONS

Article 96

Interruption of the payment deadline

1. The Commission may interrupt the payment deadline, except for pre-financing, for a maximum period of 6 months where any of the following conditions is met:
 - (a) there is evidence to suggest a serious deficiency for which corrective measures have not been taken;
 - (b) the Commission has to carry out additional verifications following receipt of information that expenditure in a payment application may be linked to an irregularity.
2. The Member State may agree to extend the interruption period by 3 months.

3. The Commission shall limit the interruption to the part of the expenditure affected by the elements referred to in paragraph 1, unless it is not possible to identify the part of the expenditure affected. The Commission shall inform the Member State and the managing authority in writing of the reason for interruption and shall request them to remedy the situation. The Commission shall end the interruption as soon as the measures remedying the elements referred to in paragraph 1 have been taken.
4. The Fund-specific rules for the EMFAF may lay down specific bases for interruption of payments linked to non-compliance with rules applicable under the Common Fisheries Policy.

Article 97

Suspension of payments

1. The Commission may suspend all or part of payments, except for pre-financing, after having given the Member State the opportunity to present its observations, if any of the following conditions is met:
 - (a) the Member State has failed to take the necessary action to remedy the situation giving rise to an interruption under Article 96;
 - (b) there is a serious deficiency;
 - (c) the expenditure in payment applications is linked to an irregularity that has not been corrected;

- (d) there is a reasoned opinion by the Commission in respect of an infringement procedure under Article 258 TFEU on a matter that puts at risk the legality and regularity of expenditure.
- 2. The Commission shall end the suspension of all or part of payments when the Member State has taken the measures remedying the elements referred to in paragraph 1.
- 3. The Fund-specific rules for the EMFAF may lay down specific bases for suspension of payments linked to non-compliance with rules applicable under the Common Fisheries Policy.

CHAPTER II

Submission and examination of accounts

Article 98

Content and submission of accounts

- 1. For each accounting year for which payment applications have been submitted, the Member State shall submit to the Commission by 15 February, the following documents ('the assurance package') which shall cover the preceding accounting year:
 - (a) the accounts in accordance with the template set out in Annex XXIV;

- (b) the management declaration referred to in point (f) of Article 74(1) in accordance with the template set out in Annex XVIII;
 - (c) the annual audit opinion referred to in point (a) of Article 77(3) in accordance with the template set out in Annex XIX;
 - (d) the annual control report referred to in point (b) of Article 77(3) in accordance with the template set out in Annex XX.
2. The deadline referred to in paragraph 1 may exceptionally be extended by the Commission to 1 March, upon communication by the Member State concerned.
3. The accounts shall include at the level of each priority and, where applicable, by fund and by category of region:
- (a) the total amount of eligible expenditure entered into the accounting systems of the body carrying out the accounting function which has been included in the final payment application for the accounting year and the total amount of the corresponding public contribution made or to be made linked to specific objectives for which enabling conditions are fulfilled and operations linked to specific objectives for which enabling conditions are not fulfilled but contribute to the fulfilment of enabling conditions;
 - (b) the amounts withdrawn during the accounting year;

- (c) the amounts of public contribution paid to financial instruments;
 - (d) for each priority, an explanation on any differences between the amounts declared pursuant to point (a) and the amounts declared in payment applications for the same accounting year.
4. The assurance package shall not concern the total amount of eligible expenditure incurred by beneficiaries and paid in implementing operations or the corresponding public contribution made or to be made linked to specific objectives for which enabling conditions are not fulfilled with the exception of operations that contribute to the fulfilment of enabling conditions.
5. The accounts shall not be admissible if Member States have not undertaken the necessary corrections to reduce the residual error rate on the legality and regularity of the expenditure included in the accounts to 2 % or below.
6. Member States shall in particular deduct from the accounts:
- (a) the irregular expenditure which has been subject to financial corrections in accordance with Article 103;
 - (b) the expenditure which is subject to an ongoing assessment of its legality and regularity;
 - (c) other amounts as necessary to reduce the residual error rate of the expenditure declared in the accounts to 2 % or below.

The Member State may include expenditure under point (b) of the first subparagraph in a payment application in subsequent accounting years once its legality and regularity is confirmed.

7. The Member State may correct irregular amounts which it has detected after the submission of the accounts in which the amounts were included by making the corresponding adjustments for the accounting year in which the irregularity is detected, without prejudice to Article 104.
8. As part of the assurance package, the Member State shall submit for the last accounting year the final performance report referred to in Article 43 or the last annual performance report for the AMIF, the ISF or the BMVI.

Article 99

Examination of accounts

The Commission shall satisfy itself that the accounts are complete, accurate and true by 31 May of the year following the end of the accounting year unless Article 102 applies.

Article 100
Calculation of the balance

1. When the Commission determines the amount chargeable to the Funds for the accounting year and the consequent adjustments in relation to the payments to the Member State, it shall take into account:
 - (a) the amounts in the accounts referred to in point (a) of Article 98(3) and to which the co-financing rate for each priority is to be applied;
 - (b) the total amount of interim payments made by the Commission during that accounting year;
 - (c) for the ERDF, the ESF+, the Cohesion Fund, the JTF and the EMFAF, for the years 2021 and 2022, the amount of pre-financing.

2. Where there is an amount recoverable from the Member State, it shall be subject to a recovery order issued by the Commission which shall be executed, where possible, by offsetting against amounts due to the Member State in subsequent payments to the same programme. Such a recovery shall not constitute a financial correction and shall not reduce support from the Funds to the programme. The amount recovered shall constitute assigned revenue in accordance with Article 21(3) of the Financial Regulation.

Article 101

Procedure for the examination of accounts

1. The procedure set out in Article 102 shall apply in either of the following cases:
 - (a) the audit authority has provided a qualified or adverse audit opinion due to reasons linked to the completeness, accuracy and veracity of the accounts;
 - (b) the Commission has evidence putting into question the reliability of an unqualified audit opinion.
2. In all other cases, the Commission shall calculate the amounts chargeable to the Funds in accordance with Article 100 and make the respective payments or recoveries before 1 July. That payment or recovery shall constitute the acceptance of accounts.

Article 102

Contradictory procedure for the examination of accounts

1. If the audit authority provides an audit opinion which is qualified or adverse due to reasons linked to the completeness, accuracy and veracity of the accounts, the Commission shall request the Member State to revise these accounts and to resubmit the documents referred to in Article 98(1) within 1 month.

Where by the time limit set out in the first subparagraph:

- (a) the audit opinion is unqualified, Article 100 shall apply and the Commission shall pay any additional amount due or proceed to a recovery within 2 months;
 - (b) the audit opinion is still qualified or documents have not been re-submitted by the Member State, paragraphs 2, 3 and 4 shall apply.
2. If the audit opinion remains qualified due to reasons linked to the completeness, accuracy and veracity of the accounts or if the audit opinion remains unreliable, the Commission shall inform the Member State on the amount chargeable to the Funds for the accounting year.
3. Where the Member State agrees with the amount referred to in paragraph 2 of this Article within 1 month, the Commission shall pay within 2 months any additional amount due or proceed to a recovery in accordance with Article 100.
4. Where the Member State does not agree with the amount referred to in paragraph 2 of this Article, the Commission shall establish the amount chargeable to the Funds for the accounting year. Such an act shall not constitute a financial correction and shall not reduce support from the Funds to the programme. The Commission shall pay within 2 months any additional amount due or proceed to a recovery in accordance with Article 100.

5. With regard to the final accounting year, the Commission shall pay or recover the annual balance of the accounts for programmes supported by the ERDF, the ESF+, the Cohesion Fund, the JTF and the EMFAF no later than 2 months after the date of acceptance of the final performance report as referred to in Article 43.

CHAPTER III

Financial corrections

Article 103

Financial corrections by Member States

1. Member States shall protect the Union budget and apply financial corrections by cancelling all or part of the support from the Funds to an operation or programme where expenditure declared to the Commission is found to be irregular.
2. Financial corrections shall be recorded in the accounts for the accounting year in which the cancellation is decided.
3. The support from the Funds cancelled may be reused by the Member State within the programme concerned except for an operation that was subject of that correction or, where a financial correction is made for a systemic irregularity, for any operation affected by the systemic irregularity.

4. The Fund-specific rules for the EMFAF may lay down specific bases for financial corrections by the Member States linked to non-compliance with rules applicable under the Common Fisheries Policy.
5. By way of derogation from paragraphs 1, 2 and 3, in operations comprising financial instruments, a contribution cancelled in accordance with this Article, as a result of an individual irregularity, may be reused within the same operation under the following conditions:
 - (a) where the irregularity that gives rise to the cancellation of the contribution is detected at the level of the final recipient, only for other final recipients within the same financial instrument;
 - (b) where the irregularity that gives rise to the cancellation of the contribution is detected at the level of the body implementing the specific fund, where a financial instrument is implemented through a structure with a holding fund, only for other bodies implementing specific funds.

Where that irregularity that gives rise to the cancellation of the contribution is detected at the level of the body implementing the holding fund, or at the level of the body implementing the specific fund where a financial instrument is implemented through a structure without a holding fund, the contribution cancelled shall not be reused within the same operation.

Where a financial correction is made for a systemic irregularity, the contribution cancelled shall not be reused for any operation affected by the systemic irregularity.

6. The bodies implementing financial instruments shall reimburse to Member States programme contributions affected by irregularities, together with interest and any other gains generated by these contributions.

The bodies implementing financial instruments shall not reimburse to Member States the amounts referred to in the first subparagraph provided that those bodies demonstrate for a given irregularity that the following cumulative conditions are fulfilled:

- (a) the irregularity occurred at the level of final recipients or, in the case of a holding fund, at the level of bodies implementing specific funds or final recipients;
- (b) the bodies implementing financial instruments carried out their obligations, in relation to the programme contributions affected by the irregularity, in accordance with applicable law and acted with the degree of professional care, transparency and diligence expected from a professional body experienced in implementing financial instruments;
- (c) the amounts affected by the irregularity could not be recovered notwithstanding that the bodies implementing financial instruments pursued all applicable contractual and legal measures with due diligence.

Article 104

Financial corrections by the Commission

1. The Commission shall make financial corrections by reducing support from the Funds to a programme where it concludes that:
 - (a) there is a serious deficiency which has put at risk the support from the Funds already paid to the programme;
 - (b) expenditure contained in accepted accounts is irregular and was not detected and reported by the Member State;
 - (c) the Member State has not complied with its obligations under Article 97 prior to the opening of the financial correction procedure by the Commission.

Where the Commission applies flat-rate or extrapolated financial corrections, this shall be carried out in accordance with Annex XXV.

2. Before taking a decision on a financial correction, the Commission shall inform the Member State of its conclusions and give the Member State the opportunity to present, within 2 months, its observations and to demonstrate that the actual extent of irregularity is less than the Commission's assessment. The deadline can be extended if mutually agreed.

3. Where the Member State does not accept the conclusions of the Commission, the Member State shall be invited to a hearing by the Commission, in order to ensure that all relevant information and observations are available to form the basis for Commission conclusions on the application of the financial correction.
4. The Commission shall decide on a financial correction taking into account the extent, the frequency and financial implications of the irregularities or serious deficiencies, by means of an implementing act within 10 months of the date of the hearing or of the submission of additional information as required by the Commission.

When deciding on a financial correction, the Commission shall take account of all information and observations submitted.

Where a Member State agrees to the financial correction for cases referred to in points (a) and (c) of the first subparagraph of paragraph 1 before the adoption of the decision referred to in the first subparagraph of this paragraph, the Member State may reuse the amounts concerned. That possibility shall not apply to a case of a financial correction under point (b) of the first subparagraph of paragraph 1.

5. The Fund-specific rules for the EMFAF may lay down specific bases for financial corrections by the Commission linked to non-compliance with rules applicable under the Common Fisheries Policy.
6. The Fund-specific rules for the JTF may lay down specific bases for financial corrections by the Commission linked to the under-achievement of targets established for the JTF.

CHAPTER IV

Decommitment

Article 105

Decommitment principles and rules

1. The Commission shall decommit any amount in a programme which has not been used for pre-financing, in accordance with Article 90, or for which a payment application has not been submitted, in accordance with Articles 91 and 92, by 31 December of the third calendar year following the year of the budget commitments for the years 2021 to 2026.
2. The part of commitments still open on 31 December 2029 shall be decommitted if the assurance package and the final performance report for programmes supported by the ERDF, the ESF+, the Cohesion Fund, the JTF and the EMFAF have not been submitted to the Commission by the time limit set out in Article 43(1).

Article 106

Exceptions to the decommitment rules

1. The amount concerned by decommitment shall be reduced by the amounts equivalent to that part of the budget commitment for which:
 - (a) the operations are suspended by a legal proceeding or by an administrative appeal having suspensory effect; or

- (b) it has not been possible to make a payment application for reasons of *force majeure* seriously affecting implementation of all or part of the programme.

The national authorities claiming *force majeure* shall demonstrate the direct consequences of the *force majeure* on the implementation of all or part of the programme.

2. By 31 January, the Member State shall send to the Commission information on the exceptions referred to in points (a) and (b) of the first subparagraph of paragraph 1 for the amount to be declared by 31 December of the preceding year.

Article 107

Procedure for decommitment

1. On the basis of the information it has received as of 31 January, the Commission shall inform the Member State of the amount of the decommitment resulting from that information.
2. The Member State shall have 2 months to agree to the amount to be decommitted or to submit its observations.
3. By 30 June, the Member State shall submit to the Commission an amended financing plan reflecting, for the calendar year concerned, the reduced amount of support over one or more priorities of the programme. For programmes supported by more than one Fund, the amount of support shall be reduced by Fund proportionately to the amounts concerned by the decommitment that had not been used in the calendar year concerned.

In the absence of such a submission, the Commission shall amend the financing plan by reducing the contribution from the Funds for the calendar year concerned. That reduction shall be allocated to each priority proportionately to the amounts concerned by the decommitment that had not been used in the calendar year concerned.

4. The Commission shall amend the decision approving the programme no later than 31 October.

TITLE VIII

FINANCIAL FRAMEWORK

Article 108

Geographical coverage of support for the Investment for jobs and growth goal

1. The ERDF, the ESF+ and the Cohesion Fund shall support the Investment for jobs and growth goal in all regions corresponding to level 2 of the common classification of territorial units for statistics ('NUTS level 2 regions') established by Regulation (EC) No 1059/2003 as amended by Regulation (EU) 2016/2066.
2. Resources from the ERDF and ESF+ for the Investment for jobs and growth goal shall be allocated among the following three categories of NUTS level 2 regions:
 - (a) less developed regions, whose GDP *per capita* is less than 75 % of the average GDP *per capita* of the EU-27 ('less developed regions');

- (b) transition regions, whose GDP *per capita* is between 75 % and 100 % of the average GDP *per capita* of the EU-27 ('transition regions');
- (c) more developed regions, whose GDP *per capita* is above 100 % of the average GDP *per capita* of the EU-27 ('more developed regions').

The classification of regions under one of the three categories of region shall be determined on the basis of how the GDP *per capita* of each region, measured in purchasing power standards (PPS) and calculated on the basis of Union figures for the period 2015-2017, relates to the average GDP *per capita* of the EU-27 for the same reference period.

3. The Cohesion Fund shall support those Member States whose gross national income (GNI) per capita, measured in PPS and calculated on the basis of Union figures for the period 2015-2017, is less than 90 % of the average GNI per capita of the EU-27 for the same reference period.
4. The Commission shall adopt a decision, by means of implementing act, setting out the list of regions fulfilling the criteria of one of the three categories of region and of Member States fulfilling the criteria of paragraph 3. That list shall be valid from 1 January 2021 to 31 December 2027.

Article 109

Resources for economic, social and territorial cohesion

1. The resources for economic, social and territorial cohesion available for budgetary commitment for the 2021-2027 period under the MFF shall be EUR 330 234 776 621 in 2018 prices for the ERDF, the ESF+ and the Cohesion Fund, and EUR 7 500 000 000 in 2018 prices for the JTF.

The resources referred to in the first subparagraph shall be completed by an amount of EUR 10 000 000 000 in 2018 prices for measures referred to in Article 1(2) of Council Regulation (EU) 2020/2094¹ for the purposes of the JTF Regulation. This amount shall constitute external assigned revenue for the purpose of Article 21(5) of the Financial Regulation.

For the purposes of programming and subsequent inclusion in the budget of the Union, amounts referred to in the first and second subparagraphs shall be indexed at 2 % per year.

2. The Commission shall adopt a decision, by means of implementing act, setting out the annual breakdown of the global resources for the ERDF, the ESF+ and the Cohesion Fund by Member State under the Investment for jobs and growth goal and, where applicable, by category of region, in accordance with the methodologies set out in Annex XXVI.

¹ Council Regulation (EU) 2020/2094 of 14 December 2020 establishing a European Union Recovery Instrument to support the recovery in the aftermath of the COVID-19 crisis (OJ L 433 I, 22.12.2020, p. 23).

That decision shall also set out the annual breakdown of the global resources per Member State under the European territorial cooperation goal (Interreg).

3. 0,35 % of the resources referred to in the first and second subparagraphs of paragraph 1, after the deduction of the support to the CEF referred to in Article 110(3), shall be allocated to technical assistance at the initiative of the Commission.

Article 110

Resources for the Investment for jobs and growth goal and for the European territorial cooperation goal (Interreg)

1. Resources for the Investment for jobs and growth goal under the MFF shall amount to 97,6 % of the global resources (i.e. a total of EUR 329 684 776 621) and shall be allocated as follows:
 - (a) 61,3 % (i.e. a total of EUR 202 226 984 629) for less developed regions;
 - (b) 14,5 % (i.e. a total of EUR 47 771 802 082) for transition regions;
 - (c) 8,3 % (i.e. a total of EUR 27 202 682 372) for more developed regions;
 - (d) 12,9 % (i.e. a total of EUR 42 555 570 217) for Member States supported by the Cohesion Fund;

- (e) 0,6 % (i.e. a total of EUR 1 927 737 321) as additional funding for the outermost regions identified in Article 349 TFEU and the NUTS level 2 regions fulfilling the criteria laid down in Article 2 of Protocol No 6 to the 1994 Act of Accession;
- (f) 0,2 % (i.e. a total of EUR 500 000 000) for interregional innovation investments;
- (g) 2,3 % (i.e. a total of EUR 7 500 000 000) for the Just Transition Fund.

2. The amount of resources available for the ESF+ under the Investment for jobs and growth goal shall be EUR 87 319 331 844.

The amount of additional funding for the regions referred to in point (e) in paragraph 1 allocated to the ESF+ shall be EUR 472 980 447.

3. The amount of support from the Cohesion Fund to be transferred to the CEF shall be EUR 10 000 000 000. It shall be spent for transport infrastructure projects, taking into account the investment infrastructure needs of Member States and regions, by launching specific calls in accordance with the CEF Regulation exclusively in Member States eligible for funding from the Cohesion Fund.

The Commission shall adopt an implementing act setting out the amount to be transferred from each Member State's Cohesion Fund allocation to the CEF and determined on a *pro rata* basis for the whole period.

The Cohesion Fund allocation of each Member State shall be reduced accordingly.

The annual appropriations corresponding to the support from the Cohesion Fund referred to in the first subparagraph shall be entered in the relevant budget lines of the CEF as of the 2021 budgetary exercise.

30 % of the resources transferred to the CEF shall be available immediately after the transfer to all Member States eligible for funding from the Cohesion Fund to finance transport infrastructure projects in accordance with the CEF Regulation.

Rules applicable for the transport sector under the CEF Regulation shall apply to the specific calls referred to in the first subparagraph. Until 31 December 2023, the selection of projects eligible for financing shall respect the national allocations under the Cohesion Fund with regard to 70 % of the resources transferred to the CEF.

As of 1 January 2024, resources transferred to the CEF which have not been committed to a transport infrastructure project shall be made available to all Member States eligible for funding from the Cohesion Fund to finance transport infrastructure projects in accordance with the CEF Regulation.

In order to support Member States which are eligible for funding from the Cohesion Fund and which might experience difficulties in designing projects that are of a sufficient maturity, quality, or both, and that have sufficient Union added value, particular attention shall be given to technical assistance which aims to strengthen the institutional capacity and the efficiency of public administrations and public services in relation to the development and implementation of projects listed in the CEF Regulation.

The Commission shall do its utmost to enable Member States eligible for funding from the Cohesion Fund to attain, by the end of the 2021-2027 period, the highest possible absorption of the amount transferred to the CEF, including through the organisation of additional calls.

Particular attention and support under the eighth and ninth subparagraph shall be given to those Member States whose GNI per capita, measured in PPS for the period 2015- 2017, is less than 60 % of the average GNI per capita of the EU-27.

In respect of Member States whose GNI per capita, measured in PPS for the period 2015-2017, is less than 60 % of the average GNI per capita of the EU-27, 70 % of 70 % of the amount of money that those Member States have transferred to the CEF shall be guaranteed until 31 December 2024.

4. EUR 400 000 000 of the resources for the Investment for jobs and growth goal shall be allocated to the European Urban Initiative under direct or indirect management by the Commission.
5. EUR 175 000 000 of the ESF+ resources for the Investment for jobs and growth goal shall be allocated for transnational cooperation supporting innovative solutions under direct or indirect management.
6. The amount referred to in point (f) of paragraph 1 shall be allocated from the ERDF resources under the Investment for jobs and growth goal for interregional innovative investments under direct or indirect management.

7. Resources for the European territorial cooperation goal (Interreg) shall amount to 2,4 % of the global resources available for budgetary commitment from the Funds for the 2021-2027 period (i.e. a total of EUR 8 050 000 000).
8. The amount referred to in the second subparagraph of Article 109(1) shall be part of the resources for the Investments for jobs and growth goal.

Article 111

Transferability of resources

1. The Commission may accept a proposal by a Member State, in its submission of the Partnership Agreement or in the context of the mid-term review, for a transfer:
 - (a) adding up to not more than 5 % of the initial allocations for less developed regions to transition regions or more developed regions and from transition regions to more developed regions;
 - (b) from the allocations for more developed regions or transition regions to less developed regions and from more developed regions to transition regions.

By way of derogation from point (a) of the first subparagraph, the Commission may accept an additional transfer of up to 10 % of the total allocations for less developed regions to transition regions or more developed regions within those Member States whose GNI per capita, measured in PPS for the period 2015- 2017, is less than 90 % of the average GNI per capita of the EU-27. Resources of any additional transfer shall be used to contribute to the policy objectives referred to in points (a) and (b) of Article 5(1).

2. The total allocations to each Member State in respect of the Investment for jobs and growth goal and the European territorial cooperation goal (Interreg) shall not be transferable between these goals.
3. In order to uphold the effective contribution of the Funds to the actions referred to in Article 5(2), and by way of derogation from paragraph 2 of this Article, the Commission may, in duly justified circumstances, and subject to the condition laid down in paragraph 4 of this Article, accept by means of an implementing act a proposal by a Member State in its first submission of the Partnership Agreement to transfer a part of its appropriations for the European territorial cooperation goal (Interreg) to the Investment for jobs and growth goal.
4. The share of the European territorial cooperation goal (Interreg) in the Member State making the proposal referred to in paragraph 3 shall be not less than 35 % of the total allocated to that Member State in respect of the Investment for jobs and growth goal and the European territorial cooperation goal (Interreg), and after transfer shall be not less than 25 % of that total.

Article 112

Determination of co-financing rates

1. The decision approving a programme shall fix the co-financing rate and the maximum amount of support from the Funds for each priority.

2. For each priority, the Commission decision shall set out whether the co-financing rate for the priority is to be applied to either of the following:
 - (a) total contribution, including public and private contribution;
 - (b) public contribution.
3. The co-financing rate for the Investment for jobs and growth goal at the level of each priority shall not be higher than:
 - (a) 85 % for the less developed regions;
 - (b) 70 % for transition regions that were classified as less developed regions for the 2014-2020 period;
 - (c) 60 % for the transition regions;
 - (d) 50 % for more developed regions that were classified as transition regions or had a GDP per capita below 100 % for the 2014-2020 period;
 - (e) 40 % for the more developed regions.

The co-financing rates set out under point (a) of the first subparagraph shall also apply to the outermost regions, including the additional allocation for the outermost regions.

The co-financing rate for the Cohesion Fund at the level of each priority shall not be higher than 85 %.

The ESF+ Regulation may establish higher co-financing rates in accordance with Articles 10 and 14 of that Regulation.

The co-financing rate, applicable to the region where the territory or territories identified in the territorial just transition plans are located, for the priority supported by the JTF shall not be higher than:

- (a) 85 % for less developed regions;
- (b) 70 % for transition regions;
- (c) 50 % for more developed regions.

4. The co-financing rate for Interreg programmes shall be no higher than 80 % except in cases where the Interreg Regulation establishes higher co-financing rates for Interreg strand D and for external cross-border cooperation programmes.
5. The maximum co-financing rates listed under paragraphs 3 and 4 shall be increased by ten percentage points for priorities entirely delivered through community-led local development.
6. Technical assistance measures implemented at the initiative of, or on behalf of, the Commission may be financed at the rate of 100 %.

TITLE IX
DELEGATION OF POWER, IMPLEMENTING,
TRANSITIONAL AND FINAL PROVISIONS

CHAPTER I

Delegation of power and implementing provisions

Article 113

Delegation of powers as regards certain Annexes

The Commission is empowered to adopt delegated acts in accordance with Article 114 to amend the Annexes to this Regulation, except Annexes III, IV, XI, XIII, XIV, XVII and XXVI, in order to adapt them to changes occurring during the programming period.

Article 114

Exercise of the delegation

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.
2. The power to adopt delegated acts referred to in Articles 79(4), 94(4) and 95(4) and Article 113 shall be conferred on the Commission for an indeterminate period of time from ... [OJ: date of entry into force of this Regulation].

3. The delegation of power referred to in Articles 79(4), 94(4) and 95(4), Article 113 and Article 117(2) may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the *Official Journal of the European Union* or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.
4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.
5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.
6. A delegated act adopted pursuant to Articles 79(4), 94(4) and 95(4), Article 113 and Article 117(2) shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of 2 months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by 2 months at the initiative of the European Parliament or of the Council.

Article 115
Committee procedure

1. The Commission shall be assisted by a committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.
2. Where reference is made to this paragraph, Article 4 of Regulation (EU) No 182/2011 shall apply.

CHAPTER II
Transitional and final provisions

Article 116
Review

The European Parliament and the Council shall review this Regulation by 31 December 2027 in accordance with Article 177 TFEU.

Article 117

Transitional provisions

1. Regulation (EU) No 1303/2013 or any other act applicable to the 2014–2020 programming period shall continue to apply only to operational programmes and operations supported by the ERDF, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund under that period.
2. The empowerment conferred in paragraph 3 of Article 5 of Regulation (EU) No 1303/2013 on the Commission to adopt a delegated act to provide for a European code of conduct on partnership shall remain in force for the 2021-2027 programming period. The delegation of power shall be exercised in accordance with Article 114 of this Regulation.

Article 118

Conditions for operations subject to phased implementation

1. The managing authority may proceed with the selection of an operation consisting of the second phase of an operation selected for support and started under Regulation (EU) No 1303/2013, provided that the following cumulative conditions are met:
 - (a) the operation, as selected for support under Regulation (EU) No 1303/2013, has two phases identifiable from a financial point of view with separate audit trails;
 - (b) the total cost of the operation referred to in point (a) exceeds EUR 5 000 000;

- (c) expenditure included in a payment application in relation to the first phase is not included under any payment applications in relation to the second phase;
- (d) the second phase of the operation complies with applicable law and is eligible for support from the ERDF, the ESF+, the Cohesion Fund or the EMFAF under the provisions of this Regulation or the Fund-specific Regulations;
- (e) the Member State commits to complete during the programming period and render operational the second and final phase in the final implementation report, or in the context of the European Maritime and Fisheries Fund in the last annual implementation report, submitted in accordance with Article 141 of Regulation (EU) No 1303/2013.

2. The provisions of this Regulation shall apply to the second phase of the operation.

Article 119
Entry into force

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 the Member States in accordance with the Treaties.

Done at Brussels,

For the European Parliament
The President

For the Council
The President