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COVER NOTE

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
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To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union
Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing the European Fund for Regional Development including for European Territorial Cooperation (Interreg) and the Cohesion Fund as part of the Fund set out in Regulation (EU) [...] [NRP] and establishing conditions for the implementation of the Union support to regional development from 2028 to 2034

Delegations will find attached document COM(2025) 552 final.

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Brussels, 16.7.2025
COM(2025) 552 final

2025/0238 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

establishing the European Fund for Regional Development including for European Territorial Cooperation (Interreg) and the Cohesion Fund as part of the Fund set out in Regulation (EU) [...] [NRP] and establishing conditions for the implementation of the Union support to regional development from 2028 to 2034

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

On 16 July 2025, the Commission adopted a proposal for the next multi-annual financial framework ('MFF') for the period 2028-2034¹. This includes the European Regional Development Fund ('ERDF') and the Cohesion Fund.

While regional and territorial disparities have been substantially reduced, including by EU cohesion policies, 29% of EU citizens still live in regions with a GDP per capita below 75% and many challenges persist and new ones emerge. These challenges need to be addressed through a strengthened, modernised cohesion and growth policy, working in partnership with national, regional and local authorities.

A simpler, more focused and more impactful budget has been defined as a key objective in the Commission's communication on 'The road to the next multiannual financial framework'². The public consultation also showed broad agreement across stakeholders on the need for simplification and greater flexibility, which are the most frequently cited enablers of a more effective and efficient EU budget.

The objective of the Regulation is to address regional imbalances and support the development of lagging regions (Article 176 of the TFEU) by supporting reforms and investing in the social and economic development of all EU regions and cities as well as enhancing territorial cooperation (especially through the Interreg Plan). The Cohesion Fund aims to support investments and reforms in the area of environment and transport in Member States with a lower GDP per capita (Article 177).

This Regulation defines provisions applicable to both the ERDF and the Cohesion Fund, including for "European territorial cooperation" (Interreg).

• Consistency with existing policy provisions in the policy area

The ERDF and the Cohesion Fund will work in strict complementarity with the other policies under the scope of the National and Regional Partnership Plans, thus fostering synergies between these policies. The Regulation establishing the European Fund for economic, social and territorial cohesion, agriculture and rural, fisheries and maritime, prosperity and security for the period 2028-2034 and amending Regulation (EU) 2023/955 and Regulation (EU, Euratom) 2024/2095 ('NRP Regulation') sets out common provisions for [nine] shared management funds at EU level.

• Consistency with other Union policies

Cohesion policy seeks synergies and coherence with relevant EU instruments and policies, notably the European Competitiveness Fund, Horizon Europe, Connecting Europe Facility and Global Europe. Complementarity and synergy across the Union's long-term budget and with Member States will be maximised inter alia through the Competitiveness Coordination

¹ COM(2025) 571 final.

² https://commission.europa.eu/document/download/6d47acb4-9206-4d0f-8f9b-3b10cad7b1ed_en?filename=Communication%20on%20the%20road%20to%20the%20next%20MFF_en.pdf

Tool that will align industrial and research policies and investments at EU and national level around projects of common European interest or EU added value. Consistency will also be achieved via the new structure of the MFF ensuring synergies across relevant Union programmes, avoiding overlaps and focusing on investments with high Union added value with the ERDF and the Cohesion Fund focusing on reforms and investments of national and regional relevance. Territorial cohesion and sustainable development require addressing the needs of both present and future generations, and that young people must be enabled to play an active role in shaping resilient and prosperous regions. Facilitating their access to education, employment, innovation ecosystems, and housing, and by fostering their civic and democratic participation as well as support for cultural sectors is important.

The ERDF will also ensure coherence with the current and upcoming Union of Equality Strategies³ and legislation that aim at combating any form of discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

• Legal basis

EU action is justified by Article 174 of the Treaty on the Functioning of the European Union ('TFEU'): "The Union shall develop and pursue its actions leading to the strengthening of its economic, social and territorial cohesion. In particular, the Union shall aim at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions".

The aims of the ERDF are set out in Article 176 TFEU: "The European Regional Development Fund is intended to help to redress the main regional imbalances in the Union through participation in the development and structural adjustment of regions whose development is lagging behind and in the conversion of declining industrial regions".

The aims of the Cohesion Fund are set out in Article 177 TFEU: "A Cohesion Fund set up in accordance with the same procedure shall provide a financial contribution to projects in the fields of environment and trans-European networks in the area of transport infrastructure".

Article 178 TFEU constitutes the legal basis to adopt implementing regulations for the ERDF, the cohesion policy fund supporting the European territorial cooperation goal (Interreg).

In addition, Article 174 TFEU mandates particular attention to rural areas, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps such as the northernmost regions with very low population density and islands, cross-border and mountain regions.

Article 349 TFEU mandates specific measures to take account of the structural social and economic situation of the outermost regions, which is compounded by certain specific features that severely restrain their development.

• Subsidiarity (for non-exclusive competence)

The ERDF and the Cohesion Fund are promoting integration and cooperation among Member States and reducing regional disparities within and between Member States, including

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between urban, rural, coastal or sparsely populated areas and between Europe's mainland and outermost regions and islands. Cohesion policy funding has triggered investments that would not have materialised with the same scope, ambition and speed if the EU funding was not available. Therefore, the objectives of the proposal cannot be achieved by Member States acting alone and Union support creates added value.

EU level adds value to action at national level. Cohesion policy funding in 2014-2020 was significant, reaching nearly 13% of total government investment in the EU and 51% in cohesion countries⁴. Economic studies⁵ consistently find that cohesion policy has a positive impact on regional economic growth, even at local scales⁶. In addition, macroeconomic simulations⁷ suggest an overall increase of EU GDP from cohesion policy investment of nearly 1% by the peak impact year. The benefits are particularly significant in less developed regions, where GDP projections exceed those without cohesion policy at the end of the implementation period. More developed regions see a smaller but positive long-term impact due to spillover effects (benefits that spread across regions). These spillovers contribute around 15% of the total EU GDP impact, with the highest share (45%) in developed regions⁸.

Moreover, the policy choices in the Regulation are proportionate, since the funds will be implemented under shared management: programmes are not managed directly by the European Commission, but instead implemented in partnership with the Member States.

- **Proportionality**

The proposal complies with the proportionality principle and does not go beyond what is necessary to achieve its goals. It falls within the scope for action in the area of strengthening economic, social and territorial cohesion. The objectives and corresponding Union support are proportionate to what the instrument aims to achieve. The proposal also aims at enhancing previous simplification efforts, by further unifying and consolidating rules.

- **Choice of the instrument**

The most appropriate instrument for operating the current proposal is a Regulation of the European Parliament and the Council on the ERDF [and the Cohesion Fund] and complementing the [proposal for Regulation on a National and Regional Partnership Fund].

⁴ [Outcome of 2021-2027 programming - Cohesion Policy | Data | European Structural and Investment Funds \(europa.eu\)](https://ec.europa.eu/economy_finance/2021-2027-programming-cohesion-policy-data)

⁵ Pellegrini et al. (2013) Measuring the effects of European Regional Policy on economic growth: A regression discontinuity approach, *Papers in Regional Science*, 92, pp. 217–233, Becker et al. (2013) Absorptive Capacity and the growth and investment effects of regional transfers: A regression discontinuity design with heterogeneous treatment effects, *American Economic Journal: Economic Policy*, 5(4); Becker et al. (2018) Effects of EU Regional Policy: 1989–2013, *Regional Science and Urban Economics*, 69, pp. 143–152.; Crescenzi, R. and Giua, M. (2020), One or many Cohesion Policies of the European Union? On the differential economic impacts of Cohesion Policy across Member States, *Regional Studies*, 54(1), pp. 10–20; Di Caro P. and Fratesi, U. (2022), 'One policy, different effects: Estimating the region-specific impacts of EU cohesion policy', *Journal of Regional Science*, 62, pp. 307–330.

⁶ Bachtrögl-Unger et al. 2023. EU cohesion policy on the ground: Analyzing small-scale effects using satellite data. *Regional Science and Urban Economics* 103, 103954.

⁷ 9th cohesion report https://ec.europa.eu/regional_policy/information-sources/cohesion-report_en.

⁸ Monfort, P., Crucitti, F., Lazarou, N. and Salotti, S., The economic spillovers of EU cohesion policy 2007-2013, European Commission, 2021, JRC125419.

3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

- **Ex-post evaluations/fitness checks of existing legislation**

The preliminary outcomes of the **ex post evaluation** of the ERDF and the Cohesion Fund show that programmes are on track to meet most of their objectives. So far, the funds have supported over 2.5 million small and medium enterprises and have contributed to the creation of over 370 thousand jobs. 24 million children benefit from newly built childcare places. Furthermore, more than EUR 66 billion were invested in climate-relevant projects, and the EU's capacity for renewable energy production was increased by more than 6 000 Megawatts. The funds also allowed to put in place forest fire protection measures benefitting more than 24 million people based on reported programme values, and to improve broadband access of more than 8 million households.

Simplification measures introduced in the 2014-2020 programming period have led to some burden reduction, but there is scope for further simplification, such as through expanding the scope of Simplified Cost Options (SCOs) and Financing Not Linked to Costs (FNLC). However, nationally imposed rules beyond EU-level requirements (gold-plating) are still a considerable source of complexity for the implementation of the ERDF and the Cohesion Fund.

The performance framework, through common indicators, milestones and targets, enabled a robust data base for evidence and analysis notably via the collection of harmonised progress data including beneficiaries' data. Enhancing the interoperability and accessibility of national databases would not only facilitate better monitoring and reinforce the performance orientation of the policy, but could also reduce administrative burden.

The ERDF and the Cohesion Fund made investments possible that would have likely not been carried out by Member States in absence of the funds, through the scale of funding, ability to crowd in additional private investment, and the targeting of investment. Moreover, the ERDF and the Cohesion Fund bring added value through multiannual planning and the continuity of funding.

Evidence shows that support was largely relevant for addressing both the continued and emerging needs of beneficiaries throughout the programming period. Investments were relevant for European competitiveness and mostly aligned with the European Green Deal, though with some inconsistencies across Member States. At EU level, most investment was allocated to policy areas coherent with the necessary reforms identified in the Country Specific Recommendations ('CSRs'), with variations across Member States. Overall, CSRs have served as a useful tool in helping Member States orient investments toward reform needs. There is less evidence of CSRs formulated during the programming period influencing prioritisation or reallocations.

The ERDF and the Cohesion Fund are well-suited to support territorial cohesion. Their design and governance structure ensures that investment strategies address territorial challenges and allow for both national and decentralised regional programming and implementation, adapting the pursuit of EU priorities to territorial needs. In some cases, more flexibility in the application of the thematic concentration principle would have enabled a better adjustment to territorial specificities. The model simulations suggest that cohesion policy interventions have a positive impact on the EU economy. EU GDP is estimated to be up to +0.6% higher at the end of the policy period compared to a hypothetical scenario without the policy.

Regarding Interreg, greater harmonisation and more robust means of coordination across different EU funding streams were identified as key areas for future improvement.

The preliminary outcomes of the **mid-term evaluation** of the ERDF, the Cohesion Fund and the Just Transition Fund show that although implementation started late and was slow at the start of the programming period, it accelerated considerably in the first half of 2024. Delays were due to largely exogenous factors and relate to the COVID-19 crisis and the Russian war of aggression against Ukraine. EU-level crisis response instruments, in particular the RRF, were prioritised by Member States.

Built-in territorial consideration and tools make the funds well-suited to address regional disparities. Adequate administrative capacity is a prerequisite but not yet a reality for all programmes. Partnership and multilevel governance have a strong positive effect on programming and implementation, but there are still areas for improvement in stakeholder engagement and participatory decision-making.

The transition from ex-ante conditionalities to fewer and clearer enabling conditions has improved efficiency. The vast majority of enabling conditions is already fulfilled and triggered reform processes in areas such as smart specialisation, transport, and climate. Enabling conditions and RRF milestones have been mutually reinforcing in some areas. Tailoring conditions to specific national and regional contexts as opposed to keeping them universally applicable for all programmes could enhance synergies of cohesion policy investments with relevant sectoral policies and local needs.

There are good practices in Member States combining cohesion policy and RRF funding to support complementary measures. Reforms triggered by RRF milestones benefit cohesion investments and vice versa: enabling conditions can also benefit RRF investments.

New simplification measures contribute to a reduction in administrative burden. Simplified Cost Options and Financing Not Linked to Cost offer great potential, but their uptake has remained uneven.

The ERDF and the Cohesion Fund allow to address specific development challenges which would not be pursued to the same extent in their absence. The added value of the funds includes a long-term strategic perspective and capacity building at sub-national and sub-regional levels, with positive spillovers to the implementation of national instruments. The multi-level governance and partnership principle link EU, national and regional levels through a place-based approach, unique to the evaluated funds vis-à-vis other national and EU instruments. The funds contribute to areas with a clear European dimension, including climate action, digital transformation, defence, trans-European transport, and inter-regional and cross-border cooperation.

The adopted allocations show a very high degree of alignment with both the Council's Strategic Agenda and the Commission President's Guidelines, as well as European Semester priorities. In addition, the funds contribute to the areas to boost growth identified by the Draghi report. This shows the continued relevance of cohesion policy for the current policy cycle and predicted future needs.

- **Stakeholder consultations**

The Commission actively engaged with the stakeholders in the process of the initiative, notably through dedicated events and public consultation activities, as detailed in the corresponding chapter of the explanatory memorandum of the proposal for a Regulation (EU) [...] for a National and Regional Partnership Fund.

- **Collection and use of expertise**

Information about the Commission's use of external expertise is provided in the corresponding chapter of the explanatory memorandum of the proposal for a Regulation (EU) [...] for a National and Regional Partnership Fund.

- **Impact assessment**

Information about the Commission's Impact Assessment is provided in the corresponding chapter of the explanatory memorandum of the proposal for a Regulation (EU) [...] for a National and Regional Partnership Fund.

- **Regulatory fitness and simplification**

The initiative is expected to contribute to a significant reduction of administrative burden and costs, as well as improved efficiency in the implementation of Union support, see also the corresponding chapter of the explanatory memorandum of the proposal for a Regulation (EU) [...] for a National and Regional Partnership Fund.

- **Fundamental rights**

The Union support will be implemented in compliance with the Charter of Fundamental Rights of the European Union and the principle of the rule of law, as set out in Article 2(a) of Regulation (EU, Euratom) 2020/2092, see also the corresponding section in the explanatory memorandum of the proposal for a Regulation (EU) (NRP Regulation).

Alongside the Conditionality Regulation which will continue to apply to the whole of the EU budget, this Regulation includes strong safeguards to ensure that the funds are implemented in compliance with the Charter of Fundamental Rights of the European Union and the principles of the rule of law, as set out in Article 2(a) of Regulation (EU, Euratom) 2020/2092. The inclusion in the future Plans of reforms linked, inter alia, to recommendations from the Rule of Law Report is also expected to enhance the protection of fundamental rights and strengthen compliance with the Charter.

This initiative will also respect the principles of the United Nations Convention of Rights of persons with disabilities.

4. BUDGETARY IMPLICATIONS

5. OTHER ELEMENTS

- **Implementation plans and monitoring, evaluation and reporting arrangements**

The Union support under this proposal will be implemented through shared management by the Member States and direct/indirect management by the Commission. The implementation of the Union support will be monitored through the performance framework applicable for the 2028-2034 multiannual financial framework, which is set out in the proposal for a Regulation (EU) [...] [Performance framework].

- **Detailed explanation of the specific provisions of the proposal**

The majority of delivery and implementation rules of the ERDF and the Cohesion Fund are covered in Regulation (EU) [NRP Regulation].

Chapter I establishes the general provisions on the scope of support from the ERDF, including for European territorial cooperation (Interreg), and the Cohesion Fund for the period 2028-2034.

Chapter II lays down rules for Interreg promoting cooperation between Member States and their regions inside the Union and between Member States, their regions and non-Member States or regional integration and cooperation organisations in the framework of an Interreg plan.

Chapters III covers specific final provisions.

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

establishing the European Fund for Regional Development including for European Territorial Cooperation (Interreg) and the Cohesion Fund as part of the Fund set out in Regulation (EU) [NRP] and establishing conditions for the implementation of the Union support to regional development from 2028 to 2034

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 Articles 177, 178 and 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 Committee⁹,

Having regard to the opinion of the Committee of the Regions¹⁰,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) Article 176 of the Treaty on the Functioning of the European Union (TFEU) provides that the European Regional Development Fund (ERDF) is intended to help to redress the main regional imbalances in the Union. Pursuant to that Article and the second and third paragraphs of Article 174 TFEU, the ERDF is to contribute to reducing disparities between the levels of development of the various regions and the backwardness of the least-favoured regions, among which particular attention is to be paid to regions which suffer from severe and permanent natural or demographic handicaps, including in particular handicaps resulting from demographic decline, such as the northernmost regions with very low population density, islands, and cross-border and mountain regions.
- (2) The Cohesion Fund was set up in order to contribute to the overall objective of strengthening economic, social and territorial cohesion of the Union by providing financial contributions in the fields of environment and trans-European networks in the area of transport infrastructure (TEN-T), as set out in Regulation (EU) No 1315/2013 of the European Parliament and of the Council¹¹.
- (3) This Union support under the ERDF and the Cohesion Fund is to be provided under the National and Regional Partnership Fund, in accordance with the rules governing that

⁹ OJ C , , p. .

¹⁰ OJ C , , p. .

¹¹ Regulation (EU) No 1315/2013 of the European Parliament and of the Council of 11 December 2013 on Union guidelines for the development of the trans-European transport network and repealing Decision No 661/2010/EU ([OJ L 348, 20.12.2013, p. 1](#)).

Fund and set out in Regulation (EU) [NRP Regulation] of the European Parliament and of the Council¹².

- (4) Regulation (EU) XX [NRP Regulation] sets out common rules applicable to various funds including the ERDF, the European Social Fund ('ESF'), the Cohesion Fund, the European Maritime and Fisheries Fund ('EMFF'), the Asylum and Migration Fund ('AMIF'), the Internal Security Fund ('ISF') and the Border Management and Visa Instrument ('BMVI') which operate under a common framework ('the Funds').
- (5) Horizontal principles as set out in Article 3 of the Treaty on European Union ('TEU') and in Article 10 of the TFEU, including principles of subsidiarity and proportionality as set out in Article 5 of the TEU, should be respected in the implementation of the ERDF and the Cohesion Fund, taking into account the Charter of Fundamental Rights of the European Union. Member States should also respect the obligations of the UN Convention on the Rights of Persons with Disabilities and ensure accessibility in line with its Article 9 and in accordance with the Union law harmonising accessibility requirements for products and services. 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. The objectives of the ERDF and the Cohesion Fund 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 Articles 11 and 191(1) of the TFEU, taking into account the polluter pays principle. In order to protect the integrity of the internal market, operations benefitting undertakings shall comply with State aid rules as set out in Articles 107 and 108 of the TFEU.
- (6) The ERDF and the Cohesion Fund should contribute to the specific policy objectives set out in Articles 2 and 3 of Regulation (EU) [NRP Regulation], within their respective scopes set out in the Treaties. It is necessary to further specify the possibilities for support from the ERDF and the Cohesion Fund for disadvantaged areas, urban areas and the outermost regions. Furthermore, it is necessary to lay down provisions for the implementation of European territorial cooperation (Interreg).
- (7) In line with the principle of intergenerational fairness and the Union's commitment to the rights of the child and the Youth Strategy, the ERDF and the Cohesion Fund should support measures that contribute to sustainable development for future generations, promote access to opportunities for young people across all territories, and address the specific needs of youth in disadvantaged areas, particularly in disadvantaged and depopulating regions, including infrastructure for skills, innovation, entrepreneurship, sustainable livelihoods and culture or sports. Such support may be implemented via integrated urban or local strategies.
- (8) Member States and particularly those with significant Roma population challenges shall pay specific attention to Roma equality and inclusion. Support should not be provided for actions that contribute to any form of segregation or exclusion of persons with disabilities and rationalised communities such as Roma.
- (9) In view of promoting sustainable urban development, it is considered necessary to support integrated territorial development in order to more effectively tackle the

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economic, environmental, climate, demographic and social challenges affecting urban areas, including functional urban areas, while taking into account the need to promote urban-rural linkages. Measures reflecting these approaches should be established in appropriate chapters of the National and Regional Partnership Plans.

- (10) Specific attention should be paid to outermost regions, namely by adopting measures under Article 349 of the TFEU providing for measures for the outermost regions to offset the additional costs incurred in these regions as a result of one or several of the permanent restraints referred to in Article 349 of the TFEU, namely remoteness, insularity, small size, difficult topography and climate, economic dependence on a few products, the permanence and combination of which severely restrain their development. In order to protect the integrity of the internal market, and as is the case for all operations co-financed by the ERDF and the Cohesion Fund, any ERDF support to the financing of operating and investment aid in the outermost regions should comply with State aid rules as set out in Articles 107 and 108 of the TFEU.
- (11) In order to support the harmonious development of the Union's territory at different levels, the ERDF under Interreg should support cross-border cooperation, transnational cooperation, interregional cooperation, and outermost regions' cooperation.
- (12) Interreg should be implemented outside the National and Regional Partnership Plans, in the form of an Interreg Plan in view of providing for the specific context of the cooperation objective and the necessary implementation modalities for multi-country projects including specificities of the four strands.
- (13) The ERDF under Interreg may contribute to all specific objectives. In addition, it should contribute to additional specific objectives to address specific issues for "better cooperation governance", "a safer and more secure Europe" and "more resilient regions bordering Russia, Belarus and Ukraine". In order to enable the ERDF to provide support under Interreg in terms of both investments in infrastructure and the associated investments, training and integration activities, it is necessary to provide that the ERDF may also provide support for activities under the specific objectives set out in Article [3(1)(c) - Specific objectives on social] of Regulation (EU) [NRP Regulation].
- (14) Implementing powers should be conferred on the Commission to adopt and amend the lists of Interreg chapters and the list of the global amount from Union support for each Interreg chapter. These implementing powers should be exercised in accordance with 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. Although these acts are of a general nature, the advisory procedure should be used given that they only implement the provisions in a technical way. The decision approving the relevant Interreg Plan chapter should constitute a financing decision within the meaning of Article 110(1) of Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council¹³.

¹³ Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union (recast) - PE/99/2023/REV/1 - (OJ L, 2024/2509, 26.9.2024, ELI: <http://data.europa.eu/eli/reg/2024/2509/oj>).

- (15) In addition, Member States should also prepare chapters in view of setting out essential programming elements for the implementation of support. These chapters should be subject to approval by the Commission at regular intervals.
- (16) For the most efficient use of the support from the ERDF and the external financing instruments of the Union, a mechanism should be set up to organise the return of such support in cases where external cooperation programmes cannot be adopted or have to be discontinued, including with third countries which do not receive support from any financing instrument of the Union. That mechanism should seek to achieve optimal functioning of the programmes and the maximum possible coordination between those instruments.
- (17) In order to encourage and boost cooperation measures, cooperation activities between partners within a given Member State or between different Member States in relation to support provided should remain possible under all of the specific objectives. Such enhanced cooperation is additional to the cooperation under Interreg and may involve partners from any region in the Union, but may also include cross-border regions and regions which are all covered by a macro-regional or sea-basin strategy or a combination of the two.
- (18) 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 new 'PEACE PLUS' cross-border chapter should continue and build on the work of previous programmes between the border counties of Ireland and Northern Ireland. Taking into account its practical importance, it is necessary to ensure that, in supporting actions for peace and reconciliation, the ERDF should also contribute to promoting social, economic and regional stability in the regions concerned, in particular through actions to promote cohesion between communities. Given the specificities of the programme it should be managed in an integrated manner with the United Kingdom contribution being integrated into the programme as external assigned revenue.
- (19) Since the objective of this Regulation, namely to reinforce economic, social and territorial cohesion by redressing the main regional imbalances in the Union, cannot be sufficiently achieved by the Member States but can rather, by reason of the extent of the disparities between the levels of development of the various regions and the backwardness of the least favoured regions and the limit on the financial resources of the Member States and regions, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the 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 that objective,

HAVE ADOPTED THIS REGULATION:

CHAPTER I

General provisions

Article 1
Subject matter

This Regulation lays down specific conditions for the implementation of Union support in accordance with the general objectives laid down in Article 2 of Regulation (EU) [NRP Regulation], and in particular point (a) and (e) thereof.

It also lays down the provisions necessary for the implementation of Union support for the promotion of European territorial cooperation ('Interreg') with a view to fostering cooperation between Member States and their regions inside the Union and between Member States, their regions and third countries, partner countries, other territories or overseas countries and territories (OCTs), or regional integration and cooperation organisations.

This Union support shall be provided under the National and Regional Partnership Fund, in accordance with the rules governing that Fund and set out in Regulation (EU) [NRP Regulation].

Article 2
Support from the ERDF and Cohesion Fund

The ERDF and the Cohesion Fund shall support the specific objectives set out in Regulation (EU) [NRP Regulation] contributing to the general objective set out in Article 2(1)(a) of Regulation (EU) [NRP Regulation] in accordance with their respective scope set out in Articles 176 and 177 TFEU.

Article 3
Definitions

- (1) 'European Territorial Cooperation (Interreg)' means cooperation between Member States and their regions inside the Union and between Member States, their regions and non-Member States financed, or regional integration and cooperation organisations, by the National and Regional Partnership Fund and, where applicable, by the Global Europe Instrument.
- (2) 'Non-Member State' means territories of third or partner countries as well as overseas countries and territories of Member States.

For the purpose of this Chapter, where provisions in Articles 69 [Responsibilities of Member States], 70 [Submission of the annual assurance package], 74 [Data collection and recording], and 77 [Submission and assessment of payment applications] of Regulation (EU) [NRP Regulation] refer to a 'Member State', that term shall be construed as meaning 'the Member State hosting the managing authority'.

Article 4
Support for disadvantaged areas

1. In accordance with Article 174 TFEU, Member States shall pay special attention to addressing the challenges of disadvantaged regions and areas, in particular rural areas, areas affected by industrial transition, regions which suffer from severe and permanent natural or demographic handicaps, such as the northernmost regions with very low population density and island, cross-border and mountain regions, and also just transition areas and regions bordering Russia, Belarus and Ukraine. Member States and regions shall, where appropriate, set out an integrated approach to addressing demographic challenges or specific needs of the regions and areas referred to in this paragraph in their National and Regional Partnership Plans in

accordance with Articles 72 to 74 [integrated local and urban development] of Regulation (EU) [NRP Regulation]. Such an integrated approach may include a commitment on dedicated funding for that purpose and may be included in dedicated chapters of the National Regional and Partnership Plan.

Article 5

Sustainable urban development

As part of their territorial development, Member States shall support integrated urban development strategies which focus on sustainable development and tackle environmental, energy and climate challenges, in particular the fair transition towards a clean and climate-neutral and resilient economy by 2050, paying special attention to housing, poverty, cultural heritage and to harnessing the potential of digital technologies for innovation purposes and energy efficiency, to supporting the development of functional urban areas, as well as supporting urban-rural linkages.

Article 6

Outermost regions

Measures shall be established in the National and Regional Partnership Plans to cover structural support for their economic, social and territorial development and operating costs or compensation including for the provision of services under a public service obligation and contracts in those regions with a view to offsetting the additional costs incurred in the outermost regions as a result of one or more of the permanent restraints to their development listed in Article 349, first paragraph, TFEU.

CHAPTER II

Interreg Plan

Article 7

Scope

1. Interreg shall focus on supporting the following strands of cooperation:
 - (a) cooperation between adjacent regions to promote integrated and harmonious regional development between neighbouring land and maritime border regions (cross-border cooperation);
 - (b) cooperation over larger transnational territories or around sea basins, involving national, regional and local partners in Member States and non-Member States with a view to achieving a higher degree of territorial integration (transnational cooperation);
 - (c) cooperation to reinforce the effectiveness of cohesion policy by promoting exchange of experiences, innovative approaches and capacity building (interregional cooperation);
 - (d) cooperation among outermost regions and with their neighbouring non-Member States or regional integration and cooperation organisations to facilitate their regional integration and harmonious development in their neighbourhood (outermost regions' cooperation).

Unless this Regulation sets specific requirements, cooperation between two or more European partners, none of which are Member States or their regions, shall be conducted in accordance with the specific rules set out in Regulation XX [Global Europe].

2. Interreg Plan chapters supporting cross-border cooperation, transnational cooperation and interregional cooperation shall be implemented in shared management. Contributions from the Global Europe Instrument included in chapters supporting outermost regions' cooperation may be implemented in shared or in indirect management. The cooperation programmes referred to in paragraph 1 co-financed by the National and Regional Partnership Fund may receive contributions from the pillars referred to in points (a), (b), (c) and (e) of Article 3(1) of Regulation XX [Global Europe Instrument].
3. The rules set out in Regulation (EU) [NRP Regulation] shall apply to the Interreg Plan, except where more specific rules are set out in this Regulation for the implementation of the Interreg Plan.
4. In addition to the specific objectives set out in Article 3, points (a) and (c), of Regulation (EU) [NRP Regulation], Interreg shall support “better cooperation governance”, “a safer and more secure Europe” and “more resilient regions bordering Russia, Belarus and Ukraine”.
5. In the case of the PEACE PLUS cross-border programme, where it is acting in support of peace and reconciliation, the ERDF, as a specific objective under general objective (a) of Article 2 of Regulation (EU) [NRP Regulation], shall also contribute to promoting social, economic and regional stability in the regions concerned, in particular through actions to promote cohesion between communities.
6. Articles XX [Loan support], XX [Loan agreement and borrowing and lending operations] and XX [mid-term review] and Article 14(2) [25% flexibility amount] of Regulation (EU) [NRP] shall not apply to the Interreg Plan.

Article 8

Requirements for the Interreg Plan chapters

1. The Interreg Plan shall include Interreg Plan chapters. Each chapter shall correspond to cooperation in a given geographical area.
2. The Member State hosting the prospective managing authority shall submit an Interreg Plan chapter to the Commission at the latest six months after the entry into force of this Regulation on behalf of all participating Member States and non-Member States.
3. Each chapter of the Interreg Plan shall set out the following elements in line with the template set out in the Annex to this Regulation. The Interreg Plan chapter shall:
 - (a) indicate the strand of Interreg cooperation concerned and geographical coverage;
 - (b) describe the intervention strategy of the Interreg Plan chapter based on a clear analysis of territorial needs and gaps in the area covered, identifying the measures for cooperation, including any measures for territorial or local development and explaining how these measures are expected to contribute to the objectives set out in Articles 2 and 3 [policy objectives] of Regulation (EU)

[NRP Regulation] and the Interreg-specific objectives referred to in paragraph 4 of Article 7 of this Regulation and to transition to climate neutrality;

- (c) provide a list and description of measures, including the general and specific objectives that each measure primarily pursues and the list of envisaged milestones and targets, with their indicative completion date during the programming period. The indicators proposed for the targets shall be based on the output indicators listed in Annex I to Regulation XX [Performance] except where duly justified;
- (d) set out the total estimated costs of the measures together with information on existing or planned Union financing where relevant, backed up by appropriate justification and by explanations of how it is in line with the principle of cost efficiency, sound financial management and commensurate to the expected economic and social impact;
- (e) set out clear arrangements for the effective monitoring and implementation of the Interreg Plan chapter by each Member State, including the responsible authorities and created monitoring committees reflecting the objective of establishing a robust multi governance system based on the partnership principle, and also the envisaged approach to information, communication and visibility in line with the rules laid down in Regulation xx[Performance Regulation];
- (f) promote partnership and knowledge exchange by setting out which stakeholders have been consulted, how they were selected, how their representativeness has been ensured and how their input is reflected in the Interreg Plan chapter in line with the code of conduct on partnership, and by including a summary of the consultation process conducted for the preparation of the Interreg Plan chapter;
- (g) set out the apportionment of liabilities among the participating Member States and, where applicable, non-Member States, in the event of financial corrections imposed by the managing authority or the Commission in accordance with the rules governing the NRP Fund and set out in Regulation (EU) [NRP Regulation];
- (h) explain the arrangements and systems to ensure a regular, effective and efficient use of Union resources, in compliance with sound financial management and the protection of the financial interests of the Union.

Article 9

Approval and amendment of the Interreg Plan

1. The Commission shall adopt an implementing act, in accordance with the procedure referred to in Article 13(2) [Committee Procedure], setting out:
 - (a) the list of Interreg Plan chapters, the designation of the respective chapter areas and the indicative allocation from the Fund and, where applicable, from the Global Europe Instrument;
 - (b) where appropriate, detailed arrangements covering the specific implementation modalities of Interreg to ensure a consistent approach.

The elements referred to in the first subparagraph, point (a) shall be established on the basis of the information provided by each Member State on the planned

distribution of its share in the Interreg Plan allocation pursuant to the methodology established in Annex I [Methodology for the calculation of the financial contribution for each Member state under the Fund] to Regulation (EU) [NRP Regulation].

The implementing act referred to in the first [sub]paragraph shall constitute the general part of the Interreg Plan.

2. The Commission shall assess the Interreg Plan chapters or the amended Interreg Plan chapters submitted by the Member State hosting the managing authority within 4 months of their submission. When carrying out its assessment, the Commission shall verify that the Interreg Plan chapter complies with all requirements in Article 5 and follows the template set out in the Annex to this Regulation [Interreg chapter template]. The Commission may make observations and request additional information. The deadline for the approval shall be interrupted from the day following the date following that on which Commission sends its observations or a request for revised documents to the Member State and until the Member State responds to the Commission.
3. Where the Interreg Plan chapters or the amended Interreg Plan chapters submitted by the Member State hosting the managing authority fulfill all the requirements in Article 8 and follow the template set out in the Annex to this Regulation, the Commission shall, by means of an implementing act, approve those Interreg Plan chapters [or amended Interreg Plan chapters]
4. Following the approval of Interreg Plan chapters pursuant to paragraph 3, the Commission may, by means of implementing acts, approve the Interreg Plan chapters submitted subsequently fulfilling all the requirements referred to Article 8 [Requirements for the Interreg Plan chapters] and following the template set out in the Annex to this Regulation [Interreg chapter template] every three months. In other cases, the Commission may approve modifications to the Interreg Plan chapters every six months, following a request by the Member State hosting the managing authority.
5. The implementing acts provided for in paragraphs 3 and 4 shall set out for each Interreg Plan chapter:
 - (a) the total estimated costs of the Interreg chapter, established by the Commission on the basis of a proposal by the Member State hosting the managing authority;
 - (b) the amount of the financial contribution from Regulation (EU) [NRP Regulation] and, where applicable, the amount of the financial contribution from the Global Europe Instrument and the amount of national contribution other than national co-financing;
 - (c) the amount of the total Union contribution per year, as referred to in Article 14 [commitment] of Regulation (EU) [NRP Regulation];
 - (d) the amount of pre-financing to be paid and whether the pre-financing is to be paid in full in the year of approval of the chapter or in tranches in accordance with paragraph 2 of Article 17 of Regulation (EU) [NRP Regulation].
6. The decision approving the relevant Interreg Plan chapter shall constitute a financing decision within the meaning of Article 110(1) of Regulation (EU, Euratom) 2024/2509 and its notification to the Member State hosting the managing authority shall constitute a legal commitment.

7. The amount of the Union financial contribution, national contribution by non-Member States and national co-financing envisaged under the Interreg Plan chapter, taken in their total, shall not exceed the total estimated costs of the chapter.

Article 10

Functions of authorities responsible for the Interreg Plan chapter and the monitoring committee

1. Member States and, where applicable, non-Member States participating in an Interreg Plan chapter shall identify a single managing authority and a single audit authority which shall be located in the same Member State. A coordinating authority as referred to in Article 49 of Regulation (EU) [NRP Regulation] shall not be identified for the Interreg Plan.
2. In addition to Article 50 of Regulation (EU) [NRP Regulation], each managing authority of an Interreg Plan chapter shall be responsible for managing the chapter with a view to delivering its objectives and shall be responsible for:
 - (a) drawing up and submitting payment applications for the chapter of the Interreg Plan to the Commission in accordance with Article 63 [payments] of Regulation (EU) [NRP Regulation];
 - (b) providing forecasts of the amount for payment applications to be submitted for the current and subsequent calendar year by 15 February and 31 July in accordance with the template in Annex X [payment forecasts] to Regulation (EU) [NRP Regulation];
 - (c) signing and providing the management declaration referred to in Article XX(1) point (a) [Annual assurance package] of Regulation (EU) [NRP Regulation] in accordance with the template set out in Annex XII to that Regulation;
 - (d) coordinating and submitting to the Commission all the documents requested as part of the annual assurance package referred to in Article 70 [annual assurance package] of Regulation (EU) [NRP Regulation].
3. The Member State and, where applicable, the non-Member State participating in the Interreg Plan chapter, may decide that management verifications referred to in Article XX [function of the managing authority] of Regulation (EU) [NRP Regulation] are to be done through the identification by each Member State of a body or person responsible for such verification in its territory. The Commission may lay down further requirements to be met by such bodies or persons in the implementing act provided for in Article 9(1) [approval and amendment of the Interreg Plan].
4. The managing authority shall be assisted by the joint secretariat, with staff representing States participating in the Interreg Plan chapter. The joint secretariat shall assist the managing authority and the monitoring committee in carrying out their respective functions. The joint secretariat shall also provide information to potential beneficiaries about funding opportunities under Interreg programmes and shall assist beneficiaries and partners in the implementation of operations.
5. In addition to the rules laid down in Article 52 [functions of the audit authority] of Regulation (EU) [NRP Regulation], for the purpose of the Interreg Plan chapters, where the audit authority does not have the authorisation to carry out its tasks in the whole territory covered by a cooperation programme, it shall be assisted by a group

of auditors composed of a representative from each Member State and, where applicable, non-Member States participating in the Interreg programme. Each Member State and, where applicable, non-Member State shall be responsible for audits carried out on its territory.

6. A monitoring committee shall be established for each Interreg Plan chapter. The monitoring committee shall be responsible for selection of Interreg operations, in accordance with the Interreg Plan chapter's strategy and objectives. The Commission may lay down further requirements to be met by the monitoring committee in the implementing act provided for in Article 9(1) [approval and amendment of the Interreg plan].

Article 11

Provisions for non-Member States

1. The contribution from Regulation (EU) [NRP Regulation] to the Interreg Plan chapters to be also supported from the Global Europe Instrument, including for outermost regions, shall be established by the Commission and the Member States concerned. The contribution established for each Member State shall not subsequently be reallocated between the Member States concerned. The respective contributions from the Global Europe Instrument to Interreg Plan chapters shall take account of the involvement of Member States and the beneficiaries of the Global Europe Instrument. Support provided under Regulation (EU) (EU) [NRP Regulation] shall be granted to external cross-border cooperation chapters provided that proportionate amounts are provided by the Global Europe Instrument.
2. For the implementation of an Interreg Plan chapter under shared management in a non-Member State, a financing agreement shall be concluded between the Commission, representing the Union, and each participating non-Member State, represented in accordance with its national legal framework. That financing agreement shall be considered to be a tool to implement the Union budget in accordance with Regulation (EU, Euratom) 2024/2509.

The Member State hosting the managing authority of the relevant Interreg Plan chapter, represented in accordance with its national legal framework, may also be a party to the financing agreement.

Where a non-Member State is required to transfer to the managing authority a financial contribution to support the Interreg Plan chapter, other than its co-financing of the Union support ('national contribution'), the rules concerning the national contribution shall be set out in the financing agreement.

Any financing agreement shall be concluded by 31 December of the year following the year when the first budget commitment was made and shall be considered to be concluded on the date when the last party has signed it. Where an Interreg Plan chapter involves more than one third country, at least one financing agreement shall be concluded before the date of signature specified in the first sentence.

3. Where the implementation of an operation requires procurement of service, supply or works contracts by a beneficiary which is a public authority located in a non-Member State, that beneficiary may apply either of the following:
 - (a) national laws, regulations and administrative provisions of the non-Member State concerned provided that the financing agreement allows it and that the contract is awarded to the tender offering best value for money, or, as

appropriate, to the tender offering the lowest price, while avoiding any conflict of interests;

- (b) the procurement procedures provided for in Articles 181 and 182 of Regulation (EU, Euratom) 2024/2509.

Article 12

Return of resources and discontinuation

1. If, by [2029 or] 2030, the Interreg Plan chapter has not been submitted to the Commission by 31 March of the year concerned, the annual contribution from the NRP to that Interreg Plan chapter shall be re-allocated to another Interreg Plan chapter in which the Member State concerned participates.
2. If, by 31 March 2031, there are still Interreg Plan chapters, which have not been submitted to the Commission, the contribution from the NRP to those Interreg Plan chapters for the remaining years up to 2034, which has not been re-allocated to another Interreg Plan chapter shall be allocated to the Interreg Plan chapter in which the Member State concerned participates.
3. Any Interreg Plan chapter that has already been approved by the Commission shall be discontinued or its allocation shall be reduced, in accordance with the applicable rules and procedures, in particular if:
 - i. none of the partner countries covered by the external cross-border Interreg Plan chapter concerned has signed the relevant financing agreement by the deadlines set out in accordance with Article [XX] of the Interreg Plan; or
 - ii. the Interreg Plan chapter cannot be implemented as planned due to problems in the relations between the participating countries.

In cases referred to in the first subparagraph, the contribution from the NRP referred to in paragraph 1 corresponding to annual instalments not yet committed, or annual instalments committed and decommitted totally or partially during the same budgetary year, which have not been re-allocated to another Interreg Plan chapter shall be allocated to another Interreg Plan chapter in which the Member State concerned participates.

4. The contribution from [external funds] reduced pursuant to this Article shall be used in accordance with the [Global Europe] Regulation respectively.

Article 13

PEACE PLUS

1. A PEACE PLUS chapter shall cover cooperation between the border counties of Ireland and Northern Ireland, which shall be implemented under shared management both in Ireland and in the United Kingdom.
2. The Special EU Programmes Body, where it is identified as the managing authority, shall be considered to be located in a Member State.
3. The financial contribution to Union activities from the United Kingdom for its participation in the PEACE PLUS chapter, in the form of external assigned revenue as referred to in Article 21(2), point (e), of Regulation (EU, Euratom) 2024/2509,

shall be part of the budget appropriations for [Heading 1, [...], sub-programme ‘Interreg Plan’].

4. Where the PEACE PLUS chapter is acting in support of peace and reconciliation, it shall also contribute to promoting social, economic and regional stability in the regions concerned, in particular through actions to promote cohesion between communities.
5. Where the PEACE PLUS chapter is acting in support of peace and reconciliation, operations being supported may have partners from only one participating country.

CHAPTER III

Final provisions

Article 14

Committee procedure

The Commission shall be assisted by a committee which shall be set up in accordance with Article 88 [NRP].

Article 15

Entry into force and application

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

It shall apply from the date of application of Regulation (EU) [...] establishing the European Fund for economic, social and territorial cohesion, agriculture and rural, maritime, prosperity and security for the period 2028-2034.

This Regulation shall be binding in its entirety and directly applicable in all Member States in accordance with the Treaties

Done at Brussels,

For the European Parliament
The President

For the Council
The President

LEGISLATIVE FINANCIAL AND DIGITAL STATEMENT

[...]