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INFORMATION NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL 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) 2024/2509 - Bracketed provisions

In the context of the discussions on the Multiannual Financial Framework (MFF), delegations will find in annex the bracketed proposal in subject as revised by the Cyprus Presidency. Brackets in the text are indicated in **bold and underline**.

Bracketed provisions/elements are those most likely to form part of horizontal negotiations on the MFF and may feature in the MFF Negotiating Box (NB).

The AHWP MFF will examine 'bracketed' parts of the proposals, while the relevant working parties will examine the remaining parts of these proposals. The Presidency of the Subgroup National and Regional Partnerships will therefore not conclude discussions on those provisions at the level of the Subgroup National and Regional Partnerships.

All Presidency compromises prepared at sectoral level, including partial general approaches, will maintain the brackets as long as horizontal negotiations on the MFF are not finalised as nothing is agreed until everything is agreed. Bracketed provisions may be reviewed, if necessary, as negotiations progress.

PUBLIC

ANNEX

EUROPEAN
COMMISSION

PUBLIC

Brussels, 16.7.2025
COM(2025) 565 final/2

2025/0240 (COD)

This document corrects COM(2025) 565 final of 16.7.2025
Concerns the EN version only
The word "equality" has been added in Article 3 (1) (e)
The text shall read as follows:

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

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) 2024/2509

{SWD(2025) 565 final}

2025/0240 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

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) 2024/2509

PUBLIC

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 42, Article 43(3), Article 46, point (d), Article 91(1), point (d), Article 149, Article 153 (2), point (a), and Articles 164, 175, 177 and 178, Article 192(1), Article 194(2), Article 209(1), Article 212(2), Article 322(1), point (a), and Article 349, thereof,

Having regard to the 1979 Act of Accession, and in particular paragraph 6 of Protocol No 4 on cotton attached thereto,

Having regard to the proposal from the European Commission,

Having regard to the opinion of the Court of Auditors,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee,

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

Acting in accordance with the ordinary legislative procedure,

Whereas:

(1) Article 174 of the Treaty on the Functioning of the European Union (TFEU) provides that, in order to promote its overall harmonious development, the Union is to develop and pursue actions that lead to the strengthening of its economic, social and territorial cohesion. It further lays down that the Union shall, in particular, aim at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions.

(2) Article 175 TFEU requires that Member States coordinate their economic policies in such a way as to attain the objectives set out in Article 174 TFEU. The Union also supports the

achievement of those objectives by the action it takes through the Structural Funds, including the European Agricultural Guidance and Guarantee Fund, Guidance Section; the European Social Fund and the European Regional Development Fund. The Commission's Communication on the road to the next multiannual financial framework[1] emphasises that the effectiveness of Union funding is hampered by fragmentation of the financial architecture coupled with complexity and rigidities that increases risk of overlaps. Financing of the Union's policy objectives is scattered across overlapping programmes, each with its own set of rules. These elements generate administrative burden for recipients and Member States and limit the flexibility of the Union budget.

(3) Article 38 and 43(2) TFEU provides that the Union shall define and implement a common agricultural policy (CAP) and a common fisheries policy (CFP). Article 39 TFEU provides for the objectives of the Common Agriculture Policy (CAP), which include the increase of agricultural productivity, a fair standard of living for the agricultural community, to stabilise markets and assure the availability of supplies and that these supplies reach consumers at reasonable prices. Article 42 TFEU enables the Union to determine the extent to which Union competition and State aid rules should apply to production and trade in agricultural products listed in Annex I to the TFEU.

(4) Article 162 TFEU highlights the objectives to be pursued to improve employment opportunities for workers in the internal market and to contribute to raising the standard of living.

(5) Article 152 TFEU recognises social dialogue as a key component of the European social model and a common objective of the Union and its Member States.

(6) Articles 9, 19 and 153 TFEU provide for a comprehensive framework on social inclusion, including combatting poverty and discrimination, as core objective of the Union. This aims at ensuring that all citizens have the opportunities and resources to fully participate in economic, social, and cultural life. This includes access to the labour market, equal access to facilities, services, and benefits, promoting a standard of living and well-being in line with the EU values.

(7) The Union needs to achieve its objectives within a challenging economic, social and demographic context including persisting regional and territorial disparities, the impacts of climate change and challenges related to food security and nature protection, insufficient and uneven progress on the Union's digital transformation, undermining efforts to strengthen the Union's digital sovereignty as well as significant economic and social consequences. That is coupled with a challenging geopolitical and geoeconomic context that has an impact on the Union's defence, security (including economic security) and migration policies. Effectively addressing these challenges requires a more focused, simple and impactful Union budget, to ensure the Union added value and clear alignment between Union financial support and Union policy priorities across all policy areas and management modes and to [continue efforts to] simplify rules on Union financial support.

(8) This Regulation should set out rules on the tasks, priority objectives, and organisation of the Fund. In order to further develop a coordinated and harmonised implementation of Union support implemented under shared management, namely the European Regional Development Fund (ERDF), of the European Social Fund (ESF), and the Cohesion Fund, measures financed under shared management in the common agriculture and fisheries policies, and support under Title V of Part III of the TFEU, horizontal rules based on Article 322 TFEU should also be

established. Sector specific regulations may set out specific conditions to complement this Regulation. Those conditions should not be in contradiction with this Regulation. In case of doubt, this Regulation shall prevail.

(9) The Union budget, implemented together with the Member States, should, in particular, provide for a strengthened, modernised cohesion and inclusive growth policy contributing to reduce regional disparities across the Union, promoting the sustainable development and competitiveness of the Union, its technological sovereignty, its digital transformation, and its security. This policy should be elaborated in partnership with national, regional and local authorities; and should step up on climate and water resilience and preparedness with an overarching objective for Union action to prepare for growing climate risks. The Union budget should continue to support a CAP that is simpler and targeted that has the right balance between incentives, investment and regulation and ensures that farmers have a fair and sufficient income, attractive for young farmers. The Union budget should ensure the predictability necessary for a common policy that provides income support.

(10) It is in this context key to continue efforts to simplify rules and improve current delivery models to maximise the effectiveness and responsiveness of Union spending and bring about simplification to Member States, regional and local authorities and beneficiaries. The funds allocated to Member States should therefore incorporate a stronger focus on results, simplification and maximising public investment with high Union added value, including using public procurement strategically to promote key policy objectives, and leveraging private capital. Accordingly, the Union should set the objectives and types of interventions while greater responsibility and accountability for meeting those objectives should be borne by the Member States. As a consequence, there is a need to ensure greater subsidiarity and flexibility in order to take better account of the local and regional conditions and needs.

(11) In accordance with Article 177 TFEU, the European Parliament and the Council are to by means of regulations, define tasks, priority, objectives and the organisation of the Structural Funds, which may involve grouping the Funds. To develop a more coordinated, harmonised and effective implementation of Union Funds, this Regulation should provide for the grouping of nationally pre-allocated funds under the European Fund for Economic, Territorial, Social, Rural and Maritime Sustainable Prosperity and Security ('the Fund').[The Fund should be implemented through National and Regional Partnership Plans (the 'NRP Plans') and the Union Facility ('the Facility'), which aims at increasing flexibility and catering for unforeseen crises and to finance interventions complementing and reinforcing the Plans that require Union-level steer or coordination, as well as evidence-based policy support and additionality to mobilisation of private investment.]

(12) The Eastern border regions of the EU face the dual challenge of enhancing security while supporting their economies, businesses and people that have been negatively impacted as a direct or indirect consequence of Russia's war of aggression against Ukraine. The National and Regional Partnership Plans will provide comprehensive and coherent support to the Member States and regions facing those challenges.

(13) With the aim of ensuring a more efficient use of Union funding, the Fund should address the outlined challenges in a holistic, coordinated and consistent manner, reflecting the different national and regional needs of each Member State while ensuring support for all relevant Union priorities and value for money. Furthermore, the Fund should contribute to a streamlined and well-coordinated framework while relying on a strong multi-level governance and partnership. It should provide a basis to ensure a more efficient and flexible allocation of

funding across different policy areas while allowing Member States to address new policy priorities and reallocate resources to respond to unforeseen challenges and crises.

(14) The support to Member States, regions and local communities in delivering on Union policy priorities and maximising efficiency maximisation of Union funding should be achieved, through the support for measures of high Union relevance linked to the most pressing challenges affecting Europe. Those challenges should be addressed by pursuing five high level objectives: Europe's sustainable prosperity across all regions; Europe's defence capabilities and security; supporting people, strengthening Europe's societies and Europe's social model; sustaining Europe's quality of life; protecting and strengthening democracy, rule of law and upholding Union values.

(15) The Union's sustainable prosperity should be supported by strengthening its industrial base and fostering the attractiveness of territories to support the right to stay, including via strategies for the integrated development of urban, rural and coastal areas and fostering European territorial cooperation. The measures should focus on the completion of the trans-European transport and energy networks, which are key for a genuine Energy Union, and decarbonisation projects, including promoting renewable energy generation, energy efficiency, storage and developing smart energy systems, domestic transmission and distribution grids, while enabling regions, sectors and people to address the impacts of the transition towards the Union's climate target. The trans-European transport networks have to be completed by 2030 for the core network and by 2040 for the extended core network to support the green and digital transition of transport and mobility. They should also aim to promote innovative economic transformation, help achieve the 3% of GDP Research and Development target and the development and use of advanced technologies , the uptake of advanced digital solutions, including AI, secure and trusted ICT connectivity, while bridging the innovation and digital divides. The measures should help implement the recommendations issues under Article 6 of the Digital Decade Policy Programme 2030 and support digital transformation. They should also contribute to strengthening the resilience of the healthcare systems and long-term care services, support affordable housing. Measures should also support a competitive and sustainable tourism sector in the EU, aiming at balanced tourism, managing tourist flows and fostering Europe as the first tourist destination in the world.

(16) In the area of the Union's defence capabilities and security, measures should reinforce the Union's defence industrial base and military mobility and strengthen the Unions' preparedness, threat detection, critical energy and transport infrastructure protection and resilience and crisis response, including by strengthening cybersecurity. This should include measures to develop the dual use TEN-T infrastructure in order to allow for largescale movements of troops and heavy equipment and material at short notice. Measures should also aim to ensure high level of security in the Union, including integration measures that are consistent with the objectives set out in Regulation (EU) [...] concerning Union support for asylum including subsidiary protection, temporary protection, migration and integration, Regulation (EU) […] concerning Union support for European [integrated] border management, including functioning of the Schengen area and for European visa policy, and Regulation (EU) […] Union support for internal security.

(17) Measures supporting people and strengthening Union's societies and the Union's social model should contribute to the implementation of the European Pillar of Social Rights and achieving its headline targets, in accordance with the guidelines for employment referred to in Article 148(4) TFEU, by supporting projects in the policy areas of employment and labour mobility,

skills development, education, social inclusion and poverty reduction, and therefore strengthening the Union's resilience and competitiveness. They should aim to ensure equal opportunities, equal access to the labour market, fair and quality working condition, social protection and inclusion, in particular focusing on enhancing labour supply, ensuring quality and inclusive education and training, lifelong learning and material support for the most deprived, closing existing gaps, including gender gaps. The measures should support investments in children and young people, marginalised and disadvantaged communities, third country nationals and should ensure equal access to services. They should also contribute to strengthening the resilience of the healthcare systems and long-term care services, support social and affordable housing and focus on achieving a socially fair transition towards climate neutrality, addressing the social impacts of the inclusion of greenhouse gas emissions from buildings and road transport within the scope of Directive 2003/87/EC of the European Parliament and of the Council.

(18) Sustainable Union's quality of life should be supported by ensuring fairer and sufficient income for farmers and their long-term competitiveness and contributing to long-term food security. **|** The general objectives of the Fund should in respect to the CAP be defined at the Union level and implemented by the Member States through their plans.**|** The measures should also improve the attractiveness and living standards in rural areas and fair working conditions and foster generational renewal; improve farmers' preparedness and ability to cope with crises and risks, enhance the access to knowledge and innovation and accelerate the green and digital transition for a thriving agri-food sector. The measures should support sustainability, competitiveness and resilience of the Union fisheries and of the Union aquaculture sector, boosting the sustainable and competitive blue economy in coastal, island and inland areas, enhancing the socio-economic opportunities and the resilience of the local communities and ensuring strong ocean governance in all dimensions, with safe, secure, clean and sustainably managed ocean. They should actively enhance climate action by promoting greenhouse gas emissions reduction, supporting mitigation efforts, and facilitating adaptation to climate change impacts. They should enhance climate action, ecosystem services provision, supporting efficient water management and resilience, strengthening sustainable development, environmental protection, enhancing the conservation and restauration of biodiversity and natural resources, including soil, and improving animal welfare. To recognise the positive climate impacts of farmers and to facilitate their access to voluntary market-based incentives, the Commission and the Member States continue to work on developing carbon removals methodology and estimating greenhouse gas emissions reductions achieved by the CAP.

(19) The NRP Plans should continue to support the development of innovative, stakeholder-driven projects that contribute to the EU's strategic priorities, thereby enhancing the EU's environmental and climate resilience and leadership, while preserving the Union's natural resources and biodiversity that underpin our wellbeing and prosperity, building on the experience of the LIFE programme.

(20) In order to protect, strengthen democracy, rule of law and uphold Union values, support should be dedicated to sustaining and further developing open, rights-based, democratic, equal and inclusive societies as well as to strengthening justice systems, anti-corruption frameworks, media pluralism and effective checks and balances. The measures should also aim to contribute to better governance by enhancing the efficiency of public administration, including judicial authorities, and the institutional capacity of public authorities and stakeholders in Member States, regions and local communities. This should enhance the efficiency and effectiveness of supported measures. To ensure that the social dimension of

Europe as set out in the European Pillar of Social Rights is duly put forward and that a sufficient amount of resources is targeting those most in need, Member States should allocate resources to fostering social inclusion. Due to the particular need to support children in poverty Member States should also programme resources to address the measures under the Child Guarantee. In light of persistently high levels of youth unemployment and inactivity in a number of Member States and regions, in particular affecting young people who are neither in employment, nor in education or training, it is necessary that those Member States continue to invest sufficient resources towards measures to promote youth employment, including through the implementation of the Youth Guarantee. Member States should therefore allocate an appropriate amount of resources to this challenge. Member States seriously affected by youth unemployment should allocate resources of the ESF to support youth employability.

(21) The further development of market-based funding in all the Member States, and in particular in those where capital markets are currently less developed, will make an important contribution to the Union's sustainable prosperity, and competitiveness. In pursuing these goals, the Savings and Investments Union requires a bottom-up approach in a shared responsibility of Member States and EU institutions. While EU-level measures are warranted in key areas where all Member States should move in lockstep to address EU-wide shortcomings, other measures will also require a coordinated approach but will rely more on Member States acting individually.

(22) Since the objectives of this Regulation cannot be sufficiently achieved by the Member States but can rather – by reason of the extent and specificities of some the aforementioned challenges – 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 Treaty on European Union (TEU). In accordance with the principle of proportionality as set out in that Article, this Regulation does not go beyond what is necessary to achieve those objectives. Regions will remain at the centre of the Fund with the partnership principle and multi-level governance as the underlying elements. To ensure continuity, the Fund will build as much as possible on existing pro structures with regional and local authorities, social partners, and other relevant stakeholders playing a key role in the design, management, implementation and monitoring of the supported measures under the Fund.

(23) As a complement to actions supported by Regulation (EU) […] [Global Europe], the Fund may support actions in or in relation to third countries. Such actions should ensure full coherence with the principles and general objectives of Union external policy, with the Union's international commitments, and the rights and principles enshrined in the Union acquis.

(24) The principle of partnership is a key feature in the implementation of the NRP Plans, building on the multi-level governance approach and ensuring the involvement of regional, local, urban and other public authorities, civil society organisations, economic and social partners. 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 240/2014[1] (the 'European code of conduct on partnership') should continue to apply to the Plans.

(25) [The NRP Plans aim to ensure high value for money by making payments from the Commission to Member States conditional upon the achievement of outputs and the fulfilment of conditions agreed, irrespective of the form of reimbursement from Member States to beneficiaries. Linking disbursements with agreed and pre-set milestones, targets and outputs covering the full lifespan of the supported measure will contribute to the regularity of payments to Member States.] To facilitate this process, Member States should be able to submit payment applications up to six times a year. To simplify financing and reduce administrative burden for beneficiaries, Member States are encouraged to use the same form of reimbursement applied for payments from the Commission to Member State or standard scales of unit costs, lump sums or flat rates.

(26) [The Fund should be implemented in accordance with Regulation (EU, Euratom) 202X/XXXX [Performance regulation] which establishes the rules for the expenditure tracking and the performance framework for the budget, including rules for ensuring a uniform application of the principles of 'do no significant harm' and gender equality referred to in Article 33(2), points (d) and (f) of Regulation (EU, Euratom) 2024/2509 respectively, rules for monitoring and reporting on the performance of Union programmes and activities, rules for establishing a Union funding portal, rules for the evaluation of the programmes, as well as other horizontal provisions applicable to all Union programmes, such as rules on information, communication and visibility.] The Fund should ensure accessibility, taking into account the Charter of Fundamental Rights of the European Union, including the United Nations Convention on the Rights of Persons with Disabilities. The Fund should not support actions that contribute to any form of segregation, discrimination or exclusion, including of racialised communities such as Roma, and, when financing infrastructure, should ensure the accessibility for persons with disabilities.

(27) [This Regulation should include strong safeguards to ensure that the Fund is implemented in a way that ensures respect with the rights, freedoms and principles set out in the Charter of Fundamental Rights of the European Union and of the principles of the rule of law as set out in Article 2(a) of Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council[2].] Therefore, as part of the validation process of their NRP Plans, Member States should provide assurance on the fulfilment of these two horizontal conditions, with an identification of potential deficiencies and remedial actions based, in particular, on the country-specific challenges identified in the context of the Rule of Law Report and European Semester, as well as infringement proceedings and judgments of the Court of Justice of the European Union. All Member States should be required to review their NRP Plans halfway through implementation, as part of the mid-term review, to address any new deficiencies identified, in particular, in the context of the latest Rule of Law Report. At any time during the implementation and following exchanges with the Member State concerned, there should

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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).

2 Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget (OJ L 433I, 22.12.2020, p. 1, ELI: http://data.europa.eu/eli/reg/2020/2092/oj)

be a possibility to block part or all of the payments made to a Member State if one or more of the Rule of Law and Charter horizontal conditions is not fulfilled. With due regard to the principle of proportionality, the determination of the non-fulfilment and identification of the specific measures concerned should take into account the actual or potential impact of the non-fulfilment on the sound financial management of the Union budget or on the financial interests of the Unions as well as the nature, duration, gravity and scope of the breach.

(28) [The global amounts to be allocated per Member State should be set out by the Commission in accordance with the allocation methodology laid down in this Regulation through a single implementing decision. That decision should as a rule cover the amounts under this Regulation and as set out in Article 4 of Regulation (EU) 202X/XXXX [asylum], Article 4 of Regulation (EU) 202X/XXXX [border management] and Article 4 of Regulation 202X/XXXX [internal security].]

(29) Each Member State should submit to the Commission a NRP Plan, as a rule, by 31 January 2028 so that it can be given careful and timely consideration. To ensure fast implementation of the Fund, Member States should be able to submit a draft NRP Plan from June 2027. Member States should design and implement the NRP Plans in partnership with local and regional authorities, economic, social and rural partners and civil society organisations and other relevant stakeholders in accordance with the national legal framework and the rules set out in this Regulation. The NRP Plans should be designed in close cooperation with the Commission, prepared in accordance with the template provided and made publicly available following their adoption by the Council on the basis of the Commission's assessment and proposal for a Council implementing decision. In line with current arrangements, Member States will have the possibility to include regional and territorial chapters in their NRP Plan and should be required to ensure that regional managing authorities receive regular payments, based on the progress of their respective measures, and an amount at least equivalent to their Union contribution by the end of the period, subject to potential corrections resulting from the implementation of their respective chapter(s). To ensure effective governance of the NRP Plan, Member States should set up monitoring committees for the chapters and a coordinating committee at the level of the NRP Plan.

(30) In order to ensure the national ownership, Member States wishing to receive support should submit to the Commission NRP Plans that are duly reasoned and substantiated. The NRP Plans should detail how it represents a comprehensive contribution to all objectives of the Fund, taking into account the specific national, regional and territorial challenges of the Member State concerned. It should also include an explanation of how it contributes to effectively addressing the relevant country-specific challenges identified, inter alia, in the context of the European Semester and other relevant documents officially adopted by the Commission related to the objectives supported by the Fund, and how it contributes to the completion of the internal market, notably by including reforms, investments and other interventions with a cross-border, transnational or multi-country dimension. To strengthen Union competitiveness in strategically important sectors while ensuring that the level playing field is not compromised, the NRP Plans should include cross-border and multi-country projects, in particular Important Projects of Common European Interest (IPCEIs) focusing on either research, development, innovation or first industrial deployment or on the construction of important infrastructure open for third party use, taking into account, in particular, the analyses provided in the latest Annual Single Market and Competitiveness Report. Member States should concentrate resources under their Plans on reducing economic social and territorial disparities, in particular in less developed regions. They should also support generational renewal and social measures and thriving fisheries and aquaculture production.

(31) The Plan should ensure complementarity and synergies between different measures supporting different policy areas and targeting different groups of beneficiaries. This is particularly important to offer a comprehensive policy response to develop thriving rural and coastal areas and ensure vibrant agricultural and fisheries sectors. Member States are in particular encouraged to promote such synergies in the design of the measures and chapters and in the application of the cofinancing rates. For measures supporting basic services and infrastructure in rural and coastal areas as well as rural and coastal businesses, Member States should developed an integrated planning to ensure that rural and coastal communities have access to finance through appropriate mechanisms, including policy actions to specific; mechanisms and governance structures to coordinate the programming and implementation of EU, national, regional and local policies, the programming of locally and regionally integrated funding approaches, taking into account the specific context and capacities of the target beneficiaries, the creation of capacity building targeting both the administrations and the beneficiaries. The NRP Plan should set out the detailed set of measures and arrangements for its monitoring and implementation, including establishing NRP Plan authorities, monitoring and coordinating committee, the estimated costs of those measures and the national contribution and measures to enhance the quality of governance and reinforce the administrative capacity of public administrations. Close cooperation between the Commission, the Member States and their regions should be sought and achieved throughout the process; policy learning and experimentation should be encouraged.

(32) [Financial support for a NRP Plan should be possible in the form of a loan, subject to the conclusion of a loan agreement with the Commission, on the basis of a duly substantiated request by the Member State concerned presented together with the submission of its NRP Plan. The request for loan support should be justified by the higher financial needs linked to additional reforms and investments included in the NRP Plan and by a higher cost of the NRP Plan than the sum of the Union financial contribution and the national contribution.]

(33) [To maximise impact and national ownership of Union funding while upholding principles of equity and solidarity, the national contribution to the estimated costs of the different measures of the NRP Plan should reflect the varying levels of economic development of regions in terms of per capita in relation to the EU-27 average. Compliance with this co-financing requirement should be assessed ex ante as part of the approval procedure of the Plan. The additionality of the EU contribution will be monitored by the Commission over the lifetime of the programme.]

(34) [This Regulation should lay down an indicative financial envelope for the Fund. For the purpose of this Regulation, current prices should be calculated by applying a fixed 2% deflator.]

(35) In order to foster synergies between the NRP Plans and other Union instruments, it should be possible to include in the Plans measures implemented through financial contributions made by the Member State to the [ECF InvestEU Instrument] or to other Union instruments implementing policies aligned to the objectives of the NRP Plan, including contributions necessary to support the implementation through those instruments, provided that such measures comply with this Regulation.

(36) In duly justified cases, such as crisis situations or other imperative grounds of public interest, the Commission should be able to propose to the Council to adopt an implementing decision approving a NRP Plan in time to allow the necessary actions under this Regulation, while identifying the deficiencies which need to be addressed and the corresponding measures

impacted by such deficiencies, for which no payments should be made until the situation has been remedied.

(37) Member States should have the possibility to make a reasoned request to amend the NRP Plan within the period of implementation of the Fund. The Commission should assess the compliance of the amended NRP Plan with this Regulation in a manner proportionate to the changes proposed. In order to avoid excessive administrative burden, it should be possible for Member States to make minor adjustments to or correct clerical errors in the NRP Plans, by a simple notification of those changes to the Commission, provided that such amendments comply with the requirements of the NRP Plan.

(38) Each Member State should carry out a mid-term review of its NRP Plan. That review should provide a fully-fledged proposed amendment of the NRP Plan based on the progress in implementing measures, the main results of relevant evaluations and a review of the estimated total costs of the measures covered by the NRP Plan, while also providing the opportunity to take into account new challenges as well as the occurrence of any crisis. For the purposes of the mid-term review, the socioeconomic situation of the Member State or region concerned, including any major negative financial, economic or social development should be also taken into account. The amended NRP Plan submitted by the Member State following the mid-term review should include a proposal for the programming of the flexibility amount with revised or new measures together with their estimated costs and corresponding milestones and targets.

(39) [An EU Facility should be set-up to complement implementation at national and regional level.] The EU Facility should support projects of a transnational dimension, with a high Union added value, which require additional coordination efforts at Union level, as well as evidence-based policy support and which contribute to the objectives set out in this Regulation. It should also help Member States in swiftly addressing urgent and specific needs as a response to a crisis situation, such as a major national or regional natural disaster, and foster repair and recovery in view of increasing resilience following a crisis. It should also cater for uncertainty by providing the Union with additional room for manoeuvre to adjust to emerging priorities at Union level, which require a coordinated response. It should finally provide technical support to Member States to effectively implement the policies covered by this Regulation. In the context of future enlargements, it is essential to ensure that the Union's legislative and budgetary framework can also effectively accommodate support for the accession of new Member States. In doing so, the Facility should have the possibility to resort to shared, direct or indirect management depending on the type of measure and the most effective course of action.

(40) In case of crises as a result of natural disasters and to ensure availability of resources throughout the duration of the Fund, Union support should be complementary to the efforts of the Member States concerned and be used to cover a share of the measures implemented to deal with the damage caused by a crisis. To finance these interventions and simplify procedures, a part of the natural envelope of each Member State should constitute the flexibility amount ("crisis and mid-term review measures"). This will ensure sufficient financial resources for Member States to react to crises until the end of the implementation of the NRP Plans. The estimation of the type and amount of support to be provided to the Member State concerned should follow a multi-step approach whereby the Member State should first proceed to amending its NRP Plan before requesting to programme a part of its unallocated flexibility amount and, where the flexibility amount requested and available is not sufficient to cover the needs, request additional support from the Union actions. It should be

possible for the Commission to use the budget cushion as a last resort option to provide support should other resources under the Facility prove insufficient to cover the needs.

(41) [A Unity Safety Net should be established to stabilize agricultural markets in times of market disturbances.] It should be used to address periods and threats of market imbalance, including those caused by issues related to animal or plant health, which impact the prices of agricultural products and the costs of inputs in the whole or part of the internal market. In order to safeguard the Union's strategic autonomy in food supply and ensure food security, the funding allocated for market support through the Unity Safety Net should take into account mounting uncertainties in agricultural markets and increased indirect impact of animal health issues on market balance. The Union safety net does not aim to compensate for direct losses suffered by farmers due to natural disasters. In line with the goal of stabilising the Union agricultural markets, resources dedicated to promotion campaigns about Union farm products should continue in order to open up new market opportunities for the Union agricultural sector and increase the visibility and market share of its products both within the Union and internationally.

(42) [With a view to ensuring consistency, the budgetary guarantee and financial instruments, including when combined with non-repayable support in blending operations under the EU Facility should be implemented in accordance with Title X of Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council[3] and the [ECF Regulation] and with technical arrangements, terms and conditions established by the Commission for the purposes of its application. Support under the EU Facility in the form of a budgetary guarantee or financial instruments, including when combined with non-repayable support in a blending operation, should be provided exclusively through the [ECF InvestEU Instrument].] To provide broader access to implementing partners for budgetary guarantees and financial instruments, the Commission should be able to conclude agreements in indirect management with all the categories of entities listed under Article 62(1), first subparagraph, point (c) of Regulation (EU, Euratom) 2024/2509. To ensure sound financial management and budgetary discipline and to limit outstanding payments, the provisioning for the budgetary guarantee implemented under the EU Facility should not be committed after the end of the last year of the multiannual financial framework (MFF) and should be constituted by the end of the third year after the end of the MFF. Budgetary commitments for that provisioning should take into account the progress in granting the budgetary guarantee. The constitution of the provisioning should take into account the progress in the approval and signature of the financing and investment operations supporting the objectives of the EU Facility.

(43) For a more impactful and efficient policy, the new CAP is simplified, with a streamlined set of interventions, and builds on the experience of the previous programming period. It simplifies the tools, avoiding fragmentation and enhancing the strategic approach by Member States. By using the synergies with other policies in the NRP Plan, additional tools should be available for the CAP to effectively contribute to developing a resilient, innovative, and environmentally responsible agricultural sector across Europe.

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[3] 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 (OJ L, 2024/2509, 26.9.2024, ELI: http://data.europa.eu/eli/reg/2024/2509/oj).

(44) Income support for farmers should continue to be an essential policy instrument to guarantee a fair income to farmers. It contributes to fostering a competitive, resilient and sustainable agricultural sector pursuing the benefits of high-quality production and resource-efficiency, which ensures generational renewal and thus long-term food security. CAP support should be focused on active farmers defined in compliance with WTO rules. With a view to further improve the performance of the CAP, area-based income support should be targeted towards farmers who exercise agriculture as a principal activity. Income support should be targeted to farmers who need it most with a particular attention to the farmers in areas with natural constraints, women, young farmers and new farmers. At the same time, rural economic development, ensuring infrastructure improvements and digital transformation that eliminate regional disparities, benefits the attractiveness of rural areas, social inclusion and enhanced employment opportunities in rural areas.

(45) For distinguishing beneficiaries in the context of the CAP, the criteria defining the concept of principal activity should include the share of agricultural income within the total income, labour inputs on the farm, company object and inclusion of their agricultural activities in national or regional registers. Member States should be allowed to also use negative lists to identify those applicants who do not meet the definition of 'farmer'.

(46) The Common Fisheries Policy and the Union's maritime policy should contribute to sustainable fisheries and the conservation of marine biological resources, the generational renewal and energy transition of fisheries sustainable aquaculture activities, and processing and marketing of fishery and aquaculture products, sustainable blue economy in coastal, island and inland areas, marine knowledge, skilling of blue economy related activities, the resilience of coastal communities and in particular of small-scale coastal fishing, the strengthening of international ocean governance and observation and enabling seas and ocean to be safe, secure, clean and sustainably managed

(47) The outermost regions face specific challenges linked to their remoteness, topography and climate as referred to in Article 349 TFEU and also have specific assets, in particular to develop a sustainable blue economy. Therefore, the concerned Member States should include measures to support each outermost region in their NRP plan to provide for their specific needs and challenges such as food security, housing, transport, water and waste management, energy, education and skills, migration, climate change resilience and adaptation, environmental protection, access to healthcare, energy, transport and digital connectivity and economic development, including a sustainable and diversified blue economy.

(48) The measures should include support for guaranteeing supply of products essential for human consumption or for processing and as agricultural inputs by mitigating the additional costs incurred due to their extreme remoteness and/or insularity, without harming local production and the growth thereof. The measures should also include support for securing the long-term future and development of agriculture, fisheries and aquaculture, including the production, processing, marketing and sale of local crops and products, and the diversification of food production, with a particular focus on food security and self-sufficiency, and maintaining and strengthening their competitiveness. In addition, the measures should include support, including compensations, for specific supply arrangements for agriculture, support to local agricultural production and processing, and to assist local fisheries and aquaculture production, processing and marketing, and support to enhance transport, energy and digital connectivity. It should be possible for Member States to grant additional financing for the implementation of that support. As State aid, such financing should be notified to the Commission, which may approve it under this Regulation as part of that support.

(49) In order to address the specific conditions of the Common Fisheries Policy referred to in Regulation (EU) No 1380/2013 and to contribute to compliance with the rules of the Common Fisheries Policy, specific provisions for the rules on interruption, suspension and financial corrections should be laid down. Where a Member State has failed to comply with its obligations under the Common Fisheries Policy, or where the Commission has evidence that suggests such lack of compliance, the Commission should, as a precautionary measure, be allowed to interrupt payment deadlines. In addition to the possibility of interruption of the payment deadline, and in order to avoid an evident risk of paying out ineligible expenditure, the Commission should be allowed to suspend payments and impose financial corrections in cases of serious non-compliance with the rules of the Common Fisheries Policy by a Member State

(50) [Horizontal financial rules adopted by the European Parliament and the Council based on Article 322 TFEU apply to this Regulation. Those rules are laid down in Regulation (EU, Euratom) 2024/2509 and determine in particular the procedure for establishing and implementing the general budget of the Union. Rules adopted pursuant to Article 322 TFEU also include a general regime of conditionality for the protection of the Union's budget in the case of breaches of the principles of the Rule of Law in the Member States established by Regulation (EU, Euratom) 2020/2092.]

(51) Transparency, information, communication and visibility activities are essential in making Union action visible on the ground and ensuring the traceability of funds and should be based on true, accurate and updated information. To fulfil these goals, it is necessary to provide for appropriate arrangements for collection and reporting of data needed for multiple purposes only once. With a view to avoiding duplication of efforts and reducing the administrative burden for the Member States, data collected and made available for audit and control, transparency, performance monitoring and evaluation should be streamlined and publication requirements should be established with the aim to ensure maximum transparency.

(52) 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 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. In accordance with Regulation (EU, Euratom) 2024/2509, Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council(6), and Council Regulations (EC, Euratom) No 2988/95[(7)], (Euratom, EC) No 2185/96[(8)] and (EU) 2017/1939[(9)], the financial interests of the Union are to be protected through proportionate measures, including measures relating to the prevention, detection, correction and investigation of fraud, corruption and conflicts of interests, and, where appropriate, the imposition of administrative penalties. In particular, in accordance with Regulations (Euratom, EC) No 2185/96 and (EU, Euratom) No 883/2013, 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. In accordance with Regulation (EU) 2017/1939, the European Public Prosecutor's Office (EPPO) is competent 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 Council. In accordance with Regulation (EU, Euratom) 2024/2509, any person or entity receiving Union funds is to fully cooperate in the protection of the Union's financial interests, to grant the necessary rights and access to the

Commission, OLAF, the EPPO and the Court of Auditors (ECA) and to ensure that any third parties involved in the implementation of Union funds grant equivalent rights. Member States should swiftly report to the Commission irregularities detected, and any follow-up action they have taken with regard to such irregularities and with regard to any OLAF investigations. The competent authorities of the Member States participating in the enhanced cooperation on the establishment of the EPPO pursuant to Regulation (EU) 2017/1939 should also report to the EPPO without undue delay any criminal conduct in respect of which it could exercise its competence, in accordance with Regulation (EU) 2017/1939.

(53) To reduce the administrative burden and costs on recipients of Union funding as well as to avoid duplication of audits and management verifications of the same measures, the concrete application of the single audit principle should be applied for the Fund. 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 that the Member State's management and control systems function properly, and that the assertions made in the management declaration submitted by the coordinating body are correct.

(54) In accordance with the principle and rules of shared management, Member States and the Commission should be responsible for the management and control of the Plans and give assurance on the legal and regular use of the Union funds. Since Member States have the primary responsibility for such management and control, they should ensure that operations supported by the Fund comply with applicable law, including applicable public procurement and State aid rules..

(55) Procedures for the selection of operations applied by Member States can be competitive or non-competitive provided that the criteria applied, and procedures used are non-discriminatory, inclusive, accessible when appropriate for persons with disabilities, and transparent, taking into account the Charter of Fundamental Rights of the European Union, and that the operations selected maximise the contribution of the Union funding and are in line with the horizontal principles defined in this Regulation.

(56) With a view to ensuring the principle of sound financial management, Member States should ensure that the amount of the estimated total costs of their NRP Plan remain reasonable and plausible throughout its implementation and request an amendment of their NRP Plan where necessary. The Fund's delivery model should aim at providing predictability and consistency between payment levels and the individual implementation pace of each measure by assigning ex-ante pay-out values to each milestone and target. Furthermore, a review of the estimated total costs of the reforms and investments and other interventions covered by the NRP Plan should be conducted by the Member State as part of the mid-term review with corresponding adjustments whenever justified. Additionally, when submitting its final annual assurance package for the last financial year, the Member State should confirm that the total payments from the Commission do not exceed the total amount paid by the Member State to the beneficiaries in implementing the Plan, taking into account the national contribution. For the same reasons of sound financial management, the Commission should be allowed to recover amounts previously paid for interim steps of a measure if the final milestone or target of the given measure is not fulfilled and to take action in case of a reversal of a milestone or a target occurring up to five years after the date of the corresponding Commission payment.

(57) In order to significantly simplify procedures and reduce administrative burden for recipients, Member States and the Commission while providing robust safeguards on the regular and effective use of Union funds, the NRP Plans should embed measures to facilitate

implementation, both in their design and implementation as and in monitoring provisions. Such elements should comprise, for instance, providing technical assistance and support to Member States, limiting audit duplications through the application of the single audit approach and moving away from invoice checks to focus on actual results. The national audit authorities and the Commission should not be expected, in that respect, to verify the underlying costs of the operations for the purpose of their audit work. With a view to simplification, technical assistance should be provided throughout implementation via a flat-rate applicable to all payments. The Fund should also provide for sufficient flexibility, whether via streamlined procedures for the amendments of the Plans or better responsiveness to unpredicted crises via multiple mechanisms that allow for mobilising resources for such events, such as revision of the Plan, the flexibility amount or access to the Facility. The Fund should also allow Member States to decide themselves which milestones and targets should be submitted in each payment application on the basis of their respective pace of implementation. **[**With a view to ensuring regular disbursements and the timely delivery of Union objectives on the ground, an annual decommitment rule should ensure that Member States submit regular payment applications for sufficiently substantial amounts.**]**

(58) **[**The Social Climate Fund established by Regulation (EU) 2023/955 of the European Parliament and of the Council of 10 May 2023[4] pursues similar objectives and support similar actions in a comparable implementation timeline. Therefore, the Social Climate Plans should be integrated into the NRP Plans from 2028 onwards. This should allow for a more efficient use of Union funds and support a more effective and coherent delivery of the objectives of the fund. This would avoid running similar systems and processes being run in parallel thereby bringing clear benefits in terms of improved policy planning, policy consistency and simplification efforts. It should also ensure the application of common rules, notably regarding respect for the rule of law and compliance with the Charter of Fundamental Rights of the European Union, while Member States' current allocations under the Social Climate Fund would continue to apply. Synergies between existing and future investments under the Modernisation Fund and the measures of the Plans should also be encouraged through coordinated programming with a view to ensuring better complementarity and policy coherence between the Union budget and the resources allocated to the Modernisation Fund.**]**

(59) Articles 107, 108 and 109 TFEU should apply to the support under this Regulation. Nevertheless, in accordance with Article 42 TFEU, in view of the specific characteristics of the agricultural sector, those provisions should not apply to support falling within the scope of Article 42 TFEU that are carried out under and in conformity with this Regulation, Regulation (EU) 202X/XXXX [CAP Regulation] or Regulation (EU) No 1308/2012 as well as additional national financing for those interventions where the Union support falls within the scope of Article 42 TFEU. For the fishery and aquaculture products listed in Annex I TFEU to which Articles 107, 108 and 109 thereof apply, the Commission may authorise, in accordance with Article 108 TFEU, operating aid in the outermost regions referred to in Article 349 TFEU in respect of the sectors producing, processing and marketing fishery and aquaculture products, with a view to alleviating the specific constraints in those regions as a result of their isolation, insularity or remoteness.

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[4] Regulation (EU) 2023/955 of the European Parliament and of the Council of 10 May 2023 establishing a Social Climate Fund and amending Regulation (EU) 2021/1060 (OJ L 130, 16.5.2023, p. 1).

(60) The provisions of Regulation (EU, Euratom) 2024/2509 on shared management should be adapted to the delivery model of this Regulation. For that purpose, it is necessary to enable the submission of information related to the implementation progress and to adapt the content of the management declaration and audit opinion accordingly.

(61) 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 Articles on support for local agricultural, fisheries and aquaculture products, reporting on irregularities, calculation of penalties for stewardship, data collection and recording, IACS, as well as Annexes on fulfilment of milestones and targets, progress on implementation, Union actions, financial corrections, EU school scheme, CAP interventions, CAP cooperation. It is of particular importance that the Commission carry out appropriate consultations 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[5]. 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.

(62) In order to ensure uniform conditions for the implementation of the NRP Plan for [the list of Union actions, farming practices, reduction coefficients for oilseeds], implementing powers should be conferred on the Commission. Those implementing powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council[6].

(63) The advisory procedure should be used for the adoption of the Interreg Plan. The examination procedure should be used for the adoption of the implementing acts related to fixing the indicative reference support area for each Member State in relation to oilseeds, and to Integrated Administration and Control System.

(64) Since acts applicable to the 2021-2027 programming period should continue to apply to programmes and operations supported by the Funds covered under the 2021-2027 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 a 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 2021-2027 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.

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5 OJ L 123, 12.5.2016, p. 1, ELI: http://data.europa.eu/eli/agree_interinstit/2016/512/oj

6 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, ELI: http://data.europa.eu/eli/reg/2011/182/oj).

(65) 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:

TITLE I
GENERAL PROVISIONS

[*Article 1*
Subject matter

1. This Regulation establishes the 'European Fund for Economic, Territorial, Social Cohesion, Agriculture and Rural, Fisheries and Maritime Prosperity and Security' Fund (the Fund). It lays down rules on:

   (a) tasks, priority objectives, organisation and grouping under the Fund of:

      (i) the Structural Funds and Cohesion Fund;

      (ii) instruments for the common agriculture policy (the CAP);

      (iii) instruments for the common fisheries policy;

      (iv) instruments funded from the auctioning of allowances in the framework of the emission trading systems set up under Directive 2003/87/EC to address the social impacts of the introduction of an emission trading system for buildings and road transport on vulnerable households, vulnerable micro-enterprises and vulnerable transport users;

      (v) support to security and defence capabilities.

   (b) the financial rules for Union support to be implemented by means of the National and Regional Partnership Plans (the 'NRP Plans'), the Interreg Plan as set out in the Regulation XX [Regional development, Chapter II on the Interreg Plan] (the 'Interreg Plan') and the EU Facility (the 'Facility');

   (c) the financial resources for the period from 1 January 2028 to 31 December 2034.

2. The Regulations listed below may set out specific conditions to complement this Regulation which shall not be in contradiction with this Regulation:

      (a) Regulation XX [establishing the European Fund for Regional development including for European Territorial Cooperation (Interreg) and 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]

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(b) Regulation XX [establishing the European Social Fund as part of the Fund set out in Regulation (EU) […] [NRP] and establishing conditions for the implementation of the Union support to quality employment, skills and social inclusion for the period from 2028 to 2034]

(c) Regulation XX [establishing the Common Agriculture Policy as part of the Fund set out in Regulation (EU) […] [NRP] and establishing conditions for the implementation of the Union support to support the implementation of the Common Agricultural Policy (CAP) of the Union in accordance with Title III of Part III of the TFEU, ensuring a fair standard of living for the agricultural community and the availability of food, increasing agricultural productivity, stabilising markets, and supporting long-term food security from 2028 to 2034]

(d) Regulation XX [establishing Common Fisheries Policy and Union's maritime policy as part of the Fund set out in Regulation (EU) […] [NRP] and establishing conditions for the implementation of ……. from 2028 to 2034]

(e) Regulation (EU) […] establishing the Union support for asylum migration and integration for the period from 2028 to 2034

(f) Regulation (EU) […] establishing the Union support for European integrated border management and European visa policy for the period from 2028 to 2034

(g) Regulation (EU) […] establishing the Union support for internal security for the period from 2028 to 2034

(h) Regulation (EU) 202X/XXXX amending Regulation (EU) No 1308/2013 of the European Parliament and of the Council[7] as regards the school fruit, vegetables and milk scheme ('EU school scheme'), interventions in certain sectors, the creation of a protein sector, requirements for hemp, the possibility for marketing standards for cheese, protein crops and meat, application of additional import duties and rules on the availability of supplies in time of emergencies and severe crisis, to the extent relevant to the support under this Regulation.

In case of doubt about the application between this Regulation and the policy-specific regulations referred to in the first subparagraph, this Regulation shall prevail.**]**

[7] Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007 (OJ L 347, 20.12.2013, p. 671, ELI: http://data.europa.eu/eli/reg/2013/1308/oj).

Article 2
General objectives of the Fund

1. With the overall aim of promoting economic, social and territorial cohesion, the sustainable development and competitiveness of the Union, its security and its preparedness, the Fund shall support the following general objectives:

(a) to reduce regional imbalances in the Union and the backwardness of the least favoured regions and promote European territorial cooperation in accordance with Part Three, Title XVIII of the TFEU, including supporting projects in the area of environment and trans-European networks in the area of transport infrastructure in accordance with Article 177(2) TFEU ('European Regional Development Fund and Cohesion Fund');

(b) to support quality employment, education and skills and social inclusion in accordance with Part Three, Title XI and Title XVIII of Part Three of the TFEU ('European Social Fund') and to contribute to a socially fair transition towards climate neutrality in accordance with Article 91(1), point (d), Article 192(1) and Article 194(2) TFEU;

(c) to support the implementation of the CAP of the Union in accordance with Parth Three, Title III of the TFEU;

(d) to support the implementation of the common fisheries policy of the Union in accordance with Part Three, Title III of the TFEU;

(e) to protect and strengthen democracy in the Union and uphold Union values in accordance with Article 2 TEU.

Article 3
Specific objectives of the Fund

1. The general objectives referred to in Article 2 shall be pursued across all regions through the following specific objectives:

(a) to support the Union's sustainable prosperity across all regions by:

(i) fostering the attractiveness of territories to support the right to stay including by supporting strategies for the integrated development of urban and rural areas, including support for territorial services and infrastructure;

(ii) strengthening the Union's industrial base, resilient supply chains and boosting sustainable and competitive manufacturing, in particular in the areas of net zero and critical raw materials technologies, with special attention to the competitiveness of small- and medium-sized enterprises, by fully integrating environmental and climate ambitions to accelerate a clean industrial transition;

(iii) supporting a just transition towards the Union's 2030, 2040 and 2050 targets for energy and climate, in particular by prioritising support for clean energy generation and infrastructure, promoting energy efficiency and decarbonisation, storage and technology, developing smart energy systems and domestic transmission and distribution grids also taking into account the Trans-European Network (TEN-E) and technology and promoting a circular economy, ensuring

that all territories and everyone can contribute and benefit from the clean transition;

(iv) supporting the digital transformation towards the Digital Decade targets and objectives set out in the Digital Decade Policy Programme 2030, thereby contributing to the achievement of a digitally sovereign, secure, and inclusive Union, and promoting the development and use of advanced technologies, including AI secure and trusted digital infrastructure and services, basic and advanced digital skills, digital public services, and ICT connectivity, while addressing the digital divide;

(v) supporting research, development and innovation, including the diffusion of innovation across all regions;

(vi) supporting measures, including reforms to further the Saving and investments Union and foster the development of market-based funding options;

(vii) supporting social and affordable housing;

(viii) enhancing Union transport infrastructure and contributing to the completion of the trans-European network for transport, in particular on the core and extended core network, while decarbonising and improving connectivity, security and accessibility for remote, peripheral and less connected areas; support the green and digital transition of transport;

(ix) support for tourism, including sustainability;

(x) supporting efficient water management, quality and resilience, environmental protection, climate adaptation, climate resilience and enhancing biodiversity, soil quality and natural resources, promoting circularity, bioeconomy and wider resource efficiency, strengthening pollution prevention, control and remediation, preserving and restoring nature and enhancing biodiversity and natural resources, as well as promoting the New European Bauhaus solutions in the built environment.

(b) to support the Union's defence capabilities and security across all regions by:

(i) reinforcing the Union's defence industrial base and military mobility, in particular by developing dual-use TEN-T infrastructure;

(ii) strengthening the Union's preparedness to crises and disasters by mainstreaming the principle of 'preparedness by design';

(iii) strengthening the Union's security by improving threat detection, prevention and response threat detection capabilities, including by strengthening energy and transport critical infrastructure and cybersecurity;

in a manner fully consistent with the objectives set out:

in Regulation (EU) […] establishing the Union support for asylum migration and integration for the period from 1 January 2028 to 31 December 2034;

- in Regulation (EU) […] establishing the Union support for European integrated border management and European visa policy for the period from 1 January 2028 to 31 December 2034;

- in Regulation (EU) […] establishing the Union support for internal security for the period from 1 January 2028 to 31 December 2034.

(c) to strengthen social cohesion by supporting people and strengthening the Union's societies and the Union's social model by:

(i) supporting employment, equal access to the labour market, fair and quality working conditions and labour mobility;

(ii) enhancing labour supply and improving education and lifelong acquisition of skills, in particular by promoting upskilling and reskilling;

(iii) promoting equal opportunities for all, supporting strong social safety nets, fostering social inclusion and fighting poverty and homelessness, and supporting investment in social infrastructure;

(iv) facilitating access to services and associated infrastructure, including modernization, digitalization and strengthening the quality and resilience of healthcare systems, child and long-term care services;

(v) addressing the challenges of demographic change across the EU, which include labour shortages and disparities between generations and regions;

(vi) addressing the social impacts of the inclusion of greenhouse gas emissions from buildings and road transport within the scope of Directive 2003/87/EC.

(d) to sustain the quality of life in the Union by:

(i) supporting fairer and sufficient income for farmers and their long-term competitiveness, including the farmers' position in the value chain;

(ii) contributing to long-term food security;

(iii) improving the attractiveness and living standards, including access to healthcare, in rural areas and fair working conditions and fostering generational renewal; improving farmers' preparedness and ability to cope with crises and risks; enhancing the access to knowledge and innovation and accelerating the digital and green transition for a thriving agri-food sector;

(iv) ensuring sustainability, competitiveness and resilience of the Union fisheries and aquaculture sector, boosting the sustainable and competitive blue economy in coastal, island and inland areas, enhancing the socio-economic opportunities and the resilience of the local communities and ensuring strong ocean governance in all dimensions, with safe, secure, clean and sustainably managed ocean;

(v) enhancing sustainable agriculture and forestry management practices to promote resilient climate action, provision of multiple ecosystem services, supporting efficient water management, quality and resilience, the implementation of nature-

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based solutions, strengthening sustainable development, environmental protection, enhancing the conservation and restoration of biodiversity, soil and natural resources, and improving animal welfare.

(e) to protect and strengthen fundamental rights, democracy, equality, the rule of law and to uphold Union values by:

(i) sustaining and further developing open, rights-based, democratic, equal and inclusive societies, including by building civil society and social partners' capacities to uphold Union values, citizenship education and youth participation;

(ii) promoting and upholding the rule of law through strengthening justice systems, anti-corruption frameworks, media pluralism, information integrity, media literacy, and effective checks and balances;

(iii) enhancing the efficiency of public administration and the institutional capacity of public authorities and stakeholders at national, regional and local level;

(iv) promoting culture as a catalyst for European values and supporting a vibrant and diverse cultural sector.

Article 4
Definitions

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

(2) 'applicable law' means Union law and the national law directly relating to its application;

(3) 'beneficiary' means:

(a) a public or private law body, an entity with or without legal personality, or a natural person who is not a participant, responsible for initiating or both initiating and implementing an operation under the NRP Plan and the Interreg Plan and to whom the document setting out the conditions for support has been provided;

(b) 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;

[(c) in the context of the CAP, a farmer who is:

(i) a natural or legal person whose holding is situated in the Union and whose principal activity is agricultural activity in accordance with the criteria defined by the Member States in line with this Regulation; or

(ii) natural person or small legal person, whose principal activity is not agriculture, but who is engaged in at least a minimum level of agricultural activity, as defined by Member States.**]**

(4) ‘chapter of the NRP Plan’ means a part of the NRP Plan focusing on a specific challenge, sector, policy or geographic area,

(5) ‘contractor’ means an entity or a natural person with whom the beneficiary or the recipient enters into a contract for the specific purpose of implementing one or more operations or a part thereof;

(6) ‘recipient’ means an entity with or without legal personality, or a natural person, who is not a participant, receiving resources from the Union budget through a beneficiary;

(7) ‘final recipient’ means an entity with or without legal personality or a natural person who is not a participant, receiving support under a financial instrument and who is understood as a recipient for the purposes of Article 38(1) of Regulation (EU, Euratom) 2024/2509;

(8) ‘participant’ means a natural person benefiting directly from an operation without initiating or implementing the operation;

(9) ‘operation’ means:

(a) a project, contract, action or group of projects or group of actions selected in the context of implementing a measure in the Plan;

(b) in the context of financial instruments, a contribution from the NRP Plan and the Interreg Plan to a financial instrument and the subsequent financial support provided to final recipients by that financial instrument;

(c) in the context of the CAP, a payment granted to farmers under area- and animal-based CAP income support interventions referred to in Article 35(1) [Types of intervention], points (a) to (g), (o) and (p).

(10) ‘measure’ means a reform, an investment or another intervention at national or sub-national level supported under the NRP Plan or the Interreg Plan;

(11) ‘milestone’ means a qualitative achievement used to measure progress towards the achievement of a measure;

(12) ‘target’ means a quantitative achievement used to measure progress towards the achievement of a measure;

(13) ‘pay-out value’ means the amount to be paid by the Commission to the Member State for the progress achieved in the implementation of the measures of the Plan, taking into account the amounts set aside for reforms;

(14) ‘Agricultural Knowledge and Information system’ or ‘AKIS’ means the combined organisation and knowledge flows between persons, organisations and institutions who use and produce knowledge and innovations for agriculture and interrelated fields referred to in Article 20 of Regulation (EU) 202X/XXXX [CAP Regulation].

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(15) ‘organic farming’ means organic production system certified in accordance with Regulation (EU) 2018/848 of the European Parliament and of the Council[8];

(16) ‘holding’ means all the units used for agricultural activities and managed by a farmer and situated within the territory of the same Member State, within the territorial scope of the Treaties, as defined in Article 52 TEU in conjunction with Articles 349 and 355 TFEU;

(17) ‘the smaller Aegean islands’ means any islands in the Aegean Sea except the islands of Crete and Evia.

(18) ‘seals’ means Seals of Excellence and Sovereignty Seals granted in the implementation of Union programmes in the 2021 to 2027 programming period and Seals granted under Union programmes implemented in direct management in the 2028-2034 period such as the Competitiveness seal;

(19) ‘subcontractor' means a person or entity with whom the contractor has concluded a contract to perform part of a contract for the specific purpose of implementing one or more operations or a part thereof;

(20) ‘crisis’ means crises as defined in Article 2, point (22) of Regulation (EU, Euratom) 2024/2509;

(21) ‘pillar assessment’ means the assessment referred to in Articles 157(3) and (4) of Regulation (EU, Euratom) 2024/2509;

(22) Member States shall further establish in their NRP Plans the definitions of ‘agricultural activity’, ‘agricultural area’, ‘eligible hectare’, and ‘young farmer’ in accordance with objective and non-discriminatory criteria and the principle of proportionality.

(a) ‘agricultural activity’ shall be determined through one or both of the following activities:

(i) production of agricultural products, which consists of all activities aimed at obtaining those products; where agricultural products means products listed in Annex I to the TFEU, with the exception of fishery products, as well as cotton and short rotation coppice;

(ii) maintenance of agricultural areas, which consists of the activities aiming at keeping the land in a state suitable for grazing or cultivation; where duly justified for animal welfare or environmental reasons, extensive grazing of an agricultural area that does not result in an increase of agricultural production for the farmers concerned may also be considered ‘maintenance’.

(b) ‘agricultural area’ shall be defined in such a way as to comprise only land which is used for agricultural activities, including when it forms agroforestry systems.

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[8] Regulation (EU) 2018/848 of the European Parliament and of the Council of 30 May 2018 on organic production and labelling of organic products and repealing Council Regulation (EC) No 834/2007 (OJ L 150 14.6.2018, p. 1).

(c) 'eligible hectare' shall be defined in such a way as to comprise only areas which are at the farmers' disposal and which comprise:

(i) agricultural areas on which an agricultural activity is performed under the farmer's control in terms of management, benefits and financial risks. If non-agricultural activities are also performed on these areas, the agricultural activity shall be predominant.

(ii) areas for which support is provided under Article 35(1) points (a) and (g) [d*egressive income support, small farmers*] of this Regulation, or under the basic income support for sustainability under Title III, Chapter II, Section 2, Subsection 2, [*BISS [all incl. entitlements], small farmers scheme*], of Regulation (EU) 2021/2115, where agricultural activity is not performed due to commitments and obligations arising from Union or national interventions or other programmes which contribute to the environmental and climate-related CAP specific objectives

(iii) Member States may decide to include in the notion of 'eligible hectare' landscape features, not covered by the commitments and schemes referred to in point (ii), provided that these landscape features do not significantly hamper the performance of agricultural activity and are not predominant on the agricultural parcel

(d) 'young farmer' shall be defined in such a way as to fulfil at least the following conditions:

(i) an upper age limit set between 35 years and 40 years;

(ii) being 'head of the holding'.

Where a farmer is deemed to fall within the definition of 'young farmer' at the moment of first access to support, that status shall be maintained for the full duration of the period of eligibility established under the relevant support scheme, irrespective of the farmer subsequently exceeding the upper age limit.

(23) 'new farmer' shall be determined in such a way as to refer to a farmer other than a young farmer and who is head of the holding for the first time.

(24) 'public expenditure' for the purposes of the CAP, means any contribution to the financing of operations the source of which is the budget of the national, regional and local public authorities, the budget of the Union made available to the Fund, the budget of public law bodies or the budget of associations of public authorities or public law bodies;

(25) 'support rate' for the purposes of the CAP, means the rate of public expenditure to an operation; in the context of financial instruments it refers to the gross grant equivalent of the support as defined in Article 2, point (20) of Commission Regulation (EU) No 702/2014;

(26) 'small-scale coastal fishing' means fishing activities carried out by:

(a) marine and inland fishing vessels of an overall length of less than 12 metres and not using towed gear as defined in Article 2, point (1) of Council Regulation (EC) No 1967/2006 [28]; or

(b) fishers on foot, including shellfish gatherers;

(27) 'fisher' means any natural person engaging in commercial fishing activities, as recognised by the Member State concerned;

(28) 'fishing' means any natural person engaging in commercial fishing activities, as recognised by the Member State concerned;

(29) 'sustainable blue economy' means all sectoral and cross-sectoral economic activities throughout the internal market relating to ocean, seas, coasts and inland waters, covering the Union's insular and outermost regions and landlocked countries, including emerging sectors and non-market goods and services, aimed at ensuring environmental, social and economic sustainability in the long term and which are consistent with the SDGs, and in particular SDG 14, and with Union environmental legislation;

(30) 'maritime policy' means Union policy that aims to foster integrated and coherent decision making to maximise the sustainable development, economic growth and social cohesion of the Union, particularly of the coastal and insular areas and of the outermost regions, and of the sustainable blue economy sectors, through coherent maritime-related policies and relevant international cooperation;

(31) 'maritime security and surveillance' means activities carried out in order to understand, prevent wherever applicable and manage in a comprehensive way all the events and actions related to the maritime domain which would impact the areas of maritime safety and security, law enforcement, defence, border control, protection of the marine environment, fisheries control, trade and economic interest of the Union;

(32) 'European marine observation and data network' or 'EMODnet' means a partnership assembling marine data and metadata in order to make those fragmented resources more available and usable by public and private users by offering quality-assured, interoperable and harmonised marine data;

(33) 'maritime spatial planning' means a process by which the relevant Member State's authorities analyse and organise human activities in marine areas to achieve ecological, economic and social objectives;

(34) 'ocean observation' means the foundation of all marine knowledge. It forms the basis of understanding of marine ecosystems and factors that influence them. It provides critical data for weather forecasting, climate change mitigation and adaptation strategies, extreme events monitoring, civil security – sea condition, floods-, maritime shipping, offshore energy, fisheries and aquaculture and increasingly security and defence. It creates the foundation for evidence-based decision-making and it provides crucial information on how human activities influence ocean health and what services the ocean provides to societies.

(35) 'irregularity' means any breach of applicable law, which has, or would have, the effect of prejudicing the budget of the Union by receiving unjustified reimbursement based on milestones, targets and outputs to that budget;

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(36) ‘holding fund’ means a funds set up under the responsibility of a managing authority under one or more chapters of the Plan;

(37) ‘specific fund’ means a fund through which a managing authority or a holding fund provides financial products to final recipients;

(38) ‘body implementing a financial instrument’ means a body, governed by public or private law, carrying out tasks of a holding fund or specific fund.

(39) [‘less developed regions’ means regions whose GDP per capita is less than 75 % of the average GDP per capita of the EU-27 (‘less developed regions’);]

(40) [‘transition regions’ means regions whose GDP per capita is between 75 % and 100 % of the average GDP per capita of the EU-27 (‘transition regions’);]

(41) [‘more developed regions’ means 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 2021-2023, relates to the average GDP *per capita* of the EU-27 for the same reference period.]

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 set out in points 38 to 40 and of Member States fulfilling the criteria set out in paragraph 2(a) of Article 22. [That list shall be valid from 1 January 2028 to 31 December 2034.]

Article 5
Management of the Fund

1. The Member States and the Commission shall implement the envelope financed from the Union budget and any additional resources allocated to the NRP Plans and the Interreg Plan under shared management in accordance with Article 62(1), first subparagraph point (b) of Regulation (EU, Euratom) 2024/2509, without prejudice to paragraph 2 of this Article and Article 6(3) of Regulation XX [Regional development, Interreg Plan] [provisions providing for the use of indirect management in the case of certain Interreg cooperation types].

2. The Commission shall implement Title IV on the Facility under direct, shared or indirect management in accordance with Article 62(1), first subparagraph, points (a), (b) and (c), of Regulation (EU, Euratom) 2024/2509.

3. The technical assistance at the initiative of the Commission referred to in Article 10 shall be implemented under direct or indirect management, in accordance with Article 62(1), first subparagraph, points (a) and (c), of Regulation (EU, Euratom) 2024/2509.

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Article 6

Partnership and multi-level governance

1. For the NRP Plan and each chapter, and the Interreg Plan chapter as referred to in Chapter II of Regulation XX [Regional development, Interreg Plan], 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 chapters concerned. That partnership shall include a balanced representation of the following partners:

   (a) regional, local, urban, rural and other public authorities or associations representing such authorities;

   (b) economic and social partners, including farmers, fishers and their organisations;

   (c) relevant bodies representing civil society, such as environmental partners, non-governmental organisations, youth organisations, and bodies responsible for promoting social inclusion, fundamental rights, rights of persons with disabilities, gender equality and non-discrimination, national human rights institutions and organisations;

   (d) research organisations and universities, where appropriate.

2. The partnership established in accordance with paragraph 1 shall operate in accordance with the multi-level governance principle and a bottom-up approach. The Member State shall involve partners referred to in each subparagraph of paragraph 1 in the preparation of the Plan and throughout the preparation, implementation and evaluation of chapters, including through participation in monitoring committees in accordance with Article 55.

3. The organisation and implementation of the partnership shall be carried out in accordance with the European code of conduct on partnership established by Commission Delegated Regulation (EU) No 240/2014.

4. Regarding the partners referred to in paragraph 1, point (a), the Member State shall ensure that all authorities concerned by the relevant chapters of the Plan are appropriately represented in accordance with the corresponding territorial level and the geographical coverage of the chapter, as appropriate.

5. Member States may derogate from the requirements on partnership and multi-level governance for the purposes of the Union support established by Regulation (EU) 202X/XX [border management] and Regulation (EU) 202X/XX [internal security] if duly reasoned and substantiated by the Member State in its Plan. For the purposes of the Union support for asylum, migration and integration established by Regulation (EU) 202X/XX [migration, asylum and integration], partnerships shall include regional, local, urban and other public authorities or associations representing such authorities, civil society organisations, such as refugee organisations and migrant-led organisations, as well as national human rights institutions and equality bodies, and, where appropriate, international organisations and economic and social partners.

6. At least once a year, the Commission shall consult organisations which represent partners at Union level on the implementation of the Plans.

Article 7
Horizontal principles

1. [Member States shall design the measures in the NRP Plan and Interreg Plan in a way that ensures respect of

   (a) the principles of the rule of law as set out in Article 2, point (a), and Article 3 of Regulation (EU, Euratom) 2020/2092;

   (b) the rights, freedoms and principles set out in the Charter of Fundamental Rights of the European Union.

   The Member States shall respect those rights, freedoms and principles throughout the preparation and implementation of their respective Plans.]

2. The 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 the Plans. In particular, accessibility for persons with disabilities shall be taken into account throughout the preparation and implementation of the Plans.

3. Payments under interventions referred to in Articles 35(1), points (a) to (f) and points (o) and (p), to the extent that they concern support for local agricultural products shall be subject to compliance with "farm stewardship" as laid down in Article 3 of Regulation (EU) 202X/XXXX [CAP Regulation]. Payments subject to the farm stewardship requirements referred to in Annex I, parts A and C, to Regulation (EU) 202X/XXXX [CAP Regulation] shall be deemed to comply with the principle of "do no significant harm" as set out in Article 33(2), point (d), of Regulation (EU, Euratom) 2024/2509.

4. Support from the Fund shall be additional to national public funding.

5. The Commission and the Member States concerned shall, in a manner commensurate to their respective responsibilities, ensure coordination, consistency and synergies between the Fund and other Union programmes and instruments. For that purpose, they shall ensure the following:

   (a) complementarity and consistency among different instruments at Union, national and regional levels, both in the planning phase and during implementation;

   (b) close cooperation between the authorities responsible for implementation and control at Union, national and regional levels to achieve the objectives of the Fund and synergies between measures under different objectives of the Fund.

   Operations may receive support from other Union programmes and instruments provided that such support and milestones and targets resulting in payments do not cover the same costs.

   For the purposes of the first subparagraph, Member States and the Commission shall cooperate in designing and implementing operations which are cumulatively financed under the Plan and another Union programme in view of avoiding double funding.

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Article 8

Respect of the rights, freedoms and principles set out in the Charter of Fundamental Rights

1. [Member States shall put in place and maintain effective mechanisms to ensure compliance of the measures supported by their Plans and their implementation with the relevant provisions of the Charter of Fundamental Rights of the European Union throughout the implementation of the Fund ('Charter horizontal condition').]

They shall provide an assessment of those mechanisms, in accordance with Article 22(2), point (q) [requirements for the NRP Plan] and inform the Commission of any modification impacting the fulfilment of the Charter horizontal condition.

2. Where the Commission considers that a Member State does not fulfil or no longer fulfils the Charter horizontal condition, as provided for in paragraph 1, it shall notify the Member State concerned of its assessment, based on information provided by the Member State concerned in its NRP Plan, in response to Commission observations, and taking into account relevant information, including the Rule of Law and European Semester country-specific reports.

3. The Member State concerned may present its observations and eventual remedial measures, including changes to the NRP Plan, within two months following the notification of the assessment pursuant to paragraph 2.

4. Where the Commission concludes that the Charter horizontal condition is not fulfilled, it shall adopt an implementing decision determining the non-fulfilment of the Charter horizontal condition and identifying the specific measures of the NRP Plan affected by the non-fulfilment, within two months of receiving the Member State's observations referred to in paragraph 3.

For that purpose, the following aspects of the non-fulfilment of the Charter horizontal condition shall be taken into consideration:

(a) the actual or potential impact on the sound financial management of the Union budget or on the financial interests of the Union;

(b) the nature, duration, gravity and scope.

5. The Member State may submit payment applications for the specific measures identified in the decision referred to in paragraph 4, but the Commission shall not make the corresponding payments until the Charter horizontal condition has been fulfilled.

6. The Member State concerned shall inform the Commission as soon as it considers that the Charter horizontal condition has been fulfilled. The Commission shall assess that information within two months from receipt. Where the Commission considers that the Charter horizontal condition has been fulfilled, it shall repeal the decision referred to in paragraph 4.

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

7. The Commission shall reduce proportionately the Union financial contribution of the Member State as regards the specific measures concerned or, in respect of loan support, take any measure available under the loan agreement, where the decision referred to in paragraph 4 has not been repealed within one year of its adoption.

8. If the breach identified by the Commission could also constitute a breach of the rule of law horizontal condition, the procedure of Article 9 shall be activated by priority.

Article 9
Respect for the principles of the rule of law

1. [Member States shall ensure the respect of the principles of the rule of law as set out in Article 2, point (a), and Article 3 of Regulation (EU, Euratom) 2020/2092 throughout implementation of the Fund (the 'rule of law horizontal condition'). They shall inform the Commission of any modification impacting the fulfilment of that condition.]

2. Where the Commission considers that a Member State does not fulfil or no longer fulfils the rule of law horizontal condition, it shall notify the Member State concerned of its assessment, taking into account relevant information, including information provided by the Member State concerned in its NRP Plan, in response to Commission observations, and the Rule of Law and European Semester country- reports.

3. The Member State concerned may present its observations and eventual remedial measures, including changes to the NRP Plan, within two months following the notification of the assessment pursuant to paragraph 3.

4. Where the Commission concludes that the rule of law horizontal condition is not fulfilled, it shall propose to Council an implementing decision determining the non-fulfilment of the Rule of Law horizontal conditions and identifying the specific measures of the NRP Plan affected by the non-fulfilment, within two months of receiving the Member State's observations referred to in paragraph 4.

For that purpose, the following aspects of the non-fulfilment of the Rule of Law horizontal condition shall be taken into consideration:

(a) the actual or potential impact on the sound financial management of the Union budget or on the financial interests of the Union;

(b) the nature, duration, gravity, and scope.

The Council shall adopt the implementing decision within four weeks of the adoption of the Commission proposal

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5. The Member State may submit payment applications for the specific measures identified in the decision referred to in paragraph 4, but the Commission shall not make the corresponding payments until the Rule of Law horizontal condition has been fulfilled.

6. The Member State shall inform the Commission as soon as it considers that the breach of the rule of law horizontal condition has been remedied. The Commission shall assess that information within two months of receipt. If the Commission considers that the breach has been remedied in full, it shall propose to the Council to repeal the decision referred to in paragraph 4. If the Commission considers that the breach has been remedied in part, it shall propose to the Council to amend the decision referred to in paragraph 4 accordingly. The Council shall adopt the implementing decision within four weeks of the adoption of the Commission proposal.

7. The Commission shall reduce proportionately the Union financial contribution of the Member State as regards the specific measures of the Plan concerned or, in respect of loan support, take any measure available under the loan agreement, where the decision referred to in paragraph 4 has not been repealed [within [one] year of its adoption].

8. The Commission shall immediately inform the European Parliament of any decision proposed, adopted, amended or repealed pursuant to paragraphs 4 and 6.

TITLE II
FINANCIAL FRAMEWORK

CHAPTER 1
Common provisions

[*Article 10*
Budget

1. The financial envelope for the implementation of the Fund for the period from 1 January 2028 to December 2034 shall be EUR 865 076 000 000 in current prices.

2. The financial envelope shall be allocated as follows:

   (a) EUR 782 879 000 000 shall be allocated to the NRP Plans referred to in Title III in accordance with Annex I [Allocation key], of which:

      (i) At least EUR 217 798 000 000 for less developed regions by establishing minimum amounts per Member State based on the methodology set out in Annex II;

      (ii) At least EUR 295 700 000 000 for CAP interventions referred to in Article 35(1) [types of support], paragraph 1, points (a) to (k) and (r) and paragraph 10 and for interventions listed in article 35 paragraph 11;

      (iii) At least EUR 34 215 510 000 as follows: EUR 11 975 428 500 as set out in Article 4 of Regulation (EU) 202X/XXX [establishing the Union support for

asylum, migration and integration for the period from 2028 to 2034], EUR 15 396 750 000 as set out in Article 4 of Regulation (EU) 202X/XXX [Establishing the Union support for the Schengen area, for European integrated border management and for the common policy on visas for the period from 2028 to 2034] and EUR 6 843 331 500 as set out in Article 4 of Regulation (EU) 202X/XXX [establishing the Union support for internal security for the period from 2028-2034] for the objectives set out in Article 3 of those Regulations.

(b) EUR 71 933 000 000 shall be allocated to the Facility referred to in Title IV;

(c) EUR 10 264 000 000 shall be allocated to the Interreg Plan referred to in Chapter II of Regulation XX [Regional development, Interreg Plan];

(d) Up to 0.5% of the financial envelope shall be allocated to technical assistance at the initiative of the Commission, as referred to in Article 12 [technical assistance].

3. In addition to the allocation set out in the second paragraph, point (a), the Union financial contribution shall include EUR 50 100 000 000 from the amounts for the Social Climate Fund set out in Article 30d(4), fourth subparagraph, points (c) to (g) of Directive 2003/87/EC to be implemented under the Plans, in accordance with the distribution set out in Annex II to Regulation (EU) 2023/955. This amount shall constitute external assigned revenue within the meaning of Article 21(5) of Regulation (EU, Euratom) 2024/2509.

4. An amount of EUR 150 000 000 000 of loan support shall be available to Member States for the implementation of their Plans.

5. At least 14 % of the financial envelope referred to in paragraph 2 and of the amount referred to in paragraph 4 shall be dedicated to meeting the Union's social objectives, calculated by using the coefficients referred to in Article 6(1) of Regulation (EU) [Performance Regulation]. The amount set out in paragraph 2, point (a) letter (ii), as well as the external assigned revenue from the Social Climate Fund, shall be excluded from the basis for the calculation of this minimum allocation.

6. The Commission shall adopt an implementing act to establish the maximum amount to be allocated per Member State by applying the methodology set out in Annex I, with regard to the objectives referred to in Article 2 and 3.]

Article 11
Additional resources and use of resources

1. Member States, Union institutions, bodies and agencies, third countries, international organisations, international financial institutions, or other third parties, may make additional contributions to the Fund. Additional financial contributions shall constitute external assigned revenue within the meaning of Article 21(2), points (a), (d), or (e) or Article 21(5) of Regulation (EU, Euratom) 2024/2509.

2. [For the purpose of implementing a measure under their NRP Plan, Member States may propose to include in their NRP Plan, as estimated costs, the amounts of financial contributions to be made by Member States to Union programmes or instruments implementing policies aligned to the objectives of the NRP Plan for the purposes of

implementing the measure through those programmes or instruments. Such contributions may also be made to the provisioning of the budgetary guarantee, to the financing of the financial instrument or to any amounts of non-repayable support when combined with the budgetary guarantee or the financial instrument in a blending operation, under the [ECF InvestEU Instrument]. The measure shall comply with the requirements of this Regulation. Where such amounts contribute to the provisioning of the budgetary guarantee under [ECF InvestEU Instrument], they shall, where relevant, be complemented by a back-to-back guarantee from the Member State covering the non-provisioned contingent liability.]

3. Member States may at the time of submission of their initial Plan, or with any request for amendment, request to reallocate part of the amount set out in Article 4 of Regulation (EU) XX (MIGRATION), Article 4 of Regulation (EU) XX (BORDERS) and Article 4 of Regulation (EU) XX (SECURITY) to implement objectives set out in another of those Regulations. The Commission shall only object to a request for reallocation where such reallocation would affect the amended Plan's compliance with the requirements of Article 22 set out in this Regulation.

Article 12
Technical assistance at the initiative of the Commission

1. At the initiative of the Commission, the Fund may support technical and administrative assistance for the implementation of the Plan and the Interreg Plan, such as preparatory, monitoring, control, audit and evaluation activities, corporate information technology systems and platforms, information and communication activities, including through the set-up of EU-wide networks of Member States' authorities and other relevant stakeholders, corporate communication on the political priorities of the Union, and all other technical and administrative assistance or staff-related expenses incurred by the Commission for the management of the Fund, and where appropriate with third countries.

2. The Fund shall also support all other technical and administrative assistance required to implement and manage the Common Agricultural Policy and Common Fisheries Policy, including fisheries control and enforcement measures, market controls, collection or purchase of data, including satellite data, geo-spatial data and meteorological data, monitoring of resources, development and maintenance of electronic certification of organic products and related corporate information technology systems, development, registration and protection of the indications, abbreviations and symbols referring to the Union quality schemes and contributions under international agreements.

3. The actions referred to in paragraph 1 may cover previous and subsequent programming periods.

4. The Commission shall adopt a financing decision when a contribution from this Fund is envisaged in accordance with Article 110 of Regulation (EU, Euratom) 2024/2509.

5. Depending on the purpose, the actions referred to in this Article may be financed either as operational or administrative expenditure.

6. In accordance with Article 196(2), second subparagraph, point (a), of Regulation (EU, Euratom) 2024/2509, 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 2028, even if these actions were implemented and incurred before the grant application was submitted.

Article 13
Technical assistance at the initiative of the Member State

1. At the initiative of a Member State, the Fund may support actions, which may concern previous and subsequent programming periods, necessary for the effective implementation of the Fund, including to provide financing for carrying out, amongst other, functions such as preparation, training, management, monitoring, evaluation, information, visibility and communication.

2. Technical assistance to each NRP Plan and each Interreg Plan chapter shall be established as a flat rate of up to 3% and 8% respectively, applied to the amount included in each payment application pursuant to Article 65 [payment applications]. The flat rate shall be 10% for the Interreg Plan chapters supporting outermost cooperation and cooperation on external borders.

3. In the event of a reduction of the Union financial contribution, including due to de-commitment or a financial correction, the Member State shall, at the closure of the NRP Plan, return to the Union budget any resources paid for technical assistance in accordance with paragraph 1 which exceed the percentage of the Union financial contribution set out in paragraph 2.

4. The Member States shall ensure that the amounts paid by the Commission for the NRP Plans are distributed in a balanced and proportionate manner across all the chapters of the Plan to promote all supported objectives.

5. The Member States may request support to prepare reforms included in their NRP Plans.

CHAPTER 2
Support under the Plans

[*Article 14*
Budgetary commitments

1. The budgetary commitments of the Union of the financial allocation of each Plan shall be made by the Commission in annual instalments in accordance with Article 112(2) of Regulation (EU, Euratom) 2024/2509 during the period between 1 January 2028 and 31 December 2034 as follows (rounded):

   (a) 15.8% in 2028;

   (b) 15.5% in 2029;

   (c) 15.1% in 2030;

   (d) 14.8% in 2031;

(e) 14.4% in 2032;

(f) 12.8% in 2033;

(g) 11.7% in 2034.

2. A flexibility amount, corresponding to 25% of the Union financial contribution of a Member State as set out in Annex I [allocation method], shall only be available for programming as follows:

(a) Up to one fifth may be requested by a Member State in accordance with Article 34 (Amendment of the plan in case of crisis situations), with the remaining amount to be programmed in accordance with Article 25 (mid-term review);

(b) three fifths may be requested by a Member State in accordance with Article 25 [midterm review] of which a part may be requested before the mid-term review in duly justified and exceptional circumstances;

(c) one fifth may only be requested by the Member State as of 2031, in accordance with Article 34 (Amendment of the plan in case of crisis situations). As of 30 June 2033, any unprogrammed amount shall be available for programming for any amendment of the Plan.

The part of the financial contribution allocated to interventions referred to in Article 35(1) points (a) to (h), (j), (k) and (r) [types of intervention] shall not be counted towards the flexibility amount.

For the flexibility amount, the time limit set out in Article 15(1) shall only start when amounts are programmed in accordance with points (a), (b), and (c).

This paragraph does not apply to the Union financial contribution of a Member State to the Interreg Plan.]

Article 15
Decommitments

1. [The Commission shall decommit any amount in an NRP Plan and the Interreg Plan chapter which has not been used for pre-financing, in accordance with Article 17 [pre-financing] or for which a payment application has not been submitted in accordance with Articles 65 [submission and assessment of payment applications], by 31 October of the calendar year following the year of the budgetary commitments.]

2. The amount concerned by decommitment shall be reduced by the amounts equivalent to that part of the budgetary 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 NRP Plan or the Interreg Plan chapter.

The national authorities claiming *force majeure* as referred to in the first subparagraph, point (b), shall demonstrate the direct consequences of the *force majeure* on the implementation of all or part of the NRP Plan or the Interreg Plan chapter.

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

4. [The appropriations corresponding to decommitments in accordance with Article 7(3) of Regulation (EU, Euratom) 2020/2092 and Articles 8 [Charter] and 9 [RoL horizonal condition] of this Regulation may be made available again for use under other Union instruments or programmes implemented under direct or indirect management, in particular those contributing to supporting Europe's democracy, civil society, Union values or the fight against corruption.]

5. This Article shall not apply to amounts made available as externally assigned revenue and paragraphs 1 to 3 shall not apply to interventions listed in Article 35(1), (a) to (g) [types of intervention].

Article 16
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.

2. The Member State shall have two months from the Commission's information referred to in paragraph 1 to agree to the amount to be decommitted or to submit its observations.

3. Where the decommitment concerns amounts committed under the NRP Plan, the Member State shall submit to the Commission a request for an amendment of the NRP Plan by 30 June reflecting, the reduced amount of support. The amounts concerned by the decommitment and the corresponding reduction shall be distributed in the NRP Plan based on the progress achieved in implementing measures across the chapters of the NRP Plan.

4. For the Interreg Plan, financial commitments shall be made at the level of the chapter. Where the decommitment concerns amounts committed under an Interreg chapter, the Member State hosting the managing authority shall submit to the Commission a request for an amendment of the Interreg chapter by 30 June reflecting the reduced amount of support.

5. In the absence of a submission referred to in paragraphs 3 and 4, the Commission shall reduce the contribution from the Fund for the calendar year concerned, no later than 31 October in accordance with those paragraphs.

6. Following the decommitment procedure set in this Article, the Commission shall make a proposal for a new Council implementing decision approving the NRP Plan in accordance with Article 23 reflecting the amounts concerned by the decommitment.

Article 17
Pre-financing

1. Subject to the adoption by the Council of the implementing decision referred to in Article 23 and to the availability of funds, the Commission shall make a pre-financing payment. The amount of pre-financing shall be **[**10**]**% of the Union financial allocation referred to in Article 14 [budgetary commitments] and shall be paid in tranches over **[**three**]** consecutive years, as follows: **[**4**]**% in 2028, **[**3**]**% in 2029, and **[**3**]**% in 2030. Where the implementing decision is adopted by the Council after 31 July 2028, only the tranches of 2029 and 2030 shall be paid.

2. The Commission shall pay a pre-financing of an amount of **[**12**]**% of the Union financial contribution from the Fund to each Interreg Plan chapter, as set out in the implementing act approving the Interreg Plan chapter pursuant to Article 8 of Regulation XX [Regional development, Interreg Plan], subject to available funds. That amount shall be paid in **[**three**]** equal tranches of **[**4**]**% over **[**three**]** consecutive years.

Where an Interreg Plan chapter receives support from the Global Europe Instrument, specific rules for pre-financing derogating from this paragraph may be established in the implementing act referred to in paragraph 1 of Article 8 of Regulation XX [Regional development, Interreg Plan] [Approval and amendment of the Interreg Plan] .

3. The amounts paid as pre-financing shall be cleared from the Commission accounts at the latest upon reception of the annual assurance package for the last year of implementation.

[*Article 18*
Request for a loan support

1. The request for loan support by a Member State shall set out the following:

   (a) the amount of the requested loan support;

   (b) the measures in accordance with Article 21 [Preparation and submission of the Plan] to be financed by the loan support;

   (c) the financial needs linked to the measures referred to in point (b);

   (d) an explanation why the estimated cost of the NRP Plan is higher than the total of the Union financial contribution, taking into account the national contribution.

2. The loan support shall not be higher than the difference between the total estimated costs of the Plan, as revised where relevant, and the total of the Union financial contribution and the national contribution.

3. The Member States shall submit to the Commission the request for loan support by 31 January 2028.

4. The Commission shall allocate the amounts of loan support referred to in Article 10(4) to the Member States while taking into account the principles of equal treatment, solidarity, proportionality and transparency. The share of loans granted to the three Member States representing the largest share of the loans granted shall not exceed 60 per cent of the maximum amount referred to in Article 10(4).

Where, following the allocation of loans referred to in paragraph 3, amounts remain available for loan support, the Commission may publish new calls for expressions of interest for loan support. In such a case, the procedure set out in paragraphs 1 to 5 of this Article and Article 19 shall apply *mutatis mutandis*.

5. The loan shall be paid subject to the fulfilment of milestones and targets in accordance with Article 65 [payment application].

6. The Commission shall assess the request for loan support in accordance with Article 23 [Commission proposal and Council implementing decision].**]**

[*Article 19*
Loan agreement and borrowing and lending operations

1. In order to finance support under the Plan in the form of loans, the Commission shall be empowered, on behalf of the Union, to borrow the necessary funds on the capital markets or from financial institutions in accordance with Article 224 of Regulation (EU, Euratom) 2024/2509.

2. Upon adoption of the Council implementing decision referred to in Article 23 [Commission proposal and Council implementing decision], the Commission shall enter into a loan agreement with the Member State. In addition to the elements laid down in Article 223(4) of Regulation (EU, Euratom) 2024/2509, the loan agreement shall lay down the maximum loan amount, the availability period, the maximum duration of each disbursement of the loan and the detailed terms and conditions of the support. Such agreements may also contain the amount of the pre-financing and rules on clearing of pre-financing **]**

Article 20
National contribution to estimated costs

1. The minimum national contribution rate to the estimated costs of a measure of the Plan shall not be lower than:

   (a) **[**15**]**% for less developed regions;

   (b) **[**40**]**% for transition regions;

   (c) **[**60**]**% for more developed regions.

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2. [Where for a given measure, it is not possible to determine the proportion of implementation in less developed regions, the national contribution rate to the estimated costs shall not be lower than the population weighted average of the applicable contribution rates of its regions laid down in paragraph 1.]

3. The national contribution rate at the level of each Interreg chapter shall be no lower than [20]%. The rate shall be decreased by [[5]] percentage points for chapters supporting outermost regions' cooperation and cross-border cooperation on external borders.

4. [No national contribution shall be requested for interventions referred to in Article 35, points (a), (b), (c) and (g). No additional national financing shall be provided for those interventions.] Any contribution rate derogating from those of paragraph 1 set out for interventions referred to in Title V, including where no national contributions are requested, shall only apply to a total amount of interventions not exceeding the Member State's share of the amount set out in Article 10(2), point (a)(ii), as laid down in Annex I.

TITLE III
NATIONAL AND REGIONAL PARTNERSHIP PLANS

CHAPTER 1
Preparation and adoption of the Plan

Article 21
Preparation and submission of the Plan

1. [Each Member State shall prepare and submit to the Commission the NRP Plan setting out their agenda of reforms, investments and other interventions. Each Plan shall comprise measures which form a comprehensive and coherent package.] The Member State shall make the Plan submitted to the Commission publicly available on the website referred to in Article 64 [Transparency].

2. Each Member State shall prepare and implement the Plan in partnership with partners as set out in Article 6 [Partnership], including regional and local authorities, and in accordance with their institutional, legal and financial framework. [The Plan shall include national, sectoral and, where relevant, regional and territorial chapters.]

3. Only measures whose implementation started from 1 January 2028 shall be eligible for financing provided that they comply with the requirements set out in this Regulation and Regulations listed in Article 1 paragraph 1.

By way of derogation from the first subparagraph, expenditure related to legal commitments to beneficiaries incurred under the interventions financed under Regulation (EU) 2021/2115 may be eligible for contribution, provided such expenditure is provided in the relevant NRP Plan in accordance with this Regulation and Regulation (EU) 202X/XXXX [CAP Regulation].

Article 22
Requirements for the NRP Plan

1. Each NRP Plan shall be duly reasoned and substantiated and shall set out the elements referred to in paragraph 2 of this Article, in accordance with the template set out in Annex V.

2. The NRP Plan shall:

(a) support the general objectives laid down in Article 2 and contribute in a comprehensive and adequate manner to all the specific objectives laid down in Article 3, taking into account the specific challenges of the Member State concerned, and provide an intervention strategy demonstrating how those objectives will be addressed and financed by the Plan, what level of financing is needed to ensure achievement of the general objectives, and how that level of financing is justified. The NRP Plan of Member State with a per capita GNI of less than 90 % of the Union average shall in particular demonstrate that it contributes in an adequate manner to the specific objectives set out in Article 3(a), points (vii) and (ix), and Article 3(d), point (v).

(b) [effectively address all or a significant subset of challenges identified:

(i) in the context of the European Semester, in particular in the relevant country-specific recommendations addressed to the Member State, including those related to the European Pillar of Social Rights;

(ii) in other relevant documents officially adopted or assessed by the Commission related to the objectives laid down in Article 3 [specific objectives], including CAP national recommendations laid down in Article 2 of Regulation (EU) 202X/XXXX [CAP Regulation], Digital Decade recommendations based on Article 6 of the Decision establishing the Digital Decade Policy Programme, and National Energy and Climate Plans;

(iii) in relevant documents and strategies adopted by the Council or the Commission in the field of internal security, European integrated border management, visa policy and asylum and migration, taking into account the Schengen IT architecture, the Schengen evaluation mechanism in accordance with Regulation (EU) 2022/922, vulnerability assessments in accordance with Regulation (EU) 2019/1896 and the European Union Agency for Asylum monitoring mechanism in accordance with Regulation (EU) 2021/2303.]

The Member State shall provide an explanation on how the challenges and country-specific recommendations are addressed by the NRP Plan and what level of financing is envisaged and how the NRP Plan will:

(a) be consistent, in particular, with the national medium-term fiscal structural plans under Regulation (EU) 2024/1263, national restoration plans under Regulation (EU)

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2024/1991 of the European Parliament and of the Council[9], National Energy and Climate Plans under Regulation (EU) 2018/1999 of the European Parliament and of the Council[10]; and national digital decade strategic roadmaps under Decision (EU) 2022/2481 of the European Parliament and of the Council[11];

(b) contribute to the completion of the Single Market, notably by providing for measures with a cross-border, transnational or multi-country dimension, including by taking into account projects located on the core and the extended core network as defined in Regulation (EU) 2024/1679 of the European Parliament and of the Council[12] by taking into account and enabling, through national network developments, projects of common interest as defined in Regulation (EU) 2022/869 of the European Parliament and of the Council[13], and by supporting Important Projects of Common European Interest (IPCEIs) and operations that have been awarded a Competitiveness Seal, and by implementing measures underpinning the Savings and Investments Union;

(c) [provide the list and description of measures grouped in chapters, including the general and specific objectives that each of them primarily pursues and the list of envisaged milestones and targets, with their indicative completion date during the programming period, including the additional measures and related milestones and targets in case the Member State concerned requests loan support.] Measures linked to the CAP shall comply with the requirements set out in Title V [CAP] and Regulation (EU) 202X/XXXX [CAP Regulation] and Regulation (EU) 202X/XXXX [CMO] and those linked to the Common Fisheries Policy with the requirements set out in Article XX of Regulation XX [CFP]. The indicators proposed for the targets shall be based on the

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9 Regulation (EU) 2024/1991 of the European Parliament and of the Council of 24 June 2024 on nature restoration and amending Regulation (EU) 2022/869 (OJ L, 2024/1991, 29.7.2024, ELI: http://data.europa.eu/eli/reg/2024/1991/oj).

10 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, ELI: http://data.europa.eu/eli/reg/2018/1999/oj).

11 Decision (EU) 2022/2481 of the European Parliament and of the Council of 14 December 2022 establishing the Digital Decade Policy Programme 2030 (OJ L 323, 19.12.2022, p. 4, ELI: http://data.europa.eu/eli/dec/2022/2481/oj).

12 Regulation (EU) 2024/1679 of the European Parliament and of the Council of 13 June 2024 on Union guidelines for the development of the trans-European transport network, amending Regulations (EU) 2021/1153 and (EU) No 913/2010 and repealing Regulation (EU) No 1315/2013 (OJ L, 2024/1679, 28.6.2024, ELI: http://data.europa.eu/eli/reg/2024/1679/oj).

13 Regulation (EU) 2022/869 of the European Parliament and of the Council of 30 May 2022 on guidelines for trans-European energy infrastructure, amending Regulations (EC) No 715/2009, (EU) 2019/942 and (EU) 2019/943 and Directives 2009/73/EC and (EU) 2019/944, and repealing Regulation (EU) No 347/2013 (OJ L 152, 3.6.2022, p. 45, ELI: http://data.europa.eu/eli/reg/2022/869/oj).

output indicators listed in Annex I to Regulation (EU) 202X/XXXX [Performance Regulation] except where duly justified;

(d) set out the total estimated costs of the measures in accordance with the template set out in Annex V, as part of the Plan or of a request for its amendment, for a total amount at least equivalent to the sum of the Union financial contribution, any requested loans, and national contribution, together with information on existing or planned Union financing where relevant, backed up by appropriate justification and by explanations of how it is plausible and reasonable and in line with the principle of cost efficiency, sound financial management and commensurate to the expected economic and social impact. The non-programmed amount set aside as flexibility amount shall be considered as part of the total estimated costs of the measures;

(e) set out clear arrangements for the effective monitoring and implementation of the Plan by the Member State concerned, including the responsible authorities and monitoring committees reflecting the objective of establishing a robust multi governance system based on the partnership principle, the envisaged approach to communication and visibility, an identification of potential technical support needs, as well as clear and effective arrangements between the national and regional authorities in terms of responsibilities for programming, implementation, financial management, monitoring and evaluation, in accordance with the institutional and legal framework of the Member State;

(f) reduce economic, social and territorial disparities in less developed, transition and more developed regions, in particular by:

(i) allocating resources to less developed, transition and more developed regions, in accordance with their specific challenges, to be reported in Annex V based on methodology set out in Annex VII;

(ii) concentrate resources on less developed regions by establishing minimum amounts per Member State based on methodology set out in Annex II;

(iii) focusing on the specific needs of border regions, northern sparsely populated regions, rural and urban areas, areas affected by industrial transition, islands, to be reported in Annex V based on methodology set out in Annex VII;

(iv) strengthening the economic and social development of outermost regions; to be set out in dedicated measures for the territories concerned in accordance with Article 46;

(g) concentrate resources on:

(i) supporting generational renewal in the agricultural sector, in accordance with Article 8 of Regulation XX [CAP, generational renewal], as well as in the fisheries and aquaculture sector;

(ii) social measures in accordance with Annex VI [social allocations].

(iii) supporting fisheries, aquaculture and maritime activities, including small scale fishing, the implementation of the CFP as set out in Regulation EU XX [CFP] as well as the European Ocean Pact in accordance with Annex V [Plan's template].

(h) effectively contribute to:

(i) promoting the use of cooperation interventions as referred to in Article 74 [cooperation interventions], including integrated territorial investment in cities, urban, rural and coastal areas, community-led local development, or other territorial tools including just transition and smart specialisation strategies, as well as LEADER as referred to in Article 77 [LEADER];

(ii) improving farm resilience and management of risks at farm level and supporting the digital and data-driven transition of agriculture and rural areas to enhance their competitiveness, sustainability and resilience;

(iii) the environmental and climate priority areas set out in Article 4 of Regulation (EU) 202X/XXXX [CAP - Environment and climate priority areas].

(i) promote partnership, knowledge exchange and as relevant distribution of agricultural products by setting out:

(i) which stakeholders have been consulted, how these were selected, how their representativeness and prevention of conflict of interest has been ensured and how their input is reflected in the Plan in line with the code of conduct on partnership[14], and by including a summary of the consultation process conducted for the preparation of the Plan and each chapter;

(ii) an Agricultural Knowledge and Innovation System including its organisation set-up in accordance with Article 20 of Regulation (EU) 202X/XXXX [CAP Regulation – Agricultural knowledge and innovation systems and farm advisory services];

(iii) the modalities for the EU school scheme in accordance with Title I, Part II, Chapter IIa of Regulation (EU) No 1308/2013.

(j) specify the way in which the NRP Plan and its implementation comply with the principle set out in Article 6(3), including a description of the protective practices referred to in Article 3(4) of Regulation (EU) 202X/XXXX [CAP Regulation], their territorial scope, farmers and other beneficiaries subject to the practice and a summary of the protective practice, and complementarity between the elements of the farm stewardship and the relevant measures supported under the NRP Plan;

(k) explain how the Member State's system and arrangements are sufficient 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, based on the key requirements laid down in Annex IV [key requirements], together with measures to address potential deficiencies;

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14 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).

(l) specify the arrangements in place to ensure that in the event of interruption of payment deadlines or suspension of Union funding, financial corrections or other measures to ensure the protection of Union's financial interests, the Member States will comply with their obligations to continue the payments to beneficiaries, recipients, final recipients, contractors and participants;

(m) where appropriate, provide a security self-assessment based on common objective criteria identifying any security issues, and detailing how those issues will be addressed in order to comply with relevant applicable law.

(n) justify the coherence of the Plan and the synergies and complementarities between measures supporting the objectives as referred to in Articles 2 and 3, with a description of how the needs of more than one target group will be addressed, including the needs of rural and coastal communities, and the arrangements in place to capitalise on such synergies ;

(o) provide a self-assessment of the compliance with the Charter horizontal condition referred to in Article 8 [Charter Article];

(p) specify the way in which the Plan and its envisaged implementation ensure the respect of the Rule of Law horizontal condition referred to in Article 9 [RoL horizontal condition], including the follow-up given to the country-specific recommendations issued in the framework of the latest Rule of Law Report and European Semester, together with measures to address those identified country-specific challenges.

(q) [ensure that the NRP Plan contributes to the Union's social objectives. At least 14% of the total Union contribution and loans shall be dedicated to meeting these objectives, calculated by using the coefficients referred to in Article 6(1) of Regulation (EU) …/… [Performance Regulation]. The amount set out in Article 10(2), point (a) (ii), as well as externally assigned revenue from the Social Climate Fund shall be excluded from the basis for the calculation of this minimum allocation.]

(r) ensure that the NRP Plan contributes to the Union's climate and environmental objectives. A minimum percentage of the total Union allocation of the NRP Plan shall be dedicated to meeting these objectives, corresponding to the specific climate and environment spending target referred to in [Annex III of Regulation (EU) …/… [Performance Regulation].]

By way of derogation from paragraph 1, the Commission may request Member States to contribute a lower or higher minimum percentage of the total allocation of the plan for climate and environmental objectives. The specific percentage shall be established by the Commission in the context of the approval of the NRP Plan.

The determination of the percentage shall take into account the Commission's assessment of the Member State's progress and projected trajectory towards achieving their targets under Regulation (EU) 2018/842 (Effort Sharing Regulation), as detailed in its most recent National

Energy and Climate Plan assessment, and their targets under Regulation (EU) 2024/1991 (Nature Restoration Regulation), in accordance with the Nature Restoration Plans.

3. The Commission is empowered to adopt delegated acts in accordance with Article 87 [Exercise of the delegation] to amend the template set out in Annex V.

Article 23
Commission proposal and Council implementing decision

1. [The Commission shall assess the Plan or the amended Plan submitted by the Member State and its compliance with this Regulation within four months of its submission and make a proposal for a Council implementing decision. When carrying out the assessment, the Commission shall ensure that the NRP Plan complies with all requirements laid down in this Regulation, in particular in Article 22.]

2. The Commission may make observations to Member States and request additional information.

In duly justified cases, the Commission may request the inclusion of additional measures or the modification of measures proposed by the Member State.

The Member State shall provide the requested additional information and, if needed, review its Plan, taking into account the observations and requests made by the Commission. The deadline set out in paragraph 1 shall be interrupted from the working 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 Plan does not comply with the requirements referred to in paragraph 1, the Commission shall communicate a duly justified reasoning to the Member State concerned within the deadline set out in paragraph 1.

4. Where the Commission concludes that the Plan complies with the requirements referred to in paragraph 1, the Commission proposal for a Council implementing decision shall lay down:

   (a) the total Union contribution.

   (b) the amount of the loan support where the Member State concerned makes such a request; and the related amount of pre-financing, as well as the availability period of the loan;

   (c) the list of measures covered by the Union contribution and loans contained in the NRP Plan;

5. In duly justified cases, where the Commission concludes that one or more measures of the Plan do not comply with the requirements referred to in paragraph 1, and that a corresponding request made in accordance with paragraph 2, second subparagraph, has not

been satisfactorily addressed by the Member States, it may include in the Commission proposal referred to in paragraph 4 an identification of the deficiencies affecting those measures.

6. The Council shall adopt the implementing decisions referred to in paragraph 1, as a rule, within four weeks of the adoption of the Commission proposal.

7. Once the Council has adopted an implementing decision as referred to in paragraph 6, the Commission shall adopt a financing decision within the meaning of Article 110 of Regulation (EU, Euratom) 2024/2509, including the following:

   (a) the milestones and targets in relation to the implementation of measures contained in the NRP Plan, and for each of them, the corresponding pay-out value;

   (b) the Union contribution per year, based on the percentages set out in Article 14(1) [commitments];

The notification of that Commission decision to the Member State concerned shall constitute a legal commitment.

[Where Article 4(2), point (b), of the MFF Regulation applies, that financing decision may be amended in accordance with the outcome of the annual budgetary procedure.]

8. Payment applications for the specific measures affected by deficiencies identified in the implementing decisions adopted by the Council may be submitted by the Member State concerned, but the Commission shall not make the corresponding payments until the deficiencies have been remedied.

CHAPTER 3
Revision of the NRP Plan

Article 24
Amendment of the NRP Plan

1. A Member State may submit to the Commission a reasoned request for an amendment of its NRP Plan, together with the amended NRP Plan, setting out the expected impact of that amendment on the achievement of the objectives laid down in Articles 2 and 3.

2. The Commission shall assess the compliance of the amended NRP Plan with this Regulation, including Article 23 [Commission proposal and Council implementing decision], and may make observations within three months of the submission of the amended NRP Plan.

3. [In duly justified cases, irrespective of whether the Member State submitted a reasoned request for an amendment of its NRP Plan pursuant to paragraph 1, the Commission may also propose to the Member State to amend existing measures or to introduce new ones.]

4. The Member State shall review the amended NRP Plan within one month from the date of submission of the Commission's observations referred to in paragraph 2, taking into account the observations and the proposals by the Commission as referred to paragraphs 2 or 3.

5. Where the Commission has not submitted observations or where it is satisfied that any observations made have been duly taken into account, and where the amendment of the NRP Plan would result in a modification of the total Union contribution, of the amount of loan support or the list of measures or in one or more measures of the Plan no longer complying with the requirements referred to in Article 23(1) [Commission proposal and Council implementing decision], the Commission shall make a proposal for a new Council implementing decision in accordance with Article 23 no later than four months after the submission of the amended NRP. The Council shall adopt the new implementing decision, as a rule, within four weeks of the adoption of the Commission proposal. The Commission shall then amend the financing decision referred to in Article 23(7) [Commission proposal and Council implementing decision] accordingly.

Where the amendment of the NRP Plan would not result in a modification of the total Union contribution, of the amount of loan support or the list of measures, the Commission shall proceed directly by amending the financing decision referred to in Article 23(7) [Commission proposal and Council implementing decision] accordingly.

6. The adoption of the decisions referred to in paragraph 5 shall not be required:

   (a) for corrections of a purely clerical or editorial nature or in the case of minor adjustments to the NRP Plan, representing an increase or decrease of less than 5 % of a target set out in the NRP Plan. Member States shall apply those rules only once per target and shall notify the Commission of such adjustments. Such amendments shall comply with all requirements of the NRP Plan, including the revision of costing information;

   (b) for amendments in accordance with Article 31(7).

7. Member States shall ensure that the amount of the estimated total costs of their NRP Plan remain reasonable and plausible throughout its implementation, in accordance with the principle of sound financial management, and request an amendment of their Plan where necessary in accordance with paragraph 1.

8. The specific measures identified in the implementing decision referred to in Article 9(4) or subject to a decision imposing measures for the protection of the budget under Regulation (EU, Euratom) 2020/2092 shall not be amended until the decision has been repealed, unless the amendment is intended to support measures that contribute to the fulfilment of the Rule of Law horizontal condition or to addressing the situation that led to the adoption of the aforementioned decisions.

9. The specific measures identified in the implementing decision referred to in Article 8(4) [Charter conditions] shall not be amended until the decision has been repealed, unless the amendment is intended to support measures that contribute to:

   (a) the fulfilment of the Charter horizontal condition;

(b) addressing significant changes in the priorities of the Union, within the limit of 30% of the amounts associated with the specific measures concerned.

10. Member States shall not be required to review parts of the NRP Plan that are not directly affected by the intended changes proposed by the Member State.

Article 25
Mid-term review

1. The Member State shall review their NRP Plans, taking into account the following elements:

(a) the challenges identified in accordance with Article 22(2), points (a), (b) and (c) [Requirements of the Plan];

(b) 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;

(c) the main results of relevant interim assessment reports;

(d) the progress towards the achievement of measures, taking into account major difficulties encountered in the implementation of the NRP Plan;

(e) Important Projects of Common European Interest (IPCEI) and projects that have been awarded a Seal;

(f) occurrence of any crisis;

(g) the need to ensure continuous compliance of the Rule of Law and the Charter horizontal conditions in the implementation of the Plan, taking into consideration in particular the country-specific challenges identified in the context of the Rule of Law Report and the European Semester.

2. The Member State shall submit an amended NRP Plan presenting the outcome of the mid-term review, including a review of the estimated total costs of the measures covered by the Plan and a proposal for additional measures to be supported by the flexibility amount referred to in Article 14(2) by 31 March 2031.

3. The amended NRP Plan shall include the following:

(a) revised or new measures;

(b) the updated estimated total costs of the Plan and the flexibility amount requested;

(c) revised or new milestones and targets.

4. The revised Plan shall be approved in accordance with Article 24 [on amendment].

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TITLE IV
EU FACILITY

Article 26
General provision on the implementation of the EU Facility

1. The amount referred to in Article 10(2), point (b), [Budget] shall be allocated through the Facility.

2. It shall be implemented under shared, direct or indirect management as set out in the financing decision adopted in accordance with Article 31(1).

3. The Facility may provide funding in any form in accordance with Regulation (EU, Euratom) 2024/2509. It may take the form of grants awarded directly to bodies under Article 70 of Regulation (EU, Euratom) 2024/2509. Grants implemented under direct management shall be awarded and managed in accordance with Title VIII of that Regulation. The Facility may also provide funding in the form of budgetary guarantees and financial instruments, including when combined with grants or with other forms of non-repayable support in blending operations of financial instruments within blending operations.

4. [Funding from the Facility shall be used for its components, which are as follows:

   (a) EUR 63 223 000 000 billion for Union actions, including the Unity Safety Net as referred to in paragraph 1, point (j) of Annex XV [Union actions], Union actions as referred to in paragraph 1, point (l) of Annex XV (Union actions supported by the EU Facility, Home affairs actions), support LIFE actions as referred to in paragraph 1, point (n) of Annex XV [Union actions], Solidarity Actions as referred to in paragraph 1, point (i) of Annex XV [Union actions] supported by the EU Facility;

   (b) EUR 8 710 000 000 for emerging challenges and priorities cushion (the 'budget cushion').]

5. The Commission shall establish the overall amount to be made available for the Facility under the annual appropriations of the Union budget.

6. Union actions as referred to in paragraph 1, point (c) of Annex XV [Union actions supported by the EU Facility, social investment and skills policy window] shall be implemented in accordance with paragraphs 7, 8, 9 of this Article and Article 27 [Implementation in the form of budgetary guarantees, financial instruments and blending operations].

[Articles 21 to 25 [ECF InvestEU Instrument]], Article 14 [Governance and Advisory Boards], Article 1 [Subject matter], Article 31 [Access to Union funding], 26 [Advisory services] and Article 28 [Business support] of Regulation [ECF] shall apply to the implementation of those Union actions.

7. [For the purposes of Union actions referred to in paragraph 1, point (c) of Annex XV, the financial envelope of the Facility shall be used for the provisioning of the respective amount of the budgetary guarantee established by the [ECF Regulation].]

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8. In accordance with Article 214(2) of Regulation (EU, Euratom) 2024/2509, the provisioning referred to in paragraph 7 shall be constituted until [2037] and shall take into account the progress in the approval and signature of the financing and investment operations supporting the objectives of the Facility.

9. Member States, Union institutions, bodies and agencies, third countries, international organisations, international financial institutions, or other third parties, may make additional financial or non-financial contributions available to the Facility. Financial contributions shall constitute external assigned revenue within the meaning of Article 21(2), points (a), (d), or (e) or Article 21(5) of Regulation (EU, Euratom) 2024/2509.

10. By way of derogation from Article 63 and Article 64 [data collection and recording and transparency], where the Facility is implemented in direct or indirect management, the rules set out in Article 36(6) and (10) and Article 38 of Regulation (EU, Euratom) 2024/2509 shall apply.

11. The Facility may provide Union support to actions in or in relation to third countries, provided that the action contributes to the objectives set out in Articles 2 and 3 of this Regulation, Article 3 of Regulation [asylum and migration], Article 3 of Regulation [borders and visa], and Article 3 of Regulation [internal security]. Such actions shall serve the interests of internal Union policies and be consistent with activities undertaken within the Union.

Article 27

Implementation in the form of budgetary guarantees, financial instruments and blending operations

1. The budgetary guarantee and financial instruments, including when combined with grants or with other forms of non-repayable support in blending operations, under the Facility, shall be implemented in accordance with Title X of Regulation (EU, Euratom) 2024/2509.

2. By way of derogation from Article 211(5) of Regulation (EU, Euratom) 2024/2509, where financial instruments or budgetary guarantees are implemented under indirect management, the Commission shall conclude agreements with entities pursuant to Article 62(1), first subparagraph, point (c) of that Regulation.

3. [Where the financing decision implementing the Facility provides for Union funding in the form of a budgetary guarantee, it shall use the budgetary guarantee established by Regulation XX [ECF Regulation] within its maximum amount.]

4. Without prejudice to Article 26(9), specific contributions to the budgetary guarantee established by the [ECF] or to financial instruments may be made by Member States, third countries and other third parties in accordance with Article 211(2) and Article 221(2) of Regulation (EU, Euratom) 2024/2509. Such contributions to the budgetary guarantee shall result in an additional amount of the budgetary guarantee.

Where such contributions are made in the form of cash, they shall constitute external assigned revenue within the meaning of Article 21(2) points (a), (d) and (e) and Article 21(5) of Regulation (EU, Euratom) 2024/2509.

5. The Commission shall grant the budgetary guarantee or entrust the implementation of financial instruments and blending operations through the contribution agreements or guarantee agreements concluded under Regulation [ECF Regulation] with entities referred to in Article 62(1), first subparagraph, point (c) of Regulation (EU, Euratom) 2024/2509 in line with the rules of the Regulation [ECF Regulation].

Notwithstanding the first subparagraph, the Commission may conclude separate contribution agreements or guarantee agreements with other entities than those referred to in that subparagraph in line with the rules of the Regulation [ECF Regulation].

Article 28
Third countries associated

1. The Facility may be opened to the participation of the following third countries through full or partial association, in accordance with the objectives laid down in Articles 2 and 3 and in accordance with the relevant international agreements or any decisions adopted under the framework of those agreements and applicable to:

   (a) members of the European Free Trade Association which are members of the European Economic Area, as well as European Micro-States;

   (b) acceding countries, candidate countries and potential candidate countries;

   (c) European Neighbourhood Policy countries;

   (d) other third countries.

2. The Association Agreements for programme participation shall:

   (a) ensure a fair balance as regards the contributions and benefits of the third country participating in the Union programmes;

   (b) lay down the conditions of participation in the programmes, including the calculation of financial contributions, consisting of an operational contribution and a participation fee, to a programme and its general administrative costs;

   (c) not confer on the third country any decision-making power in the programme;

   (d) guarantee the rights of the Union to ensure sound financial management and to protect its financial interests. The third country shall grant the necessary rights and access required under Regulation (EU, Euratom) 2024/2509 and Regulation (EU, Euratom) No 883/2013, and guarantee that enforcement decisions imposing a pecuniary obligation on the basis of Article 299 TFEU, as well as judgements and orders of the European Court of Justice, are directly enforceable;

   (e) where relevant, ensure the protection of security and public order interests of the Union.

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3. By way of derogation from paragraph 1, participation of third countries shall be excluded for measures contributing to the specific objectives set out in Article 3, points (d)(i), (ii) and (iii).

Article 29
Support for activities in or in relation to third countries

Union support may be provided for actions in or in relation to third countries, provided that those actions contribute to the objectives set out in Article 3 [Specific objectives]. Such actions shall serve the interests of internal Union policies and be consistent with activities undertaken within the Union.

Article 30
Eligible entities under direct and indirect management

1. In award procedures for grants, prizes, financial instruments and blending under direct and indirect management the following legal entities may be eligible to receive Union funding:

   (a) entities established in a Member State or an associated third country;

   (b) international organisations;

   (c) other entities established in non-associated third countries where the funding of such entities is essential for implementing the action and contributes to the objectives set out in Articles 2 and 3.

2. In addition to Article 168(2) and (3) of Regulation (EU, Euratom) 2024/2509, associated third countries referred to in Article 28 of this Regulation may, where relevant, participate in and benefit from any procurement mechanisms set out in Article 168(2) and (3) of Regulation (EU, Euratom) 2024/2509. Rules applicable to Member States shall be applied, mutatis mutandis, to participating associated third countries.

3. Award procedures affecting security or public order, in particular concerning strategic assets and interests of the Union or its Member States, shall be restricted in accordance with Article 136 of Regulation (EU, Euratom) 2024/2509.

4. The work programme referred to in Article 110 of Regulation (EU, Euratom) 2024/2509 or the documents related to the award procedure may further specify the eligibility criteria set out in this Regulation or set additional eligibility criteria for specific actions. In particular, in award procedures, the eligibility of high-risk suppliers shall be restricted in line with EU law, for security reasons.

Article 31
Union actions

1. The Commission shall, by means of implementing acts, adopt a financing decision as referred to in Article 110 of Regulation (EU, Euratom) 2024/2509 identifying objectives and

actions to be supported and specifying the amounts for the Union actions set out in Annex XV to this Regulation [Union actions]. That financing decision may be annual or multiannual. The identification of objectives and actions shall be based on fair and transparent criteria and shall ensure a balanced distribution.

2. For the purposes of Union actions referred to in paragraph 1, point (j) of Annex XV to this Regulation [Union actions, Unity Safety Net] and subject to budgetary availabilities, the financing decision referred to in paragraph 1 shall be amended, as appropriate to support the adoption of the delegated or implementing acts pursuant to Regulation (EU) No 1308/2013. Those Union actions shall be considered as output-based interventions and shall be implemented under shared management in accordance with the provisions established under this Regulation.

3. The financing decision referred to in paragraph 1 shall take into account the share of the amounts that the Commission is to make available to the Member States:

   (a) in accordance with Articles 7 of Regulation XX [Borders Regulation] which shall constitute internal assigned revenue in accordance with Article 21(3) of Regulation (EU, Euratom) 2025/2509 and

   (b) in accordance with Article 8 of Regulation XX [Borders Regulation] and Article 9 of Regulation XX [Migration Regulation] which shall constitute external assigned revenue in accordance with Article 21(5) of Regulation (EU, Euratom) 2025/2509.

The amounts referred to in the first subparagraph shall be made available in accordance with paragraph 7 of this Article.

4. Where the Union action is implemented in direct management, members of the evaluation committee referred to in Article 153 of Regulation (EU, Euratom) 2024/2509 may be external experts.

5. Contributions to a mutual insurance mechanism may cover the risk associated with the recovery of funds due by recipients and shall be considered a sufficient guarantee under Regulation (EU, Euratom) 2024/2509.

6. Where the Union action is implemented in shared management, the Member State shall receive Union support for the implementation of that action, in addition to its financial contribution under Article 10 [Budget].

The funding for Union actions shall not be used for other measures in the Member State's NRP Plan, except in duly justified circumstances and as approved by the Commission through the amendment of the Member State's NRP Plan, including where resources are reprogrammed under the Plan in accordance with Article 34 [amendment of the Plan in crisis situations].

The second subparagraph shall apply also where resources are reprogrammed under the Plan in accordance with Article 34 [amendment of the Plan in crisis situations].

7. Where the Union action is implemented in accordance with paragraph 6, taking into account the type of Union action and the preference of the Member State concerned, the Commission may allocate funding from the EU Facility to a Member State in accordance with the financing decision referred to in paragraph 1. Following such an allocation, the Member State concerned shall propose additional measures to be added to the NRP Plan. This procedure shall not be used for the Union actions referred to in paragraph 1, point (i) of Annex XV and actions concerning more than one Member State of Annex XV [Union actions] and, by way of derogation from Article 13(3) [Technical assistance at the initiative of Member States], shall not increase the Union support for technical assistance. If the Commission accepts part of or all of the proposed additional measures, it shall notify the Member State accordingly. This notification shall constitute a legal commitment, complementing the legal commitment referred to in Article 23(7). The Member State shall include all accepted additional measures in its Plan, for information, at the occasion of the next amendment requiring decisions in accordance with Article 24(5).

8. Where a NRP Plan is amended in order to provide a response to Union actions as referred to in paragraph 1, point (i) of Annex XV (Union actions, natural disasters), the measures requested by the Member State and related to such amendments shall be eligible from the date when the crisis occurred and shall be programmed for the objective "Supporting measures for addressing crisis via reconstruction, repair and enhancing resilience". That objective shall be additional to those laid down in Article 2 and 3 (objectives of the Plan) and shall only be used for measures programmed as a response to crisis situations, including where resources are reprogrammed under the NRP Plan in accordance with Article 34 [amendment of the Plan in crisis situations].

9. [In addition to Article 12(4) of Regulation (EU, Euratom) 2024/2509, commitment and payment appropriations for Union actions referred to in paragraph 1, points (i) and (j) of Annex XV [Union actions, Unity Safety Net] not used by the end of the financial year for which they were entered shall be automatically carried over.

Commitment appropriations carried over in accordance with the first subparagraph may be used until 2034. Commitment and payment appropriations carried over in accordance with the first subparagraph shall be used first in the following financial year.]

10. On 1 September of each year, at least one quarter of the annual amount provided for in the budget for Union actions referred to in paragraph 1, point (i) of Annex XV shall remain available in order to cover needs arising by the end of that year.

11. In addition to the eligible costs criteria set out in Article 189 of Regulation (EU, Euratom) 2024/2509, the costs incurred by the Member States for implementing the veterinary and phytosanitary emergency measures under specific objective set out in point (g) of Annex XV [Union actions] to this Regulation shall: (a) be eligible prior to the date of submission of the grant application in accordance with Article 196(2), second subparagraph, point (b) of Regulation (EU, Euratom) 2024/2509; (b) be eligible from the date of the suspected occurrence of an animal disease or the presence of a plant pest, provided that that occurrence or presence is subsequently confirmed. The submission of the grant application shall be preceded by the notification to the Commission of the occurrence of the animal disease in accordance with Article 19 or 20 and rules adopted on the basis of Article 23 of Regulation (EU) 2016/429, or the presence of the Union quarantine pest in accordance with Article 9,

10 or 11 of Regulation (EU) 2016/2031 of the European Parliament and of the Council. By way of derogation from Article 111(2) of Regulation (EU, Euratom) 2024/2509, the Commission shall make the budgetary commitment for the grant awarded for such emergency measures after the payment applications submitted by Member States have been assessed.

Article 32

Expenditure related to public intervention measures under the Unity Safety Net

1. For the purposes of the Unity Safety Net established as a Union action under the Facility, where a sum per unit is not determined in respect of a public intervention, the measure concerned shall be financed on the basis of uniform standard amounts, in particular as regards funds originating in the Member States used for buying in products, for material operations arising from storage and, where appropriate, for the processing of the products eligible for public intervention referred to in Article 11 of Regulation (EU) No 1308/2013.

2. The Commission shall adopt implementing acts fixing the amounts referred to in paragraph 1. Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 229(4) of Regulation (EU) No 1308/2013.

Article 33

Emerging challenges and priorities cushion

1. The amount referred to in Article 26(4), point (b), [budget cushion] shall be used where most needed and duly justified, in particular:

   (a) to ensure an appropriate response of the Union in the event of unforeseen circumstances;

   (b) to promote new Union-led initiatives or priorities.

2. The Commission shall, by means of implementing acts, adopt financing decisions as referred to in Article 110 of Regulation (EU, Euratom) 2024/2509 identifying objectives and actions to be supported and specifying the amounts for the budget cushion set out in Article 26(4), point (b), of this Regulation [General provision on the implementation of the EU Facility].

3. [In addition to Article 12(4) of Regulation (EU, Euratom) 2024/2509, commitment and payment appropriations not used by the end of the financial year for which they were entered shall be automatically carried over.

Commitment appropriations carried over in accordance with the first subparagraph may be used until the end of 2033. Commitment and payment appropriations carried over in accordance with the first subparagraph shall be used first in the following financial year.]

Article 34

Amendment of the NRP Plan in case of crisis situations

1. Member States may request to amend the NRP Plans in accordance with Article 24 [Amendment of the plan] to provide support to measures of a similar nature to those referred to in paragraph 1 point (i) of Annex XV [natural disasters], as well as to provide crisis payments to farmers that are affected by natural disasters and supporting investments in the restoration of agricultural potential, provided that they were recognised as such by a competent public authority of the Member State.

   A Member State may only provide crisis payments to farmers if:

   (a) its competent authority formally recognised that a natural disaster, adverse climatic event or catastrophic event, as defined by the Member State, has occurred;

   (b) measures were adopted in accordance with Regulation (EU) 2016/2031 to eradicate or contain a plant disease or pest;

   (c) measures were adopted to prevent or eradicate animal diseases listed in the Annex to Commission Implementing Regulation (EU) 2018/1882; or

   (d) measures were adopted regarding an emerging disease in accordance with Article 6(3) and Article 259 of Regulation (EU) 2016/429.

2. [Where the request for amendment exceeds 1 % of the Union financial contribution under the Plan, the Member State may, in addition, request to programme up to 2.5% of the amount of the Union financial contribution from their unprogrammed flexibility amount within the limits set out in Article 12 [Budgetary commitments] for measures referred to in paragraph 1 of this Article.

3. Where the amount requested and available under paragraph 2 is not sufficient to cover the needs, Member States may request additional support from the Union actions as referred to in Article 26 [General provision on the implementation of the EU Facility], subject to the availability of funding.

4. Where the amount available under paragraph 3 is not sufficient to cover the needs, Member States may receive additional support from the 'budget cushion' as referred to in Article 26(4), point (b) [General provision on the implementation of the EU Facility], subject to availability of funding.]

5. The Member States shall submit a request setting out the reasons and describing the damages, repair and recovery needs for the amendment of the NRP Plan referred to in paragraph 1 and where applicable, paragraphs 2 and 3, within four months from the date when the crisis was recognised as such by a competent authority. The amendment shall include the following elements:

   (a) description of measures addressing damages deriving from the crisis and fostering repair and recovery from the crisis, with their estimated costs and corresponding milestones and targets;

(b) where applicable, the amounts requested from the flexibility amount and from the Facility, up to the amount of the total estimated costs of the related measures, taking into account reprogrammed amounts.

6. By way of derogation from Article 24 [Amendment of the plan], the Commission shall do its utmost to approve any amendment to the NRP Plan within 15 working days of its submission by a Member State.

7. The Commission shall pay up to 80 % of the allocation of the measures referred to in paragraph 5, as set out in the decision approving the plan amendment referred to in paragraph 6, subject to the availability of funding, as exceptional pre-financing. Such payment shall be additional to the pre-financing for the NRP Plan provided for in Article 17 [Pre-financing] and shall be cleared on a yearly basis.

8. Member States may decide to use the procedure set out in this Article for the support provided under paragraph 1, point,s (l) of Annex XV (Union actions supported by the EU Facility, Home Affairs actions).

9. [Paragraphs 3 and 4 shall not apply to the provision of crisis payments to farmers affected by natural disasters.]

TITLE V
COMMON AGRICULTURAL POLICY

CHAPTER I

Article 35
Types of intervention

1. In line with the interventions listed in Article XX [types of support] of Regulation (EU) 202X/XXXX [CAP Regulation], the following CAP interventions are set out:

(a) degressive area-based income support;

(b) coupled income support

(c) crop specific payment for cotton

(d) payment for natural and other area specific constraints;

(e) support for disadvantages resulting from certain mandatory requirements;

(f) agri-environmental and climate actions;

(g) support for small farmers;

(h) support for risk management tools;

(i) support for investments for farmers and forest holders;

(j) support for the setting-up of young farmers, new farmers, rural businesses and start-ups and development of small farmers;

(k) support for farm relief services;

(l) LEADER;

(m) Support for knowledge sharing and innovation in agriculture, forestry and rural areas;

(n) Territorial and local cooperation initiatives;

(o) interventions in outermost regions referred to in Article 46

(p) interventions in smaller Aegean islands referred to in Article 42

(q) EU school scheme referred to in Title I, Part II, Chapter IIa, of Regulation (EU) No 1308/2013;

(r) Support for interventions in certain sectors referred to in Title X of Regulation (EU) No 1308/2013.

2. The interventions referred to in paragraph 1, points (a), (b), (c) and (g) shall not apply to outermost regions referred to in Title IV.

3. Interventions referred to in paragraph 1, points (a) to (k) and (r) shall be income support interventions to be financed from the Fund in accordance with Article 10(2), point (a) (ii) [Budget].

The planned average aid per hectare for degressive area-based income support referred in the first subparagraph shall not be less than EUR [130] and not more than EUR [240] for each Member State. For cotton, the aids are defined in Article 38.

4. Subject to compliance with Article 20(4) [national contribution to the estimated costs], the minimum national contribution to the interventions referred to in paragraph 1 points (d) to (k) shall be no less than [30]% of the total estimated costs of each intervention.

[The maximum support rate applicable to the interventions referred to in paragraph 1 point (1) [investments for farmers] shall be 75% of the total eligible costs of each intervention.

However, the maximum support rate applicable to the interventions referred to in paragraph 1, point (i), targeting young farmers shall be 85 % of the eligible public expenditure.]

5. The financial allocation to coupled income support interventions as referred to in paragraph 1, point (b) shall be limited to a maximum of 20% of the Union contribution set out by the Member State in the NRP Plan for CAP income support interventions referred to in paragraph 1, points (a), (c), (f) and (g). This percentage may be increased by a maximum of 5 percentage points, provided that the amount corresponding to the percentage exceeding 20% is allocated to protein crops, farmers combining the production of crops and livestock or agricultural areas at a risk of abandonment of agricultural production in particular in the Eastern border regions, defined in the Plans. For the purposes of this Article, Eastern border

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regions means Union NUTS2 regions bordering the Russian Federation, Belarus or the Ukraine, by land or sea, not covering the entire territory of the Member State concerned.

6. The minimum national contribution to the total eligible public expenditure of the EU school scheme interventions referred to in Title, Part II, Chapter IIa of Regulation (EU) No 1308/2013 shall be [30]% of the total eligible public expenditure of each intervention.

Member States may, in addition to Union financial assistance and the national contribution to the costs of the interventions referred to in the first subparagraph, grant additional national financing.

The amount of Union financial assistance set out the NRP Plan for the awareness-raising interventions referred to in Article 29 of Regulation (EU) No 1308/2013 shall not exceed 15 % of the total amount of the Union financial assistance and the national contribution set out in the NRP Plan for the EU school scheme interventions referred to in the first subparagraph.

The amount of Union financial assistance set out in the NRP Plan for the supply and distribution of products containing free sugars or having a fat content above 4 % shall not exceed 10 % of the total amount of the Union financial assistance and the national contribution set out in the NRP Plan for the interventions referred to in the first subparagraph.

7. The EU school scheme shall be without prejudice to any separate national school schemes which are compatible with Union legislation. Union funding may be used to extend the scope or effectiveness of any existing national school schemes or school distribution schemes providing fruit, vegetables and milk in educational establishments but shall not replace funding for those existing national schemes, except for free distribution of meals to children in educational establishments.

8. Subject to compliance with Article 20(4) [national contribution to the estimated costs], the minimum national contribution to the eligible public expenditure of the interventions in certain sectors referred to in Title I, Part II, Chapter IIa, of Regulation (EU) No 1308/2013 shall be [30] % of the eligible public expenditure of each intervention.

[The maximum support rate applicable to those interventions shall be 75 % of the total eligible costs of each intervention.]

By way of derogation from the first and second subparagraph, the minimum national contribution to the eligible public expenditure of interventions in the apiculture sector implemented by beneficiaries other than producer organisations, associations of producer organisations or identified producer groups shall be at least equal to the Union financial assistance granted for these interventions.

[By way of derogation from the second subparagraph, Member States may decide to increase the maximum support rate to up to 95 % of the total eligible costs of each intervention for interventions linked to generational renewal, research and innovation, risk management or environment and climate, and for producer organisations implementing operational programmes for the first time.

By way of derogation from the second subparagraph, Member States may also decide to compensate producers for loss of revenue due to the implementation of the interventions referred to in Article 31, point (n), of Regulation (EU) No 1308/2013, by covering up to 100 % of the relevant loss for a maximum period of three years.

By way of derogation from second subparagraph, Member States may decide to increase the maximum support rate for interventions concerning market withdrawals for free distribution to 100 % for market withdrawals which do not exceed 5 % of the volume of the production marketed by a producer organisation. The volume of the production shall be calculated as the average of the overall volumes of products for which the producer organisation is recognised and which are marketed by the producer organisation during the three previous years. Member States shall ensure that the compensation granted for market withdrawals does not exceed the market price of the withdrawn products.]

9. Subject to compliance with Article 20(4), the Union financial assistance to be granted to recognised producer organisations, associations of producer organisations or identified producer groups implementing interventions in certain sectors referred to in Article 31 of Regulation (EU) No 1308/2013 shall be limited to:

(a) 4.1% of the value of the marketed production of each producer organisation;

(b) 4.5% of the value of marketed production of each association of producer organisations;

(c) 5% of the value of marketed production of each transnational producer organisation or transnational association of producer organisations.

Those limits may be increased by 0,5 percentage points, where the operational programme comprises one or more interventions linked to generational renewal, research and innovation, risk management or environment and climate, provided the amount in excess of the relevant percentage set out in the first subparagraph, points (a), (b) or (c), is used solely to finance expenditure related to the implementation of these interventions.

Member States shall establish in their NRP Plans rules relating to the calculation of the support for distillation of by-products of wine, ensuring a fair compensation to both distillers and wine producers.

If Member States establish in their NRP Plans that the entities referred to in Article 32(3) of Regulation (EU) No 1308/2013 may be beneficiaries of the interventions in certain sectors referred to in Article 31 of that Regulation, Member States shall also provide support for the setting-up of producer organisations in accordance with Article74 [cooperation] in addition to the support provided for the implementation of the intervention.

The Union financial assistance and national contribution to each intervention in certain sectors referred to in Article 31 of Regulation (EU) No 1308/2013 shall together not exceed 100 % of actual costs of the intervention.

10. Support for the interventions referred to in paragraph 1 may only be provided under the conditions laid down in this Title. Any amount relative to claim year 2027 set out in Annex V of Regulation (EU) 2021/2115 as well as claims related to types of interventions referred to in Article 42 of Regulation (EU) 2021/215, claims related to Regulations (EU) 228/2013 and 229/2013 shall be counted as part of -budgetary commitments- for the financial year 2028 as laid down in Article 14(1), point(a).

By derogation from Article 23(7) of this Regulation, the financing decision within the meaning of Article 110 of the Regulation (EU, Euratom) 2024/2509 may be adopted for the amount referred to in the first sub-paragraph and the amount may be committed and paid before the adoption of the implementing decision referred to in Article 23(6) of this regulation.

11. Interventions of the Common Fisheries Policy include

(a) support for sustainable fisheries and the restoration and conservation of aquatic biological resources, energy transition of fisheries and aquaculture as well as actions improving safety;

(b) support for the innovation for more selective fishing activities and for the conservation, protection and restoration of aquatic biodiversity and ecosystems;

(c) support for the Common Market Organisation (CMO);

(d) support to fishers or aquaculture producers for the compensation to operators of the fishery and aquaculture sector for their income foregone or additional costs and compensation to recognised producer organisations and associations of producer organisations which store fishery products listed in Annex II to Regulation (EU) No 1379/2013, provided that those products are stored in accordance with Articles 30 and 31 of that Regulation.

12. When determining amounts to be paid out for support provided for CAP interventions as referred to in Article 35 paragraph 1, points (a) to [h] and [j], [k] and [r], and paragraph 11, payout values shall be computed without setting aside amounts for reforms.

Article 36
Specific requirements for CAP interventions

1. Member States shall provide for each intervention in their Plans:

   (a) the type of intervention on which it is based, the territorial scope and the type of area targeted by the intervention;

   (b) where applicable, sectors targeted by the intervention or group of farmers or other beneficiaries targeted under the intervention, CAP environment and climate priority area, in accordance with Article 4 of Regulation (EU) 202X/XXXX [CAP Regulation];

   (c) An explanation of the relevant criteria of Annex 2 to the WTO Agreement on Agriculture as referred to in Article 40 [WTO domestic support] and in Annex XVII [WTO annex];

   (d) A description of the design of the intervention, including the eligibility conditions, and for agri-environmental and climate actions referred to in Article 10 of Regulation XX [CAP];

   (e) a description of farming practices covered by the intervention based on the Joint Research Centre classification of farming practices in accordance with paragraph 5 of Article 3 of Regulation (EU) 202X/XXXX [CAP Regulation].

   (f) in relation to the interventions in certain sectors referred to in Part II, Title I, Chapter IIa of Regulation (EU) No 1308/2013, justification for targeting the selected sectors and complementarity with other CAP interventions, and where relevant, with other measures set out in the Plan;

2. Member States shall determine the amount of support for transition actions referred to in Article 10(1), point (b), of Regulation (EU) 202X/XXXX [CAP Regulation] based on cost estimates set out in the transition plans. The support shall be limited to [EUR 200 000] per farmer per programming period of the Plan.

3. Where public support granted under Article 13 of Regulation (EU) 202X/XXXX [CAP Regulation] for an investment operation does not exceed EUR 100 000 and is not subject to rules on public procurement, that support shall take the form of standard scales of unit costs, lump sums or flat rates.

Article 37
Monitoring of agricultural resources

The Fund may support actions taken by the Commission through remote-sensing applications used for the monitoring of agricultural resources, which shall aim to give the Commission the means to:

(a) manage Union agricultural markets in a global context;

(b) ensure agri-economic and agri-environmental-climate monitoring of agricultural land use and agricultural land use change, including agro-forestry, and monitoring of the condition of soil, crops, water, biodiversity, agricultural landscapes and agricultural land so as to enable estimates to be made, in particular as regards yields and agricultural production and agricultural impacts associated with exceptional circumstances, and to enable the assessment of the resilience of agricultural systems and progress towards the achievement of the relevant United Nations Sustainable Development Goals;

(c) share the access to the estimates referred to in point (b) in an international context, such as the initiatives coordinated by United Nations organisations, including the constitution of greenhouse gas inventories under the United Nations Framework Convention on Climate Change, or other international agencies;

(d) contribute to specific measures increasing the transparency of world markets, taking account of Union objectives and commitments;

(e) ensure technological follow-up of the agri-meteorological system.

Article 38

Crisis payments to farmers following natural disasters, adverse climatic events and catastrophic events

1. Member States may provide crisis payments to farmers that are affected by natural disasters, adverse climatic events or catastrophic events. Those payments shall aim at ensuring continuity of the agricultural activity of those farmers and shall be subject to the conditions set out in this Article and as further specified by the Member States.

2. Support under this Article shall be subject to the formal recognition by the competent authority of the Member State that a natural disaster, adverse climatic event or catastrophic event, as defined by the Member State, has occurred and that these events, or measures adopted in accordance with Regulation (EU) 2016/2031 to eradicate or contain a plant disease or pest, or measures adopted to prevent or eradicate animal diseases listed in the Annex to Commission Implementing Regulation (EU) 2018/1882 or measures adopted regarding an emerging disease in accordance with Article 6(3) and Article 259 of Regulation (EU) 2016/429 have directly caused a damage resulting in the destruction of at least 30 % of the average annual production of the farmer in the preceding three-year period or a three-year average based on the preceding five-year period, excluding the highest and the lowest entry.

3. The losses shall be calculated either at holding level, at the level of the holding's activity in the sector concerned or in relation to the specific area concerned.

4. Member States shall establish the applicable support rates for compensating the loss of production. Those rates shall be higher for farmers who also implement interventions, or other preventive actions at farm level, to reduce the level of production and income risks for which support is granted. Indexes may be used for calculating the loss of production.

5. When granting support under this Article, Member States shall ensure that overcompensation as a result of the combination of this support with other national or Union support instruments or private insurance schemes is avoided.

Article 39

Crop-specific payment for cotton

1. Bulgaria, Greece, Spain and Portugal shall grant a crop-specific payment for cotton to farmers producing cotton falling within CN code 5201 00. Those Member States shall establish specific requirements to guarantee a minimum level of production efficiency and product quality.

2. The Member States referred to in paragraph 1 shall ensure that the supported cotton production does not put excessive strain on natural resources such as water and soil. To that end, or for other environmental or socio-economic reasons, those Member States may grant the aid only for specific cotton varieties, in specific regions, or for specific types of farming, or may establish requirements related to agronomic practices.

3. The crop-specific payment for cotton shall be granted per hectare of eligible area of cotton.

4. The following national base areas are established:

   (a) Bulgaria: 3 342 ha;

   (b) Greece: 250 000 ha;

   (c) Spain: 48 000 ha;

   (d) Portugal: 360 ha.

5. The following fixed yields in the reference period are established:

   (a) Bulgaria: 1.2 tonne/ha;

   (b) Greece: 3.2 tonne/ha;

   (c) Spain: 3.5 tonne/ha;

   (d) Portugal: 2.2 tonne/ha.

6. The amount of the crop-specific payment per hectare of eligible area shall be calculated by multiplying the yields laid down in paragraph 2 with the following reference amounts:

   (a) Bulgaria: EUR 636.13

   (b) Greece: EUR 229.37;

   (c) Spain: EUR 354.73;

   (d) Portugal: EUR 223.32.

7. If the eligible area of cotton in a given Member State in a given year does not exceed the base area laid down in paragraph 1, then the amount per hectare referred to in paragraph 3 may be increased either by a coefficient obtained by dividing the national base area by the actual eligible area, or increased by 25%, whichever is smaller.

8. If the eligible area exceeds the base area, the amount per hectare shall be reduced proportionately to the overrun of the base area.

9. For the purposes of this Article, an 'approved interbranch organisation' means a legal entity made up of and founded by farmers producing cotton and at least one ginner. Such organisations shall ensure efficient and durable action with the goal to concentrate supply and to adapt production to market requirements.

10. The Member State where the ginners are established shall approve interbranch organisations that satisfy the criteria laid down in paragraph 1.

11. In the case of farmers who are members of an approved interbranch organisation, the crop-specific payment for cotton for hectares that are eligible within the national base area laid down in paragraph 4 shall be increased by an amount of EUR 2. For this purpose, Member States may establish specific requirements for the members of such interbranch organisations.

CHAPTER II
International Obligations

Article 40
WTO domestic support

1. Member States shall design the CAP income support interventions on the basis of the types of intervention listed in Annex XVII [*WTO Annex*] to this Regulation, including the definitions and conditions laid down in Article 4, in such a way that they qualify under the criteria of Annex 2 to the WTO Agreement on Agriculture.

2. The support referred to in Article 35 paragraph 1 points (a), (d), (g), (o) and (p) shall qualify under the criteria of the paragraphs of Annex 2 to the WTO Agreement on Agriculture indicated in Annex XVII [*WTO Annex*] to this Regulation for those interventions. For other interventions, the paragraphs of Annex 2 to the WTO Agreement on Agriculture indicated in Annex XVII to this Regulation [*WTO Annex*] are indicative and those interventions may instead comply with a different paragraph of Annex 2 to the WTO Agreement on Agriculture if that is specified and explained in the NRP Plan.

Article 41
Implementation of the Memorandum of Understanding on oilseeds

1. Where Member States provide for area-based interventions relevant for the Annex to the Memorandum of Understanding between the European Economic Community and the United States of America on oilseeds under GATT, the total of the support area based upon

the planned outputs included in the Plans of the Member States concerned shall not exceed the maximum support area for the whole Union.

2. Each Member State that intends to grant the support referred to in paragraph 1 of this Article shall indicate the corresponding planned outputs in hectares in the NRP Plan.

3. If all planned outputs proposed by Member States in their NRP Plans exceed the maximum support area for the whole Union referred to in paragraph 1 of this Article, the Commission shall adopt implementing acts fixing the indicative reference support area for each Member State calculated on the basis of each Member State's share of the average cultivation area in the Union during the previous five years starting with the year preceding the submission of the Plan proposal. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 88 [*committee procedure*].

4. The Commission shall inform each of those Member State of the reduction coefficient. The Member States shall adjust the proposed planned outputs in the NRP Plans in accordance with the reduction coefficients.

5. If a Member State intends to increase the planned outputs referred to in paragraph 1 set out in the NRP Plan approved by the Commission, it shall notify the Commission by means of a request to amend the NRP Plan.

6. Where necessary to avoid that the maximum support area for the whole Union referred to in paragraph 1 is exceeded, the Commission shall set reduction coefficients or revise existing reduction coefficients for all Member States that exceeded their reference support area in their NRP Plans.

The Commission shall set or revise the reduction coefficients referred to in the first subparagraph by means of an implementing decision.

7. Member States shall exclude the cultivation of confectionery sunflower seed from any area-based intervention referred to in paragraph 1.

CHAPTER III
Support for the smaller Aegean islands

Article 42
Scope and common requirements

1. This Chapter lays down specific types of intervention for agriculture to mitigate the difficulties caused by the insularity, small size and distance from markets of the smaller Aegean islands.

2. For the purposes of this Regulation 'the smaller Aegean islands' means any islands in the Aegean Sea except the islands of Crete and Evia.

3. In addition to contributing to the specific objectives set out in Article 3, point (d), the interventions referred to paragraph 1 shall contribute to the following objectives:

(a) guaranteed supply to the smaller Aegean islands of products essential for human consumption or for processing and as agricultural inputs by mitigating the additional costs incurred due to their extreme remoteness or insularity, without harming local production and the growth thereof;

(b) securing the long-term future and development of agricultural activities in the smaller Aegean islands, including the production, processing and sale of local crops and products, with a particular focus on food security and self-sufficiency, and maintaining and strengthening their competitiveness.

4. Greece may implement in smaller Aegean islands the interventions referred to in Article 35(1), except for those referred to in point (o) [outermost regions] of the first paragraph of that Article [Types of intervention].

5. Farm stewardship referred to in Article 3 of Regulation (EU) …/… [CAP Regulation] shall apply to beneficiaries receiving support for local agricultural products referred to in Article 44 [Support for local agricultural products].

6. However, beneficiary of support for local agricultural products referred to in Article 44 [Support for local agricultural products] receiving an annual payment that does not exceed EUR 3 000 shall be exempt from farm stewardship requirements referred to in Annex XI, parts A and C, of Regulation (EU) 202X/XXXX [CAP Regulation] …/….

Article 43
Specific supply arrangements

1. Specific supply arrangements shall be established for the agricultural products listed in Annex I to the TFEU which are essential in the smaller Aegean islands for human consumption, for the manufacture of other products or as agricultural inputs.

2. Greece shall establish in its Plan, at the geographical level which it deems most appropriate, a maximum volume of each agricultural product, from among the products listed in Annex I to the TFEU, to quantify the annual supply requirements for the smaller Aegean islands.

3. The maximum volume of agricultural products referred to in the first subparagraph shall comprise also the volumes of those products required by undertakings packaging and processing products intended for the local market, for consignment to the rest of the Union or for export to third countries as part of regional trade or within the context of traditional trade flows. The maximum volume of the products referred to in the first subparagraph shall be established taking into account in particular the quantities of those products established in the supply forecast balance sheets in the previous programming period.

4. Support shall be granted to supply the smaller Aegean islands with Union products to ensure special supply requirements established in accordance with paragraph 2 in terms of price and quality, while maintaining the Union's share in the supplies of those products.

5. No support shall be granted for the supply of products which have already benefited from the specific supply arrangements in another smaller Aegean islands.

6. Only products of sound, fair and marketable quality shall benefit from the specific supply arrangements.

7. In implementing the specific supply arrangements, Greece shall take account in particular of the need to ensure that existing local production is not destabilised nor obstructed in its development and of the requirement laid down in paragraph 5.

Article 44
Support for local agricultural products

1. Greece shall grant support for production, processing, marketing and transport of raw and processed agricultural products in the smaller Aegean islands.

2. Greece shall design the interventions so as to ensure the continuity and the development of local agricultural production in the smaller Aegean islands.

3. Greece shall provide for a fair distribution of payments. Greece may cap the amount of the support to be granted to a beneficiary in a given calendar year or use degressive payments.

4. Greece may grant support for marketing of products outside of the region in which they are produced. That support shall not exceed 10% of the value of the production marketed, delivered to a destination zone in a given calendar year.

5. When a Plan is amended in accordance with Article 24 [amendments to Plans], beneficiaries affected by the exceptional natural disaster or the severe meteorological event may continue to benefit from support in the form of measures to support production, processing or sale provided for in paragraph 1 irrespective of their level of activity throughout the restoration period, but subject to a formal commitment to restore their agricultural production capacity.

Article 45
Controls and penalties

1. For the specific supply arrangements, Greece shall conduct verifications by means of administrative, physical and on-the-spot checks.

2. The administrative checks carried out on the import, entry, export and dispatch of agricultural products shall be exhaustive and shall involve cross-checks with the supporting documents. The physical checks carried out in smaller Aegean islands concerned on the import or entry of agricultural products shall involve a representative sample amounting to at least 5 % of the licences and certificates.

3. In the case of measures to support the local production, Greece shall conduct verifications by means of administrative and on-the-spot checks.

4. Administrative checks shall be exhaustive and shall include cross checks with, inter alia, data from the integrated administration and control.

5. Aid applicants for specific supply arrangements and support the local production shall be selected to undergo on-the-spot checks by the competent authority on the basis of a risk analysis and the representativeness of the aid applications submitted, the competent authorities shall perform on-the-spot checks by sampling, for each action, at least 5 % of aid applications. The sample shall also represent at least 5 % of the amounts covered by the aid for each action.

In all appropriate cases, Greece shall make use of the Integrated Administration and Control System provided for in Article 70.

Every on-the-spot check shall be the subject of an inspection report relating the details of the checks carried out.

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TITLE VI
OUTERMOST REGIONS

Article 46
Outermost regions

1. Member States concerned shall prepare, as part of their Plan, measures to address the Union's outermost regions' permanent and structural constraints which severely restrain their development, as recognised in Article 349 TFEU. The measures may be implemented in a dedicated chapter. The measures shall address the following objectives:

   (a) Providing for their specific needs and challenges, such as food security, housing, sustainable transport, water and waste management, energy, employment and labour mobility, in particular for young people, decarbonisation, circularity, education and skills, social inclusion, migration, climate change resilience and adaptation, environmental protection, blue economy, access to healthcare, energy, sustainable transport and digital connectivity and economic development, including a sustainable and diversified blue economy;

   (b) guaranteeing supply of products essential for human consumption or for processing and as agricultural inputs by mitigating the additional costs incurred due to their extreme remoteness and/or insularity, without harming local production and the growth thereof;

   (c) securing the long-term future and development of agricultural fisheries, aquaculture, including the production, processing, marketing and sale of local crops and products, and the diversification of food production, with a particular focus on food security and self-sufficiency, and maintaining and strengthening their competitiveness.

2. In addition, the chapters shall also include other interventions [supported from resources set out in Article 10 – Budget], including compensation, related to:

   (a) specific supply arrangements referred to in Article 47

   (b) specific support to assist local agricultural production and processing referred to in Article 48

   (c) Promoting a level-playing field for fishery and aquaculture products from the outermost regions

   (d) specific support to assist local fisheries and aquaculture production and processing and marketing referred to in Article 48

(e) specific support to the economic, social and territorial development in particular, to enhance decarbonised transport, clean energy and digital connectivity with a view to offsetting the additional costs linked to their remoteness and to provide for a level-playing field with continental Europe, fostering their security and resilience;

(f) specific support to enhance access to employment and labour mobility, education, skills and social inclusion with a view to offsetting the additional costs linked to their remoteness and to provide for a level-playing field with continental Europe, fostering their security and resilience.

(g) the structural support to the fishery and aquaculture sector, compensation for additional costs to the fishery sector and aquaculture sector, including the methodology for its calculation and any other investment in the sustainable blue economy necessary to achieve a sustainable coastal development.

Article 47
Specific supply arrangements

1. Specific supply arrangements may be established for the products listed in Annex I to the TFEU which are essential in the outermost regions for human consumption, for the manufacture of other products or as agricultural inputs.

2. The Member State concerned shall establish, at the geographical level which it deems most appropriate, a maximum volume of each product listed in Annex I to the TFEU, to quantify the annual supply requirements for each outermost region.

The maximum volume of products shall comprise also the volumes of those products required by undertakings packaging and processing products intended for the local market, for consignment to the rest of the Union or for export to third countries as part of regional trade or within the context of traditional trade flows. The maximum volume of the products shall be established taking into account in particular the quantities of those products established in the supply forecast balance sheets in the previous programming period.

A separate forecast supply balance may be established to cover the requirements of undertakings packaging and processing products intended for the local market, for consignment to the rest of the Union or for export to third countries as part of regional trade or within the context of traditional trade flows.

3. No customs duties shall apply to direct imports from third countries into the outermost regions of products covered by the specific supply arrangements that fall within the maximum volume established in the NRP Plans in accordance with paragraph 2.

Products which have entered the Union's customs territory under inward processing or customs warehousing arrangements shall be considered for the purposes of this Article to be direct imports from third countries.

4. Support shall be granted to supply the outermost regions with Union products to ensure special supply requirements established in accordance with paragraph 2 in terms of price and quality, while maintaining the Union's share in the supplies of those products.

No support shall be granted for the supply of products which have already benefited from the specific supply arrangements in another outermost region.

5. Only products of sound, fair and marketable quality shall benefit from the specific supply arrangements. Products from third countries shall provide an equivalent level of guarantees to those produced under the Union's veterinary and plant health standards.

6. In implementing the specific supply arrangements, Member States shall take account in particular of the need to ensure that existing local production is not destabilised nor obstructed in its development and of the requirement laid down in paragraph 6.

7. Member States shall conduct verifications by means of administrative, physical and on-the-spot checks. The administrative checks carried out on the import, entry, export and dispatch of products shall be exhaustive and shall involve cross-checks with the supporting documents. The physical checks carried out in the outermost region concerned on the import or entry of products shall involve a representative sample amounting to at least 5 % of the licences and certificates.

Article 48
Support for local agricultural, fisheries and aquaculture products

1. Each Member State concerned shall determine, in line with the criteria laid down in accordance with paragraph 7of this Article, for each outermost region, the list of agricultural, fishery and aquaculture products and the quantity of those products eligible for compensation of the additional costs incurred by operators.

2. The list referred to in paragraph 1 shall comprise at least the following elements:

   (a) a description of the interventions envisaged;

   (b) a list of the aid constituting income support interventions in accordance with Article 35(1);

   (c) the aid amount established for each intervention and the provisional amount for each action in order to achieve one or more objectives for the programme.

3. The interventions may consist of support for production, processing, marketing and transport of raw and processed agricultural, fisheries and aquaculture products in the outermost regions.

When establishing the lists and the quantities referred to in paragraph 1, Member States shall take into account all relevant factors, in particular the additional costs incurred by operators in the outermost regions, and the need to ensure that the compensation is compatible and

consistent with the rules of the Common Agricultural Policy and the Common Fisheries Policy.

4. Member States shall provide for a fair distribution of payments. Member States may cap the amount of the support to be granted to a beneficiary in a given calendar year or use degressive payments.

5. The compensation shall not be granted for fishery and aquaculture products:

   (a) caught by third country vessels, with the exception of fishing vessels which fly the flag of Venezuela and operate in Union waters, in accordance with Council Decision (EU) 2015/1565 (37);

   (b) caught by Union fishing vessels that are not registered in a port of one of the outermost regions;

   (c) imported from third countries.

6. Paragraph 5, point (b), shall not apply if the existing capacity of the processing industry in the outermost region concerned exceeds the quantity of raw material supplied.

7. The Commission is empowered to adopt delegated acts, in accordance with Articles 86 and 87, to supplement this Regulation by laying down the criteria for the calculation of the additional costs resulting from the special characteristics of the regions concerned.

TITLE VII
GOVERNANCE OF THE PLAN

CHAPTER 1
Plan authorities and their functions

Article 49
Plan authorities

1. For the purposes of Article 63(3) of Regulation (EU, Euratom) 2024/2509, each Member State shall identify one or more managing authorities, one or more paying agencies and one or more audit authorities for the Plan. The authorities identified shall fulfil the relevant key requirements set out in Annex IV to this Regulation. All authorities identified for the purposes of this Article shall have the possibility for exchanges with the Commission.

2. Where a Member State entrusts the implementation of the Plan to authorities in charge of implementing cohesion policy, the CAP or European Maritime Fisheries and Aquaculture Fund in the 2021-2027 programming period and based on all available audit results the Commission did not question the effective functioning of these authorities, these authorities shall be deemed to comply with the key requirements.

3. [Where a Member State identifies more than one managing authority, it shall set up a coordinating authority. A managing authority may be entrusted with carrying out certain functions of the coordinating authority. Arrangements between the coordinating authority and the managing authority shall be recorded in writing.]

4. The managing authority may identify one or more intermediate bodies to carry out certain tasks under their responsibility. Arrangements between the managing authorities and intermediate bodies shall be recorded in writing. The tasks delegated to intermediate bodies shall not be entrusted further to other bodies.

5. The audit authority shall be a public authority, functionally independent from the auditees. Audit work may be carried out by a public or private body other than the audit authority under the responsibility of that authority. Where the Member State identifies more than one audit authority, it shall set up coordination arrangements for the preparation of the annual audit opinion and summary of audits referred to in Article 53 [functions of the audit authority].

6. Member States shall ensure that the principle of separation of functions between and within the authorities identified for the Plan is respected.

7. Member States shall accredit paying agencies responsible for the management and control of the measures referred to in Article 35(1) and the Union actions referred to in Annex XV, paragraph 1, points (h) and (j), of this Regulation [Uion actions], implemented under shared management and may entrust their functions, as referred to in Article 52 [functions of the paying agency], to the managing authority or to another body.

8. The managing and the audit authorities may be responsible for one or more chapters of the Plan. They shall be provided with appropriate resources to carry out their tasks.

9. When carrying out their functions, the plan authorities may use a single integrated and interoperable information and monitoring system, including a single data-mining and risk-scoring tool, as referred to in Article 36(2), point (d) of the Regulation (EU, Euratom) 2024/2509, to access and analyse the relevant data, with a view to a generalised application by Member States.

10. Annual review meetings shall be organised once a year between the Commission and each Member State to examine the performance of the Plan or its chapters. The relevant authorities and the coordinating authority shall participate in the review meetings. The outcome of the review meeting shall be recorded in writing. The Member State shall follow up issues raised during the review meeting which affect the implementation of the plan or one or more chapters and shall inform the Commission within three months of the measures taken.

Article 50
Functions of the coordinating authority

The coordinating authority shall be responsible for:

(a) monitoring the implementation of the Plan while ensuring sound governance practices and the maintenance of adequate administrative capacity by the authorities responsible for the Plan;

(b) ensuring coherence in the implementation of the various chapters of the Plan;

(c) submitting payment applications for the plan to the Commission in accordance with Article 65;

(d) providing forecasts of the amount for payment applications to be submitted for the current and subsequent calendar year by 31 January and 30 July in accordance with the template set in Annex X [on payment forecast];

(e) providing the management declaration referred to Article 59(1), point (c) [Annual assurance package] in accordance with the template set out in Annex XII [management declaration] signed by the managing authority or the paying agency;

(f) coordinating and submitting to the Commission all the documents requested as part of the annual assurance package referred to in Article 59 [annual package];

(g) ensuring financial flows to managing authorities, guaranteeing that with each payment made by the Commission, such authorities receive the amounts due to them, in accordance with the progress made in the implementation of the measures included in their respective chapters and taking into account potential financial corrections resulting from the implementation of their chapters and that they receive by the end of the period an amount at least equivalent to their Union contribution;

(h) ensuring a framework to strengthen the administrative capacity of authorities, stakeholders, partners, and beneficiaries at national and local levels, and promoting policy learning and experimentation;

(i) supporting the work of a coordinating committee by providing the necessary information and ensuring the follow-up of the decisions and recommendations of the coordinating monitoring committee;

(j) communicating to Union citizens the role objectives and results of the NRP Plan in accordance with Article 18 of Regulation [Performance regulation] through a single website portal providing access to all chapters of the NRP Plan pursuant to Article 64(1).

Article 51
Functions of the managing authority

1. The managing authority shall be responsible for managing the Plan or a part of the Plan with a view to delivering its objectives. It shall have the following functions:

   (a) selecting operations with a view to maximising the contribution of the Plan towards the achievement of the objectives of the Fund, defined at the level of its chapters and measures by establishing and applying criteria and procedures which are non-discriminatory and transparent;

(b) carrying out management verifications to ensure the fulfilment of the milestones and targets set out in the Plan and the effective use of funds in compliance with applicable law; for the purposes of drawing up the management declaration, the managing authority is not expected to verify the underlying costs of the operations;

(c) applying effective and proportionate measures and procedures, taking into account the risks identified, to prevent, detect, and correct irregularities, including fraud, corruption, conflict of interests, and double-funding and ensure compliance of the underlying operations with applicable law, in accordance with the relevant key requirements set out in Annex IV [key requirements];

(d) supporting the work of the monitoring committee by providing the necessary information in a timely manner and ensuring the follow-up of the decisions and recommendations of the monitoring committee;

(e) if relevant, supervising intermediate bodies, while ensuring sound governance practices and the maintenance of adequate administrative capacity;

(f) strengthening the administrative capacity of intermediate bodies (if relevant), and beneficiaries, and promoting policy learning and experimentation;

(g) ensuring that a beneficiary receives the amount due in relation to the implementation of a measure in full and no later than [80] days from the date of submission of the payment claim by the beneficiary; and for interventions referred to in Article 35, points (a) to (g), (o), (p), and (r) [types of interventions], ensuring that the payment to beneficiaries takes place not later than 30 June of the year following the year of the submission of the payment claim. The deadline may be interrupted if information submitted by the beneficiary does not allow the managing authority to establish whether the amount is due;

(h) recording and storing electronically the data necessary for monitoring, evaluation, financial management, verifications and audits in accordance with Article 58 [Responsibilities of the MS] and Annex IV [key requirements], and ensure the security, integrity and confidentiality of data and the authentication of users;

(i) ensuring that each beneficiary is provided with a document setting out the conditions for support; financing plan, limits of execution and where applicable the method to apply the conditions for payment;

(j) ensuring that beneficiaries comply with their obligation to ensure the visibility of the Union support, in accordance with Article 18 of Regulation (EU, Euratom) XX [Performance regulation]

(k) signing the management declaration referred to in point (a) paragraph 1 of Article 59(1), point (c) (1, point (a) [Annual assurance package] in accordance with the template set out in Annex XII [management declaration];

(l) submitting information on the implementation progress of the measures in the Plan as required by Article 58 [Responsibilities of Member States] and Annex IX [Reporting on progress in implementation of measures].

2. Management verifications referred to paragraph 1, point (b) shall be risk-based and proportionate to the risks identified ex ante and in writing.

3. 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 annual assurance package in accordance with Article 59.

Article 52
Functions of the paying agency

1. The paying agency shall have an administrative organisation and a system of internal control that complies with internationally recognised standards of internal control and that provides sufficient guarantees that payments are legal, regular and properly accounted for.

2. Each Member State shall, taking into account its institutional provisions, restrict the number of its accredited paying agencies to a single paying agency at national level or, where applicable, one per region.

3. In relation to the measures referred to in Article 35 [CAP type of interventions], the paying agency shall perform the tasks of the managing authority listed in Article 51(1) [managing authority], points (b), (c), (f), (g), (h), (i), (j) and (k) and (2) and (3) of that Article.

   The paying agency may delegate the performance of its tasks, with the exception of making payments.

4. The paying agency shall provide the coordinating authority with the necessary information for the purpose of Article 50, points (c), (e) and (f) of Regulation [CA].

   The person in charge of the paying agency shall draw up and provide to the coordinating authority the management declaration referred to in Article 59(1), point (c), of this Regulation [Submission of the annual assurance package].

5. Each Member State shall continuously monitor the compliance of the paying agency with the requirements laid down in paragraph 1 and be in charge of issuing, reviewing and withdrawing their accreditation.

   Where the Member State has determined that an accredited paying agency no longer respects one or more of the requirements laid down in paragraph 1 in a manner that affects the fulfilment of its tasks, the Member State shall put the paying agency's accreditation under probation without delay. It shall draw up a plan including actions and deadlines to remedy the deficiencies found within a period to be determined according to the severity of the problem. That period which shall not exceed 12 months from the date on which the accreditation is put under probation. In duly justified cases, the Commission may, upon request of the Member State concerned, grant an extension of that period.

Article 53

Functions of the audit authority

1. The audit authority shall be responsible for carrying out audits on the fulfilment of milestones and targets, and system audits in order to provide assurance to the Commission regarding the effective functioning of the management and control systems, including whether the management and control systems ensure the legality and regularity of the underlying transactions and the effective and timely protection of the financial interests of the Union. The audits shall provide assurance on the effective use of funds in compliance with the applicable law.

2. The audit authority shall draw up:

   (a) an annual audit opinion for the purposes of Article 63(7) of Regulation (EU, Euratom) 2024/2509 in accordance with the template set out in Annex XIII of this Regulation which shall establish whether

      (i) data entered in the payment applications submitted for the reference period as referred to Article 59(1), point (a), [assurance package] are complete, accurate and reliable;

      (ii) the management and control systems function properly and ensure the effective and timely protection of the financial interests of the Union and the legality and regularity of the underlying transactions;

      (iii) the use of funds is compliant with the applicable law;

      (iv) whether the audit work puts in doubt the assertions made in the management declaration.

   (b) a summary of the audits carried out as referred to in Article 59(1), point (b), [Assurance package] including an analysis of the nature and extent of the weaknesses identified and any corrective action taken or planned;

   Audit work shall be carried out in accordance with internationally accepted audit standards.

3. The audit authority shall prepare an audit strategy based on a risk assessment, taking into account the management and control system description provided for as required in Article 22(2), point (m), covering system audits, and audits regarding the milestones and targets, and the effective use of funds in compliance with applicable law. All newly identified managing authorities shall be subject to a system audit before the submission of the first payment application.

4. The audit authority is not expected to verify the underlying costs of the operations for the purpose of its audit work.

CHAPTER II
Monitoring arrangements

Article 54
Monitoring committee and coordinating committee

1. Each Member State shall set up one or more monitoring committees for the chapters of the NRP Plan, as appropriate in function of the chapter concerned. All chapters of the Plan shall be covered. The same monitoring committee may cover more than one chapter.

2. Where the Member State sets up more than one monitoring committee, it shall also set up a coordinating committee which shall ensure the overview and the monitoring of the implementation of the plan, after consulting the relevant authorities managing each of the NRP Plan's chapters, within three months of the date of notification to the Member State concerned of the decision approving the NRP Plan. The coordinating committee shall approve all elements listed under Article 56(1) [functions of the monitoring committee]

3. The rules laid down in Articles 55 and 56 shall apply to the coordinating committee and to the monitoring committee.

4. Each monitoring committee and the coordinating 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.

5. The monitoring committee shall meet at least once a year and shall review the implementation of the chapter or chapters of the NRP Plan under its responsibility, including all issues that affect the progress towards achieving their objectives.

6. 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 64.

Article 55
Composition of the monitoring committee

1. Each Member State shall determine in a public procedure and based on objective and transparent criteria, the composition and the size of the monitoring committee, ensuring a balanced representation of the relevant Member State authorities and intermediate bodies and of representatives of the partners referred to in Article 6 [partnership]. The number of such partners shall be equal or superior to members belonging to authorities or intermediate bodies.

   The composition of the monitoring committee shall take into account the chapter or the chapters of the Plan the monitoring committee is responsible for. The composition and size of the monitoring committee shall enable the committee to carry out its work efficiently and effectively.

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Each member of the monitoring committee shall have a vote.

The Member State shall publish and annually update the list of the members of the monitoring committee on the website referred to in Article 64.

2. Representatives of the Commission shall participate in the work of the monitoring committee in an advisory capacity.

Article 56
Functions of the monitoring committee

1. The monitoring committee shall examine:

(a) the progress in implementation of the measures included in the chapter of the Plan;

(b) any issues that affect the performance of the chapter and the measures taken to address those issues;

(c) the fulfilment of the Rule of Law and Charter horizontal conditions laid down in Articles 8 and 9 [Rule of law and charter horizontal conditions] and their application throughout the programming period;

(d) the progress made in carrying out evaluations, syntheses of evaluations and any follow-up given to findings;

(e) the implementation of information, communication and visibility actions with regards to reforms and investments and other interventions included in the chapter;

(f) the progress in administrative capacity building for public institutions, partners and beneficiaries, where relevant;

(g) the effective functioning of the partnership as regards the chapter or chapters of the Plan under its responsibility.

2. The monitoring committee shall approve for the chapter(s) under its responsibility:

(a) any proposal for the amendment of the chapter or chapters of the NRP Plan under its responsibility, except for amendments pursuant to Article 34 [Union actions, EU Facility].

(b) the methodology, criteria and procedures for the selection of operations, including any changes thereto. The criteria applied and procedures used shall be non-discriminatory, inclusive and transparent, ensuring accessibility to persons with disabilities, ensuring gender equality, and take account of the Charter of Fundamental Rights of the European Union;

(c) the evaluation roadmap and any amendment thereto;

(d) the communication strategy;

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(e) territorial development strategies.

3. The coordinating committee shall examine and approve the same elements as the ones mentioned in the preceding paragraph but at the level of the Plan. In case of divergent opinions, the opinion of the monitoring committee responsible for the chapter shall prevail.

4. In case of delays or challenges in the implementation of different chapters of the Plan, the coordinating committee can issue recommendations to the authorities managing the chapters of the Plan on improving the effectiveness of these chapters in achieving their objectives, including any corrective actions that shall be taken by the authorities.

Article 57
European and national CAP Network

1. Each Member State shall, at the latest 12 months after the approval by the Commission of the Plan, establish and support a national network for CAP ('national CAP network') for the networking of organisations and administrations, advisors, researchers and other innovation actors, and other actors in the field of agriculture and rural development at national level. The national CAP networks shall build on the existing networking experience and practices in the Member States.

2. The Commission shall establish a European network for the Common Agricultural Policy ('European CAP network') to link national networks, organisations, and administrations in the field of agriculture and rural development at Union level.

3. The objectives of the national and European CAP networks shall be to:

(a) involve stakeholders in the design and implementation of the CAP interventions of the NRP Plan;

(b) support Member State administrations in implementing the CAP interventions;

(c) improve the quality of the NRP Plans and in particular their measures related to agriculture and disseminate results;

(d) foster innovation, peer-to-peer learning, and knowledge-sharing;

(e) enhance monitoring and evaluation capacities;

(f) disseminate information on the CAP and funding opportunities;

(g) contribute to further development of the CAP.

4. To achieve the objectives referred to in paragraph 6, the networks shall:

(a) collect, analyse, and disseminate information on good practices concerning the CAP as well as analysis on developments in agriculture and rural areas;

(b) build capacity for Member States' administrations and other actors involved in the implementation, monitoring and evaluation of the NRP Plans concerning the CAP;

(c) facilitate exchanges, peer-to-peer learning, and networking, including where relevant exchanges with networks in third countries;

(d) support the networking of funded cooperation projects, such as local action groups under Article 77 *[LEADER],* EIP-AGRI operational groups referred to in Article 19 of Regulation (EU) 202X/XXXX [CAP Regulation] and promote links to other Union-funded strategies.

5. The European CAP network and the national CAP networks shall collaborate and carry out joint activities in the achievement of the objectives referred to in paragraph 3. The European CAP network shall use a distinctive visual identity.

TITLE X
MANAGEMENT AND FINANCIAL RULES

CHAPTER I
General management rules

Article 58
Responsibilities of Member States

1. The Member States shall take appropriate measures to protect the financial interests of the Union and to ensure that the use of funds in the implementation of the Plans complies with the applicable law, including applicable public procurement and State aid rules. They shall in particular ensure the prevention, detection, correction and reporting of irregularities, including fraud, corruption and conflicts of interest.

2. For the purposes of paragraph 1, the Member States shall:

(a) establish effective and efficient management and control systems for their Plans in accordance with the key requirements set out in Annex IV and ensure their proper functioning in accordance with the principle of sound financial management;

(b) ensure and regularly check that the support provided has been properly used to achieve the established milestones and targets or outputs and take all the appropriate actions to ensure that the use of funds in the implementation of the Plans complies with applicable law;

(c) take appropriate measures to prevent, detect and correct irregularities including fraud, corruption, conflicts of interest, including the use of data mining tools;

(d) apply corrective measures where the applicable law is not respected;

(e) ensure the avoidance of double funding from the Union budget, and take immediate measure to correct any situation of double funding by cancelling the most recent funds decided to the concerned operation;

(f) ensure compliance with the obligations set out in Article 130 of Regulation (EU, Euratom) 2024/2509;

(g) ensure the reporting of all cases of suspected fraud, corruption and irregularities, including conflict of interest, double funding and other breaches of the applicable law in the Commission's Irregularity Management System (IMS); the Commission shall summarise and publish that information annually and shall communicate it to the European Parliament;

(h) ensure that the Commission, OLAF, the Court of Auditors and, in respect of those Member States participating in enhanced cooperation pursuant to Regulation (EU) 2017/1939, the EPPO:

(i) can exercise their respective competences as provided for in Article 129(1) of the Regulation (EU, Euratom) 2024/2509 including by requiring expressly the recipients of Union funds to provide or ensure the necessary rights and access;

(ii) receive access to the data referred to in Article 63 [on data collection and publication] within the exercise of their respective competences.

(i) have systems and procedures in place to ensure that all supporting documents necessary for the audit trail related to a measure supported by the Fund are kept at the appropriate level for a ten year period from 31 December of the year in which the last payment by the Commission to the Member State is made; where a redress procedure has been initiated, an appeal has been lodged or where court proceedings have begun, the supporting documents shall be kept until those procedures or any subsequent recovery procedures are terminated;

(j) make arrangements to ensure the effective examination of complaints concerning the use of the Fund, in accordance with their institutional and legal frameworks, and upon request by the Commission, examine complaints submitted to the Commission falling within the scope of the NRP Plan and inform the Commission of the results of these examinations;

(k) ensure that all exchanges of information between beneficiaries of funding and the NRP Plan authorities, as well as with the Commission, are carried out by means of electronic data exchange systems which includes, among others, use of automatic and interactive forms and calculations, ensures record-keeping and data storage in the system enabling both administrative verifications of payment claims submitted by beneficiaries and audits as well as allows for automatic synchronisation and transmission of data between beneficiaries' and Member States' systems;

(l) ensure that all official exchanges of information with the Commission are carried out by means of an electronic data exchange system referred to in Annex XVI [SFC2028: electronic data exchange system between the Member States and the Commission]. Member States are not expected to verify the underlying costs of the operations and the measures when assessing the fulfilment of milestones and targets.

3. Member States shall inform the Commission by 15 February of each year on the progress in achieving the objectives established in the Plans, quantifying the fulfilment of each target and milestone, and progress achieved for output-based interventions supported by the Plans. This information shall be provided in accordance with the template set out in Annex IX

[Reporting on progress in implementation of measures]. If no quantification on progress of milestones and targets is available in the progress reporting systems, the Member state shall provide an estimation of progress achieved, in accordance with the template set out in Annex IX [Reporting on progress in implementation of measures]. The information made available shall cover progress until the end of year N and shall be submitted as part of the annual assurance package referred to in Article 57(1), point (a).

4. The Commission is empowered to adopt delegated acts in accordance with Article 86 [delegated acts] supplementing paragraph 2, point (g) of this Article, with rules on the criteria for determining the cases of suspected fraud, corruption and irregularity to be reported and on the data to be provided in that context.

Article 59
Submission of the annual assurance package

1. For the purpose of Article 63 of Regulation (EU, Euratom) 2024/2509, Member States shall submit to the Commission by 15 February of each year following 2028 the following documents ('the annual assurance package'):

   (a) reporting on the implementation progress of the measures in the Plan set out in Article 58(4) [Responsibilities of Member States], in accordance with the template set out in Annex IX [Reporting on progress in implementation of measures], referencing the payment applications submitted in the previous financial year;

   (b) the summary of the audits referred to in Article 53(2)(b) [functions of the audit authority];

   (c) a management declaration, in accordance with the template set out in Annex XII, indicating that:

      (i) the information submitted with the payment application(s) is complete, accurate and reliable;

      (ii) the funds were properly used;

      (iii) the management and control systems put in place function properly and give the necessary assurance that the funds were managed in accordance with all applicable laws, including on the prevention, detection, reporting and correction of conflicts of interests, corruption, double funding, fraud and other irregularities, and in line with the principle of sound financial management;

      (iv) the information referred to in point (a) provides a true and fair view of the implementation progress;

   (d) the annual audit opinion referred to in Article 53(2) [functions of the audit authority] in accordance with the template set out in Annex XII;

2. The Commission shall take into account the information provided in the annual assurance package in order to decide whether any of the measures specified in Articles 66, 67 and 68 [interruptions][suspension of payments][financial corrections] are necessary.

3. When submitting the final annual assurance package for the last financial year, the Member State shall confirm that the total payments from the Commission do not exceed the total amount paid by the Member State to the beneficiaries in implementing the Plan, taking into account the national contribution.

Article 60
Responsibilities of the Commission

1. The Commission shall obtain reasonable assurance that Member States have put in place management and control systems that comply with the requirements laid down in this Regulation and that these systems function effectively and efficiently during the implementation of the Plans.

2. 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 and the principle of proportionality.

3. The Commission and the audit authority shall coordinate their audit work.

4. For the purpose of audits, the Commission officials or their authorised representatives shall, in accordance with Article 58(2), point (h) [responsibilities of MS], have access to all necessary records, documents and metadata, irrespective of the medium in which they are stored, relating to the plan implementation, including operations supported by the Fund or to management and control systems and shall receive copies in the specific format requested. The Commission officials or their authorised representatives may request supplementary information and perform on-the-spot audits.

5. The Commission shall carry out audits during the implementation of the Fund and up to three years following the date of the final payment.

6. The Commission is not expected to verify the underlying costs of the operations for the purpose of its audit work.

Article 61
Single audit approach

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.

2. The Commission and audit authorities shall first use all the information and records referred to in Article 58(2), point (h) (Responsibilities of Member States), including results of management verifications, and may request and obtain additional documents and audit evidence from the plan authorities and beneficiaries concerned where, based on their professional judgement, this is required to support robust audit conclusions.

3. For Plans 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 EPPO, the Commission's own audits shall be limited to auditing the work of the audit authority.

4. The Commission and the audit authority may decide not to audit milestones and targets in any year where they have already been subject to an audit by the European Court of Auditors.

5. Notwithstanding paragraph 3, any milestone and target 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.

6. Paragraph 2 shall not apply where:

(a) there is a specific risk or suspicion of fraud, corruption or conflicts of interest or another serious non-compliance with the responsibilities of Member States referred to in Article 58 [Responsibilities of Member States];

(b) there is a need to re-perform the work of the audit authority for obtaining assurance as to its effective functioning following the risk assessment exercise performed by the Commission;

(c) there is evidence that the functioning of the audit authority does not comply with the key requirements laid down in Article 53 [functions of the audit authority] and Annex IV [A&C requirements].

7. 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 62

Control system for farm stewardship and common fisheries policy

1. Member States shall as part of the controls referred to in Article 58 [Responsibilities of Member States] verify the compliance of beneficiaries with the requirements of the farm stewardship referred to in Article 3 of Regulation (EU) 202X/XXXX [CAP Regulation] and with Article XX paragraph XX of Regulation (EU) 202X/XXXX [CFP Regulation].

Where the area eligible for the support referred to in the first subparagraph, as declared in the geo-spatial application referred to in Article 70 [IACS], does not exceed 10 hectares, the beneficiaries shall be exempted from controls and penalties under this Article.

Where a beneficiary has been selected for an on-the-spot check on an aid application or on a payment claim, Member States shall, to the extent possible and taking account of the associated risks, not select that beneficiary for a subsequent check and control sample for that year, except when the circumstances require more than one on-the-spot check in order to ensure the effective protection of the financial interests of the Union. This provision shall not reduce the level of checks.

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2. Member States shall make use of their control and enforcement systems in the areas of climate and environment, public health, plant health and animal welfare, social and employment legislation, applicable labour standards, fisheries and aquaculture to ensure that beneficiaries of the support comply with the requirements set out in the first paragraph.

3. The managing authority or paying agency shall be notified where relevant at least once a year of cases of non-compliance where enforceable decisions in that respect have been made under the applicable control and enforcement systems referred to in paragraph 2. That notification shall include an assessment and grading of the severity, extent, permanence or reoccurrence and intentionality of the non-compliance concerned.

4. The administrative penalties referred to in paragraph 5 shall only apply to non-compliance with the requirements of the farm stewardship referred to in Article 3 of Regulation XX *[CAP, farm stewardship]* where that non-compliance is the result of an act or omission directly attributable to the beneficiary concerned, and where one or both of the following conditions are met:

   (a) the non-compliance is related to the agricultural activity of the beneficiary, as defined by Member States in their NRP Plans in accordance with Article 4, point (21), point (a) [*framework definition of agricultural activity*];

   (b) the non-compliance concerns the holding as defined in Article 4(15) [*definitions - holding*] or other areas managed by the beneficiary situated within the territory of the same Member State.

However, if the non-compliance concerns forest areas, the penalties referred to in paragraph 5 shall not be applied where no support is claimed for the area concerned.

5. Member States shall set up a system of administrative penalties applying to beneficiaries referred to in paragraph 4 who do not comply, at any time in the calendar year concerned, with the requirements of the farm stewardship.

The penalties shall consist of the reduction or exclusion of the total amount of the payments under measures listed in Article 35(1), points (a) to (f), and (o) and (p) to the extent they concern support for local agricultural products, of Regulation (EU) 202X/XXXX [CAP Regulation] granted or to be granted to the beneficiary concerned in respect of aid applications that the beneficiary has submitted or will submit in the course of the calendar year of the finding of the non-compliance. The penalties shall be calculated on the basis of the payments granted or to be granted in the calendar year in which the non-compliance occurred. However, where it is not possible to determine the calendar year in which the non-compliance occurred, the reductions or exclusions shall be calculated on the basis of the payments granted or to be granted in the calendar year of the finding of the non-compliance.

For the calculation of those penalties, account shall be taken of the severity, extent, permanence or reoccurrence and intentionality of the non-compliance determined, in line with

the assessment referred to in paragraph 3. A penalty imposed pursuant to the national legislation implementing the legal acts listed in Annex I, parts A and B, to Regulation XX [CAP] for the same act or omission of a farmer or other beneficiary shall be taken into account in the calculation of penalties referred to in the first subparagraph.

The expenditure which has been reduced as a result of the application of a penalty shall be considered legal and regular. The reduction shall, as a general rule, be 3 % of the total amount of the payments. In the case of intentional non-compliance, the reduction shall be at least 15 % of the amount of those payments.

Member States shall provide that no administrative penalty shall be imposed if:

(a) The non-compliance is due to force majeure or exceptional circumstances;

(b) The non-compliance is due to an order from a public authority.

6. In case of a non-compliance with Article XX of Regulation (EU) XX [Common Fisheries Policy], the support paid to the beneficiary shall be recovered and an application for support submitted by a beneficiary shall be inadmissible for a specified period of time laid down pursuant to paragraph 8 of this Article, if it has been determined through a final decision by the competent authority concerned that the beneficiary has committed fraud.

7. Where a case as listed in Article XX of Regulation (EU) XX [Common Fisheries Policy] occurs between in the period of application and the five years after the final payment, the support paid to the beneficiary shall be recovered. The recovery shall be proportionate to the nature, gravity, duration and repetition of the serious infringements or offences by the beneficiary concerned and the importance of support to the economic activity of that beneficiary.

8. In order to ensure a level playing field among Member States and the effectiveness, proportionality and dissuasive effect of the penalties referred to in paragraph 5 and recoveries and inadmissibility referred to Article XX of Regulation EU XX [Common Fisheries Policy], and in paragraph 6 and 7 of this Article, the Commission is empowered to adopt delegated acts in accordance with Article 86 supplementing this Regulation with

(a) detailed rules on the application and calculation of the penalties;

(b) the identification of the threshold triggering, and the period of time of, the inadmissibility as well as the arrangements for recovering the support granted, including thresholds triggering it.

Article 63
Data collection and recording

1. For the purposes of audit and controls, transparency and performance monitoring and evaluation, Member States shall collect, record and store electronically the information

referred to in points (a) to (g), while ensuring the security, integrity and confidentiality of data and the authentication of users and allowing automated data exchange with the electronic system identified by the Commission:

(a) on the beneficiary:

(i) whether the beneficiary is a public or private law body, or an entity with or without legal personality, or a natural person or a group of natural persons;

(ii) the entity's full legal name, address, and their VAT identification number or tax identification number where available or another unique identifier established at country level;

(iii) if natural person, first and last name, date of birth, locality and national identification number;

(iv) information on all beneficial owners of the beneficiary, if any, as defined in Article 4(6) of Directive (EU) 2015/849 of the European Parliament and of the Council[15], namely first name(s) and last name(s), date(s) of birth and VAT registration number(s) or tax identification number(s) where available or another unique identifier at country level;

(v) the amount of Union contribution committed in the document setting out the conditions for support;

(vi) indication of the associated measure under the Plan with the measure's sequence number and operation's identifier;

(vii) in relation to financial instruments, information whether the beneficiary is the body that implements a holding fund or, where there is no holding fund structure, the body that implements a specific fund, or, where the managing authority implements financial instrument directly, information on the managing authority.

(viii) In relation to CAP interventions referred to in Article 35(1),

- gender, whether the beneficiary is a farmer, a forest holder, a young farmer, a newly-set-up business; for sectoral interventions, the type of producer organisation;

geolocation of the holding, whether it is located in an area with natural or specific constraints as referred to in Article 8 of Regulation (EU) 202/XXXX [CAP Regulation][Payment for natural or other area-specific constraints], in a

[15] 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, ELI: http://data.europa.eu/eli/dir/2015/849/oj).

nitrate vulnerable zone[16], in Natura 2000 area as referred to in Article 9 of that Regulation [Support for disadvantages resulting from certain mandatory requirements];

- the type of farming[17], whether the holding is farmed organically[18], the total number of hectares of arable land, of permanent grassland area, with permanent crops, on which no agricultural activity is performed but which are eligible, the total number of hectares subject to stewardship, out of which protected practices;

(b) on the recipient and the final recipient:

(i) whether the recipient or the final recipient is a natural or legal person and in case of a legal person, whether it is a public or a private law body;

(ii) in the case of a legal person, the recipient's or the final recipient's full legal name and their VAT identification number or tax identification number where available or another unique identifier established at country level, and in the case of a natural person, the first and last name of the recipient, the date of birth and the tax identification number where available or another unique identifier;

(iii) for financial instruments concerning interventions supporting the Common Agricultural Policy implemented under shared management, gender, whether the final recipient is a farmer, a forest holder, a young farmer, a newly-set-up business, and the number of contracts signed between the final recipient and the bank;

(iv) the locality of the recipient or the final recipient, namely the address of the recipient when the recipient or the final recipient is a legal person; the region on NUTS 2 level when the recipient or the final recipient is a natural person and is domiciled in the Union or the country when the recipient or the final recipient is a natural person and is not domiciled in the Union;

(v) information on all beneficial owners of the recipient or the final recipient, if any, as defined in Article 3(6) of Directive (EU) 2015/849, namely first name(s) and

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16 As designed under Council Directive 91/676/EEC of 12 December 1991 concerning the protection of waters against pollution caused by nitrates from agricultural sources (OJ L 375, 31.12.1991, p. 1, ELI: http://data.europa.eu/eli/dir/1991/676/oj).

17 As defined in the Union typology for holdings referred to in Article 5b of Council Regulation (EC) No 1217/2009 of 30 November 2009 setting up a network for the collection of accountancy data on the incomes and business operation of agricultural holdings in the European Community (OJ L 328, 15.12.2009, p. 27, ELI: http://data.europa.eu/eli/reg/2009/1217/oj).

18 As laid down in Regulation (EU) 2018/848 of the European Parliament and of the Council of 30 May 2018 on organic production and labelling of organic products and repealing Council Regulation (EC) No 834/2007 (OJ L 150, 14.6.2018, p. 1, ELI: http://data.europa.eu/eli/reg/2018/848/oj).

last name(s), date(s) of birth and VAT registration number(s) or tax identification number(s) where available or another unique identifier at country level;

(vi) the amount of Union contribution committed, the indication of the associated measure under the Plan and the operation's identifier.

(c) on the contractor:

(i) the name and VAT registration or tax identification number;

(ii) information on all beneficial owners of the contractor, if any, as defined in Article 3(6) of Directive (EU) 2015/849, namely first name(s) and last name(s), date(s) of birth and VAT registration number(s) or tax identification number(s) where available or another unique identifier at country level;

(iii) information on all contracts, namely name, date, reference, contract amount and any relevant identifier or identification number;

(iv) indication of the associated measure under the Plan with the measure's sequence number and operation's identifier.

(d) on the subcontractor:

(i) the name, VAT registration or tax identification number;

(ii) information on the sub-contract, namely name, date, reference, contract amount and any relevant identifier or identification number;

(iii) indication of the associated measure and operation under the Plan with the measure's sequence number and operation's identifier.

(e) on the operation:

(i) name and unique identifier and geolocation of the operation or, for mobile operations, operations implemented in the cloud or operations covering several locations, the location of the beneficiary;

(ii) short description and objectives of the operation, with the exception of the CAP interventions referred to in Article 35(1), points (a) to (g), (o) and (p);

(iii) unique identifier of the call(s) of proposals and tenders under which the operation was selected and the related information in accordance with Article 12(4) of Regulation (EU) [Performance Regulation];

(iv) date of submission of the application for funding and date of the document setting out the condition for support;

(v) amount of Union contribution as set out in the document setting out the conditions for support;

(vi) amount paid out to the beneficiary for the operation;

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(vii) co-financing rate applicable to the associated Chapter of the Plan and, where applicable, additional national financing;

(viii) start date and end date of the operation as indicated in the document setting out the conditions for support;

(ix) actual date when the operation is physically completed or fully implemented;

(x) currency of the operation as set out in the document setting out the condition for support;

(xi) unique identifier of the Plan under which the operation is supported;

(xii) information on whether the operation is with the participation of a third country or takes place in a third country; if so, identification of that third country;

(xiii) sequence number of the measure, milestone and target, intervention field and performance indicators pursuant to Article 14 of Regulation [Performance Regulation] to which the operation contributes and the progress in achievements and for each indicator;

(xiv) for CAP interventions referred to in Article 35(1): the eligible area, the farming practices covered where applicable, whether this farming practice is newly implemented, the agricultural sector, group of farmers or area targeted, the type of area supported the area or number of animals or capital insured, the category of investments, the type of training;

(xv) information on whether the financial instrument is combined with programme support in the form of grants within the meaning of Article 71;

(xvi) information on whether the financial instrument operation is implemented across consecutive programming periods concerned below: the 2021-2027 programming period and post- the 2027-2034 programming period;

(xvii) where the financial instrument is organised through a holding fund, information about the body implementing a specific fund under the holding fund

(xviii) in relation to financial instrument operations, the amount of private and public resources mobilised in addition to the Funds, by product: loans; guarantees; equity of quasi-equity; grants within a financial instrument operation.

(f) on Community-Led Local Development, in relation to each Local Action Group (LAG):

(i) number of members by category, number of members in decision making by category and gender, inclusion of young people in decision-making;

(ii) Number of actions implemented by type of beneficiary and by area, number of actions with innovation; amount of Union contribution committed and paid to actions for capacity building and preparatory actions, and for the management, monitoring and evaluation of the strategy and its animation;

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(iii) Support of LAG provided for regional development, employment and social policy, or for the development of coastal and aquaculture communities;

(g) on each EIP-AGRI operational group:

(i) title of the project; project coordinator and partner(s): type of partner, name, address, email and telephone; start and end date, objectives and nature of the project; key thematic areas addressed; territorial scope, geographical location; 'practice abstract(s)' with main findings of the project; project contribution to CAP specific objectives; final report.

(ii) if applicable, funding source(s) additional to Union contribution and cofinancing.

2. Member States shall make available to the Commission the information referred to in paragraph 1 two times per year via automatic data exchange arrangements.

3. In relation to the data referred to in paragraph 1 related to the CAP interventions , the Member States shall make available to the Commission annually at the latest by 31 October of the year N the information concerning area and animal-based payments made in claim year N-1, sectoral interventions implemented in calendar year N-1, and any other interventions as appropriate.

4. Member States shall set up their systems for collection of data in a digital-ready and interoperable way based on the principle that data is collected only once and re-used. Member States shall ensure that beneficiaries, recipients, final recipients, contractors and sub-contractors are to the extent possible not confronted with duplication of data requests, have access to all relevant data related to them and can easily reuse these data to complete and submit applications. Whenever possible, Member States shall re-use existing registers and databases.

5. The Commission is empowered to adopt delegated acts in accordance with Article 86 [Exercise of the delegation] to amend the data categories set out in paragraph

Article 64
Transparency

1. The Member State shall, within six months of the adoption of the Council decision referred to in Article 23 [Commission proposal and Council implementing decision], ensure that a website is operational where information on support under this Regulation is available, covering the Plan's objectives, activities, available funding opportunities and achievements.

2. The Member State shall ensure the publication of the information set out in Article 63(1) [Data collection and recording] on the website referred to in paragraph 1 of this Article, subject to the protection of personal data and the exceptions listed in paragraph 5 of this Article. The information shall be updated at least every six months.

By way of derogation from the first subparagraph, as regards CAP interventions referred to in Article 35(1), Member States shall ensure by 31 May of the year N+1 the publication of the

information referred to in Article 63(3) [Data collection and recording], with the exception of the data referred to in points (a)(iv), (a)(ix) and (e)(xiv) of paragraph 1 of that Article.

The Member State shall also ensure the publication on that website of the elements referred to in Article 12(4) of Regulation (EU) [Performance Regulation] in relation to calls for proposals and tenders under the Fund, as well as a timetable of the planned calls for proposals under the Fund, with those elements, that is updated at least two times a year.

The information shall be in the official language or languages of the Member State and/or in either English, French or German, and shall remain available on the website for two years from the date of its initial publication. The data published on the website referred to in paragraph 1 shall be in a digital-ready, open, interoperable and machine-readable format, which allows data to be sorted, searched, extracted, compared and reused.

3. The Member State shall, before publication takes place in accordance with paragraph 2, inform the beneficiaries and request them to inform recipients, final recipients, contractors and subcontractors that the data will be made public.

4. The Commission shall publish the data as referred to in paragraph 2 of this Article on the centralised website referred to in Article 12 [Single Gateway] of the Regulation [Performance Regulation].

For the purposes of the first subparagraph, the Commission shall publish the share of the Union contribution in the amounts referred to in Article 63 [Data collection and recording]. The Union contribution shall be established by multiplying the amounts referred to in Article 63 [Data collection and recording] to the co-financing rate applicable to the associated Chapter of the Plan. Amounts in currency other than euro shall be converted to euro by using the monthly accounting exchange rate referred to in Article 19(3) of Regulation (EU, Euratom) 2024/2509.

5. Information shall not be published where Union law or national law excludes such publication for reasons of security, public order, criminal investigations, or where the information falls under points a) to d) of Article 38(3) of the Regulation (EU, Euratom) 2024/2509.

Information on name and surname of farmers shall not be published if the amount received by them in one year is equal to or less than EUR 2500.

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CHAPTER II
RULES ON PAYMENTS

Article 65
Submission and assessment of payment applications

1. Payments by the Commission shall be made in accordance with the budget appropriations and subject to the available funding.

2. The Member States shall submit to the Commission a payment application in accordance with the template set out in Annex XI [template for payment application]. The amounts included in a payment application shall correspond to the amounts justified by the fulfilment of milestones and targets or corresponding outputs for other interventions, in accordance with the decision approving the Plan and based on the evidence collected and verified by the Member State.

3. In assessing the fulfilment of milestones and targets, the Member State shall evaluate each milestone and target in its entirety, taking into account its wording, underlying purpose, and context, pursuant to Annex VIII [Assessment guidelines on the satisfactory fulfilment of milestones and targets under the Fund].

4. Payment applications shall be submitted by the Member States to the Commission in accordance with the template set out in Annex XI up to six times a year by 31 October.

5. Payment applications shall not be admissible if the latest assurance package due has not been submitted yet in accordance with Article 59 [annual assurance package] and until such time that it is submitted.

6. Subject to available funding, the Commission shall make the payment within 60 days of the date on which it receives a payment application. Amounts may be paid in one or more instalments.

7. The cumulative total amount of pre-financing and payments made shall not exceed 95 % of the contribution from the Funds to the Plan. When this ceiling is reached, the coordinating authority shall continue transmitting to the Commission payment applications. Without prejudice to the provisions of Articles 66, 67 and 68, the Commission shall pay the final balance no later than 10 months after the receipt of the documents for the last year of implementation.

8. The Commission is empowered to adopt a delegated act in accordance with Article 86 to amend Annexes VIII and IX [on the payment application and the fulfilment of milestones and targets].

Article 66
Time limits and interruption of the payment deadline

1. Where a time limit is set for the Commission to take any action towards Member States, that time limit shall start when all information in accordance with the requirements laid down in this Regulation has been submitted by the Member State.

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

3. Taking into account the information at its disposal and the principle of proportionality, the Commission may interrupt the payment deadline for a maximum period of six months or, in respect of loan support, take any measure available under the loan agreement, where any of the following conditions is met:

(a) that information suggests a serious non-compliance of a Member State with the obligations laid down in Article 58 [responsibilities of Member States], for which corrective measures have not been taken;

(b) the Commission intends to carry out verifications in particular to determine if one or more milestone or target or output included in a payment application has not been fulfilled or achieved;

(c) a milestone or a target, for which a payment has been disbursed, may have been reversed pursuant to Article 69 [reversals].

4. The Commission shall inform the Member State concerned of the reasons for the interruption in writing and, where relevant, shall request it to remedy the situation.

Article 67
Suspension of payments

1. The Commission may suspend all or part of the payments, or, in respect of loan support, take any measure available under the loan agreement, taking into account the principle of proportionality, in any of the following cases:

(a) the Member State has failed to take the corrective measures to remedy the situation giving rise to an interruption under Article 66(3) [interruption], point (a);

(b) there is a serious non-compliance with the obligations laid down in Article 58 [Responsibilities of Member States], for which corrective measures have not been taken;

(c) one or more milestone or target or output included in a payment application has not been fulfilled or a milestone or a target, for which a payment has been disbursed, has been reversed pursuant to Article 69 [reversals];

(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 effective implementation of the measures.

(e) the Council has decided that a Member State:

(i) has not taken effective action to correct its excessive deficit, unless the Council has adopted a recommendation under Article 25 of Regulation (EU) 2024/1263 of the European Parliament and of the Council in the event of a severe economic downturn in the euro zone or the Union as a whole;

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(ii) has not taken corrective action to correct its excessive imbalances, unless the Council has adopted amendments to its recommendation under Article 9(4) of Regulation (EU) No 1176/2011 of the European Parliament and of the Council;

(iii) has decided that a Member State does not comply with the policy requirements contained in the macroeconomic adjustment programme referred to in Article 7 of Regulation (EU) No 472/2013 of the European Parliament and of the Council for reasons within the control of the Member State concerned.

(f) the Commission has concluded that a Member State does not comply with the adjustment programme and Memorandum of Understanding referred to in Articles 3 and 3a of Council Regulation (EC) No 332/2002.

2. Before taking a decision on a suspension, the Commission shall inform the Member State of its conclusions and give the Member State the opportunity to present, within two months, its observations on the Commission's assessment. The deadline may be extended if mutually agreed. The Commission shall take into account all relevant information and observations provided by the Member State before taking a decision on the suspension.

3. The Commission shall lift the suspension when the Member State has taken corrective measures remedying the elements referred to in paragraph 1. Such measures may include the amendment of the Plan inserting additional conditions for payment.

Article 68
Financial corrections by the Commission

1. The Commission shall apply financial corrections to reduce proportionately the Union financial contribution and, where applicable, recover from the Member States any amount due to the Union budget, or, in respect of loan support, take any measure available under the loan agreement, where it determines that one of the following situations exists:

(a) the Member State concerned has not taken the necessary measures referred to in Article 67(2) [Suspension of payments] and where payments have been suspended for at least six months;

(b) there is fraud, corruption or conflicts of interests affecting the financial interests of the Union, which was not detected and reported and corrected by the Member State;

(c) there is a serious non-compliance with the obligations laid down in Article 58 [Responsibilities of Member States], for which corrective measures were not taken by the Member State;

(d) amounts were paid out for an unfulfilled milestone or target or unachieved output, which was not detected and reported by the Member State and corrective measures have not been taken by the end of the Plan; where a Member State reports such findings to the Commission, the suspension procedure set out in Article 67(1), point (c), (Suspension of payments) applies;

(e) a milestone or target, for which a payment has been disbursed, has been found to be reversed after the last payment made under the Plan and corrective measures were not taken by the end of the Plan.

2. When deciding on the amount of the financial correction, the Commission shall respect the principle of proportionality and shall take into account the seriousness, frequency and financial implications of the deficiencies listed in paragraph 1. It shall as much as possible correspond to the actual financial loss or risk for the Union budget. Where the actual level of undue payments, and the amount of financial damage suffered by the Union, cannot be determined by the Commission with reasonable effort, the Commission may determine the amount by applying extrapolated or flat-rate corrections in accordance with Annex XIV [Determination of the level of flat-rate financial corrections].

In case of an unfulfilled milestone or target, which was not detected and reported by the Member State, as referred to in paragraph 2, point (d), the value of the correction applied by the Commission shall be determined in proportion to the part which is unfulfilled.

Where a final milestone or target of a given measure was not fulfilled, the value of the correction applied by the Commission shall be determined in proportion to the implementation of the measure, taking into account the previous payments made.

3. 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 two months, its observations on the Commission's assessment. The deadline may be extended if mutually agreed. The Commission shall take into account all relevant information and observations provided by the Member State before taking a decision on the application of the financial correction.

4. Without prejudice to paragraph 1, the Commission shall reduce proportionately the support and recover any amount due to the Union budget in all cases affecting the financial interests of the Union or the achievement of milestones and targets that have not been corrected by the Member State or serious non-compliance with the key requirements mentioned in Annex IV [key requirements], or with the obligations laid down in Article 58 [Responsibilities of Member States] that was not corrected by the Member State by the submission of assurance package in the final accounting year.

5. Where following the amendment of a plan, a measure for which amounts were disbursed for completed milestones or targets, is removed, amounts previously disbursed shall be recovered without reducing the Union financial contribution and reprogrammed towards other measures.

Article 69
Durability and Reversals

1. The Member State shall ensure that the fulfilment of any of the relevant milestones and targets remains ensured for at least five years after the date of the Commission payment corresponding to the achievement of the milestone or target.

2. Where the Commission considers that the requirements laid down in paragraph 1 have not been respected, or where the Member State informs about the reversal in the assurance package, the Commission shall follow the procedures referred to in Articles 66, 67, 68 [interruption, suspension of payments, correction].

3. Paragraphs 1 and 2 shall not apply to investments under the specific objectives laid down in Article 3, point (c), which are not investments in infrastructure unless they are subject to an obligation of maintenance of investment under State aid rules or where such obligation of maintenance is set out in the Plan.

4. Operations supporting relocation shall not be eligible.

Article 70
Integrated Administration and Control System (IACS)

1. Each Member State shall set up and operate an integrated administration and control system (the 'integrated system'). It shall apply to the interventions listed in Article 35(1), points (a) to (g).

2. To the extent necessary, the integrated system shall also be used for the management of [farm stewardship] referred to in Article XX of Regulation XX [CAP], and in all appropriate cases to the measures referred to in Title VI [provisions on support for outermost regions].

3. The integrated system shall comprise the following elements:

   (a) an agriculture monitoring system (AMS). The AMS is a procedure of regular and systematic observation, tracking and assessment of agricultural activities and practices by technological means, including Copernicus Sentinels satellite data;

   (b) a geo-spatial and animal-based application system (GSA). The GSA is a digital application tool for the beneficiary to declare agricultural activities and practices of the holding;

   (c) a land parcel identification system (LPIS);

   (d) a system for the identification and registration of animals;

   (e) a system for the identification of beneficiaries of the interventions listed in paragraphs 1 and 2;

   (f) a control and penalty system. Member States shall annually carry out administrative checks on the aid application and payment claims to verify legality and regularity. Those checks shall be supplemented by on-the-spot checks, which may be executed remotely with the use of technology. However, Member States may choose not to carry out on the spot checks where the eligibility conditions of measures are monitored under the agriculture monitoring system referred to in point (a) of this Article.

4. Member States shall annually assess the quality of the elements of the integrated system referred to in paragraph 3, points (a), (b) and (c), in accordance with the methodology set up at Union level.

Where the assessment reveals deficiencies in the elements of the integrated system, Member States shall adopt appropriate remedial actions or, failing that, shall be requested by the Commission to set up a roadmap detailing the timeline for implementing the outstanding remedial actions.

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An assessment report and, where appropriate, the remedial actions and the timetable for their implementation shall be submitted to the Commission by 15 February following the calendar year concerned.

5. The Commission shall supply the satellite data, required for the agriculture monitoring system, free of charge to the authorities competent for the agriculture monitoring system or to suppliers of services authorised by those authorities to represent them. For the purpose of the quality assessment of the integrated system referred to in paragraph 4, the Commission shall provide them, free of charge, the necessary Very High Resolution imagery. The Commission shall remain the owner of the satellite data and imagery.

6. Without prejudice to the responsibilities of the Member States for the implementation and application of the integrated system Member States shall establish the European land monitoring system. It shall provide information to farmers to support sustainable management of their holdings. Furthermore, it shall provide data for CAP policy development and monitoring, and promote sharing of farm sustainability data.

7. The European land monitoring system shall comprise at least the data related to the elements of the integrated system referred to in paragraph 3 and, where applicable, data shared by farmers with public authorities in accordance with Article 10 of Regulation (EU) 202X/XXXX [CAP Regulation]. The Member States may provide additional services to enhance the European land monitoring system with other sources of information to the benefit of the farmers.

8. Where necessary to ensure that the integrated system provided for in this Chapter is implemented in an efficient, coherent and non-discriminatory way which protects the financial interests of the Union, the Commission is empowered to adopt delegated acts in accordance with Article 87, supplementing this Regulation with:

   (a) rules on the methodology set up at Union level for the annual quality assessment of the elements of the integrated system, referred to in paragraph (3), points (a), (b) and (c);

   (b) rules on the LPIS, referred to in paragraph 3, point (c).

9. The Commission may adopt implementing acts laying down rules on:

   (a) the form and content of, and arrangements for transmitting or making available to the Commission of:

      (i) the assessment report referred to in paragraph (4);

      (ii) the remedial actions provided by Member States;

   (b) basic features of, and rules on:

      (i) AMS;

      (ii) GSA;

      (iii) LPIS

(iv) the European land monitoring system.

10. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 87(3) [*committee procedure, examination procedure*].

TITLE XI
SPECIFIC TYPE OF SUPPORT

Article 71
Financial instruments

11. Member States may include in their Plans support to existing or newly created financial instruments implemented directly by, or under the responsibility of, the managing authority.

12. The use of financial instruments and their possible combination with grant support shall be justified with regard to the corresponding market needs and their capacity to de-risk and leverage private capital. The estimated costs of a financial instrument shall be established in accordance with paragraph 11.

13. Member States shall select bodies implementing financial instruments. Where a financial instrument is implemented by a holding fund, the body implementing the holding fund shall select bodies implementing specific funds through transparent procedures.

14. Management fees shall be performance based.

Where bodies implementing a holding fund are selected through a direct award of contract the amount of management fees shall be subject to a ceiling of up to 7% of the financial contribution of the Plan for equity or quasi-equity products and up to 5% for any other financial products.

Where bodies implementing a specific fund are selected through a direct award of contract the amount of management fees shall be subject to a ceiling of up to 15% of the financial contribution of the Plan for equity or quasi-equity products and up to 7% of the financial contribution of the Plan for any other financial products.

15. Member States may directly award a contract for the implementation of a financial instrument to the following beneficiaries:

(a) the EIB group

(b) international financial institutions in which a Member State is 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:

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(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) it 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) it 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) it operates without primarily focusing on maximising profits, but ensures a long-term financial sustainability for its activities;

(v) it ensures that the direct award of a contract referred to in paragraph 4 does not provide any direct or indirect benefit for commercial activities by way of appropriate measures in accordance with applicable law;

(vi) it is subject to the supervision of an independent authority in accordance with applicable law,

(d) other bodies fulfilling the conditions laid down in the Article 12 of Directive 2014/24/EU of the European Parliament and of the Council[19] apply.

16. Financial instruments may be combined with the support in the form of grants in a single financial instrument operation in 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 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. Separate records shall be kept for each type of support.

17. Final milestones and targets in measures implemented as financial instruments shall require the support to have been provided to final recipients.

18. For activities falling within the scope of Article 42 TFEU, the total amount of support for working capital provided to a final recipient shall not exceed a gross grant equivalent of EUR 300 000 over any period of three fiscal years. The same ceiling shall apply for the maximum

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[19] 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, ELI: http://data.europa.eu/eli/dir/2014/24/oj).

amount of aid provided through financial instruments to a given project by young farmer, including for setting-up.

19. Grants shall not be used to reimburse support received from financial instruments. Financial instruments shall not be used to pre-finance grants.

20. 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 principles of sound financial management. Interest and other gains attributable to support from the Fund paid to financial instruments shall be used for the same objective, as the initial support from the Funds, including for the payments of management fees incurred by the bodies implementing the financial instrument 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. Any interest and other gains not used in accordance with the previous sentence shall be deducted from the overall support.

21. The estimated costs of a financial instrument shall be established on the basis of the targeted volume of the proposed financial products and the corresponding management fees. The following categories may also be included as part of the estimated costs of financial instruments:

(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 on the basis of a multiplier ratio established for the respective underlying disbursed new loans or equity investments in final recipients;

(c) payments to, or for the benefit of, final recipients where financial instruments are combined in a single financial instrument operation in accordance with paragraph 5 of this article.

(d) management fees incurred by the bodies implementing the financial instrument.

(e) Arrangement fees, or any part thereof, charged to final recipients, shall not be included in the estimated costs.

22. 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 Fund, 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 Fund contribution to the financial instrument resulting from negative interest, if such losses occur despite active treasury management, or for any management fees associated to such further investments, taking into account the principle of sound financial management.

Member States shall adopt the necessary measures to ensure that during a period of eight years after the end of the eligibility period the resources returned are re-used in accordance

with the objectives of the Plan, either within the same or in other financial instruments or in other forms of support.

Article 72
Management verifications and audits of financial instruments

1. The managing authority shall carry out on-the-spot management verifications in accordance with Article 51 [functions of the managing authority] only at the level of bodies implementing the financial instrument. The managing authority may rely on verifications carried out by external bodies and may not carry out on-the-spot management verifications, provided that it has sufficient evidence of the competence of these external bodies. In the context of guarantee funds, the managing authority may carry out on-the-spot management verifications at the level of the bodies providing support to final recipients if the evidence of functioning of the management and controls is not available at the level of the body implementing the financial instrument or of the managing authority.

2. The audit authority shall carry out audits in accordance with Article 53 [functions of the audit authority], as appropriate, at the level of bodies implementing the financial instrument. 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. In the context of guarantee funds, the bodies responsible for the audit may conduct audits of the bodies providing support to final recipients if the evidence of support are not available at the level of the body implementing financial instrument or of the managing authority.

3. Managing authorities and audit authorities may rely on the results of the Pillar Assessment conducted in accordance with Article 157 of Regulation (EU, Euratom) 2024/2059.

4. The managing authority shall not carry out on-the-spot management verifications at the level of the EIB group, other international financial institutions in which a Member State is a shareholder.

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

6. The EIB, 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. The report shall constitute the basis for the audit authority's work.

7. System audits shall not be performed at the level of individual financial instrument operations.

8. The audit trail shall be available at the level of the bodies implementing financial instruments or at the level of the bodies providing support to final recipients in the context of guarantee funds.

Article 73

Management verifications and audits for ex-ante assessed entities as beneficiaries

1. This Article applies where a beneficiary is an entity referred to in Article 62(1), first subparagraph, point (c) of Regulation (EU, Euratom) 2024/2059, whose systems, rules and procedures have been positively assessed ex-ante by the Commission pursuant to Article 157(4) and (7) of that Regulation.

2. Managing authorities and audit authorities may rely on the results of the ex-ante pillar assessment carried out by the Commission in accordance with Article 157 of Regulation (EU, Euratom) 2024/2059, taking into account supervisory measures referred to in the third paragraph of that Article.

3. For the purposes of the annual assurance package referred to in Article 58, the managing authority shall require the ex-ante assessed entities to provide documents on the implementation of the Union support, that may be equivalent to those referred to in Article 158(1) of Regulation (EU, Euratom) 2024/2059, including a management declaration confirming that the conditions for the use of the Union support have been met.

4. The managing authority may rely on verifications carried out by external bodies at the level of an ex-ante assessed entity and, subject to paragraphs 4 and 5, may decide not to carry out on-the-spot management verifications at the level of that entity, provided that it has sufficient evidence of the competence of those external bodies.

5. The managing authority shall carry out on-the-spot management verifications at the level of an ex-ante assessed entity where:

   (a) that managing authority identifies a specific risk of irregularity, including a suspicion of fraud, corruption or conflicts of interest with respect to an operation initiated or implemented by an ex-ante assessed entity;

   (b) that managing authority identifies a specific risk that the Union support provided has not been properly used or that the use of the funding in the implementation of the plans does not comply with applicable law.

6. Audits and controls carried out at the level of an ex-ante assessed entity 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.

7. Where the audit authority identifies a specific risk of irregularity, including a suspicion of fraud, corruption or conflicts of interest with respect to an operation initiated or implemented by an ex-ante assessed entity, it may carry out audits.

Article 74

Territorial and local cooperation initiatives

1. Member States may establish, and provide support for cooperation in the following areas:

   (a) integrated territorial and urban development

(b) community-led local development, including LEADER, and other citizens-led initiatives;

(c) smart-village strategies,

(d) projects of the EIP-AGRI operational groups referred to in Article 19(2) [EIP] of Regulation XX [CAP];

(e) quality schemes recognised by the Union or by the Member States, and their use by farmers;

(f) support producer groups, producer organisations or interbranch organisations;

(g) promote and support intergenerational cooperation, including farm succession;

(h) support other forms of cooperation contributing to the specific objectives.

2. That cooperation referred to in paragraph 1 shall involve at least two actors and shall contribute to achieving one or more of the specific objectives laid down in Article 3 [specific objectives].

3. Member States shall limit the support for setting-up of producer groups, producer organisations or interbranch organisations to 10 % of the turnover of the group or organisation with a maximum of EUR 100 000 per year; that support shall be degressive and limited to the first five years following recognition or the start of joint activities intended to lead to recognition as determined by Member States in the Agriculture chapter of their Plans.

Article 75
Integrated territorial and urban development`

1. Support for territorial development shall be based on integrated territorial development strategies, including via community-led local development, focused on urban areas, rural areas, islands, coastal areas, or any appropriate territorial area as well as smart specialisation or territorial just transition strategies, or strategies for decarbonisation developed with the support of Union instruments in the 2021 to 2027 period, taking account, where relevant, of a functional area and place-based approach. Corresponding milestones and targets shall be established in the Plan.

2. Integrated territorial development and urban development strategies shall:

(a) contribute to achieving the objectives laid down in Articles 2 and 3 [Objectives of the Plan];

(b) set out the geographical area and population covered by the strategy;

(c) provide an analysis of the development needs and a description of an integrated approach to address the identified development needs;

(d) set out key objectives with measurable targets;

(e) set out the involvement of partners in the preparation and implementation of the strategy.

3. Strategies implemented pursuant to this Article shall be selected by managing authority(ies) in view of providing support, including for its preparation. They shall be implemented under the responsibility of the relevant territorial or urban authorities or bodies, who shall select or be involved in the selection of operations.

Article 76
Community-led local development

1. Community-led local development shall:

   (a) focus on subregional areas, rural and coastal areas;

   (b) be designed and implemented by local action groups composed of representatives of public and private local stakeholders, in which no single interest group controls the decision-making;

   (c) be carried out through strategies in accordance with Article 75 [Integrated territorial and urban development], supportive of innovative features in the local context, networking and cooperation with other territorial actors

2. Support from the Fund for community-led local development shall cover:

   (a) capacity building and preparatory actions supporting the design of the strategy;

   (b) preparation and implementation of the operations selected under the strategy, including cooperation activities;

   (c) the management, monitoring and evaluation of the strategy and its animation, including the facilitation of exchanges between stakeholders and communication of the strategy and the Union.

3. When preparing and implementing community-led local development, the following tasks shall be carried out exclusively by the local action groups:

   (a) preparing the local development strategy;

   (b) building the capacity of local actors to develop and implement operations;

   (c) 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.

   (d) selecting operations;

   (e) monitoring progress towards the achievement of objectives and evaluating the implementation of the strategy;

   (f) communicating of the local development strategy and the role of Union in its support.

4. 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 77

Support under LEADER

1. Support provided through LEADER referred to in Article 18 of Regulation (EU) 202X/XXXX [CAP Regulation] shall comply with the following requirements:

   (a) the use of simplified cost options shall be mandatory for the costs of operation of the LEADER local action groups;

   (b) support for projects carried out in accordance with the LEADER local development strategies not exceeding EUR 20 000 shall be provided in the form of lump sums and may be differentiated in accordance with objective and non-discriminatory criteria;

   (c) support to rural business start-ups for non-agricultural activities in rural areas may be provided in the form of lump sums up to maximum EUR 100 000 and may be differentiated in accordance with objective and non-discriminatory criteria;

   (d) the use of simplified cost options shall be encouraged for projects implemented under the LEADER local development strategies.

2. The support provided under this Article may cover the costs of the preparation of the local development strategies or the costs of operations implemented or a combination of both. Member States shall ensure that the costs of operations comply with the requirements laid down for the relevant types of interventions laid down in this Regulation.

Article 78

Use of simplified form of support towards the beneficiaries

1. Unless provided otherwise in this Regulation, where the total estimated cost of an operation does not exceed EUR 400 000, the public support provided to the beneficiary by the Member State shall take the form of financing not linked to cost or, a unit costs, lump sums or, flat rate, except for operations for which the support constitutes state aid.

3. For operations supported under interventions referred to in Article 34(1) [Types of interventions], the requirements of the first sub-paragraph shall apply only to those operations of which the total cost does not exceed EUR 100 000.

Article 79

Conditions for measures which include operations with phased implementation

1. Member States may support measures where the underlying operation(s) consist of the second phase of an operation already selected for support and started under Regulation (EU) No 2021/1060, provided that all the following conditions are met:

   (a) the operation, as selected for support under Regulation (EU) 2021/1060, 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) the costing for the measure exclusively takes into account costs for which expenditure has not been included in a payment application in relation to the first phase;

(d) the second phase of the operation complies with applicable law and is eligible for support under this Regulation;

(e) the Member State establishes milestones and targets for the second and final phase of the operation.

2. This Regulation shall apply to the measure for which the second phase of the operation is included.

TITLE XII
SOCIAL CLIMATE FUND AND MODERNISATION FUND

Article 80
Social Climate Plan chapter

1. The Plan submitted to the Commission in accordance with Article 21 (preparation and submission of the Plan) shall include the measures and investments contained in the Social Climate Plan submitted by the Member State under Regulation (EU) 2023/955 in a separate Social Climate Plan chapter.

2. Eligible measures and investments included in the Social Climate Plans shall continue to be eligible under the Plan, subject to Article 7 [horizontal principles].

3. The rules laid down in this Regulation shall apply to the Social Climate Plan chapter.

4. By derogation from paragraph 3, a Member State may choose to continue implementing its Social Climate Plan chapter under the rules laid down in Regulation (EU) 2023/955. In case of doubt about the application between Regulation (EU) 2023/955 and this Regulation, Regulation (EU) 2023/955 shall prevail, without prejudice to Articles 6, 8 and 9 of this Regulation.

5. The national contribution set out in Article 15 of Regulation 2023/955 shall continue to apply to the Social Climate Plan chapter.

6. Member States may, when preparing or amending their National and Regional Partnership Plans, programme all or part of their available resources under the Social Climate Fund to other measures contributing to the objectives laid down in Article 3, point (c)(vi), including through measures set out in Article 8 of Regulation (EU) 2023/955, within their Social Climate Plan chapter.

Article 81
Transfer of resources

[Member States may request in their initial Plan to transfer amounts from their 2026 and 2027 allocations under the Social Climate Fund. Such amounts shall be programmed within their Social

Climate Plan chapters. These amounts shall constitute external assigned revenue in accordance with Article 21(5) of Regulation (EU, Euratom) 2024/2509 and contribute to the objectives laid down in Article 3, point (c)(iv), including through measures set out in Article 8 of Regulation (EU) 2023/955.]

Article 82
Synergies with the Modernisation Fund

1. Investments supported within the framework of the Modernisation Fund shall be designed and implemented with the aim of ensuring consistency and synergies with the measures of the NRP Plan.

2. When preparing their NRP Plans, Member States benefitting from the Modernisation Fund shall describe the investments they plan to submit to the investment committee set out in paragraph 5 of Article 10d of Directive 2003/97/EC over the next 3 years and provide an explanation of the synergies with the measures of the NRP Plan.

3. Member States shall provide an explanation of how the investments it plans to finance under the Modernisation fund have been designed taking into account the policy the expected synergies between existing and future Modernisation Fund investments and the reforms and investments of the NRP Plan.

Article 83
Amendments to Regulation (EU) 2023/955

Regulation (EU) 2023/955 is amended as follows:

(1) Article 10 is replaced by the following:

'Article 10
Resources of the Fund

1. A maximum amount of EUR 65 000 0000 for the period from 1 January 2026 to 31 December 2032 in current prices shall be made available, in accordance with Articles 10a(8b), 30d(3) and 30d(4) of Directive 2003/87/EC, for implementation of the Social Climate Plans. That amount shall constitute external assigned revenue for the purposes of Article 21(5) of Regulation (EU, Euratom) 2018/1046, without prejudice to Article 30d(4), sixth subparagraph, of Directive 2003/87/EC.

The annual amounts, within the limit of the maximum amount laid down in the first subparagraph of this paragraph, shall not exceed the amounts referred to in Article 30d(4), fourth subparagraph, of Directive 2003/87/EC.

[Amounts for the years 2028 to 2032 shall be made available for the implementation of the investments and measures of the Social Climate Plan under the National Regional

Partnership Plans in accordance with Article 27a of this Regulation and Article 20 of Regulation XXX [NRPP Regulation] for the period from 2028 to [2032].

Where the emission trading system established in accordance with Chapter IVa of Directive 2003/87/EC is postponed until 2028 pursuant to Article 30k of that Directive, the maximum amount to be made available shall be EUR 54 600 000 000 and the annual amounts allocated shall not exceed the respective amounts referred to in the Article 30d(4), fifth subparagraph, of Directive 2003/87/EC.

2. By way of derogation from Article 22(2) of Regulation (EU, Euratom) 2018/1046 and without prejudice to Article 19 of this Regulation, commitment appropriations covering the relevant annual amount, referred to in paragraph 1 of this Article shall be made available automatically at the beginning of each financial year, starting from 1 January 2026, up to the relevant applicable annual amounts referred to in the second and fourth subparagraphs of paragraph 1.

3. The amounts referred to in paragraph 1 may also cover expenses pertaining to preparatory, monitoring, control, audit and evaluation activities which are required for the management of the Fund and the achievement of its objectives, in particular studies, meetings of experts, consultation of stakeholders, information and communication actions, including inclusive outreach actions, and corporate communication of the political priorities of the Union, insofar as they are related to the objectives of this Regulation, expenses linked to IT networks focusing on information processing and exchange, corporate IT tools, and all other technical and administrative assistance expenses incurred by the Commission for the management of the Fund. Expenses may also cover the costs of other supporting activities such as quality control and monitoring of projects on the ground and the costs of peer counselling and experts for the assessment and implementation of the eligible actions.

(2) The following Article 27a is inserted

'Article 27a
Social Climate Plans and National and Regional Partnership Plans

1. Member States shall include in National and Regional Partnership Plans to be submitted in accordance with Article 21 of Regulation XXX [NRPP Regulation] the investments and measures of Social Climate Plans prepared and adopted in accordance with this Regulation in a separate chapter, as set out in Article 80 of Regulation xx [NRPP Regulation].

2. The rules of Regulation XXX [NRPP Regulation] shall apply to the Social Climate Plan chapter.

3. By derogation from paragraph 3, a Member State may choose to continue implementing its Social Climate Plan chapter under the rules of this Regulation. In case of doubt about the application between Regulation XXX [NRPP Regulation] and

this Regulation, this Regulation shall prevail, with the exception of Articles 6, 8, and 9 of Regulation XXX [NRPP Regulation].

4. Without prejudice to outstanding payment requests submitted by the Member State to the Commission under Article 20 of this Regulation, upon adoption of the implementing decision referred to in Article 23 [Commission proposal and Council implementing decision] approving the National and Regional Partnership Plan, the Commission shall amend or terminate the agreement set out in Article 19 of this Regulation, in case such an agreement has been concluded with Member States.'

TITLE XI
INSTITUTIONAL AND FINAL PROVISIONS

CHAPTER 1
Competition rules for the agricultural, fisheries and aquaculture sectors

Article 84
Rules applying to undertakings

Where support is granted through CAP interventions referred to in Article 35(1) of Regulation (EU) 202X/XXXX [CAP Regulation] to forms of cooperation between undertakings, it may be granted only to such forms of cooperation which comply with the competition rules provided for in Regulation (EU) No 1308/2013.

Article 85
State aid

1. Save as otherwise provided for in this Article, Articles 107, 108 and 109 TFEU shall apply to support under this Regulation(EU) 202X/XXXX [CAP Regulation] and Regulation (EU) No 1308/2013 in relation to types of interventions laid down in Part II, Title I, Chapter IIa of that Regulation or to aid granted by Member States to undertakings in the Union fishery and aquaculture sector;

2. Articles 107, 108 and 109 TFEU shall not apply to support paid by Member States pursuant to and in accordance with this Regulation and to the national contribution to eligible costs provided by Member States for the CAP interventions referred to in Article 35(1), points (d) to (f) and (h) to (r) or to the additional national financing provided for CAP interventions referred to in Article 35(1), points (d) to (f) and (h) to (r), falling within the scope of Article 42 TFEU or to aid granted by Member States to undertakings in the Union fishery and aquaculture sector, falling within the scope of Article 42 TFEU.

3. Support provided by Member States referred to in paragraph 1 in relation to operations falling within the scope of Article 42 TFEU that is intended to provide additional financing for interventions referred to in Article 35(1), points (d), (e), (f) and (h) to (r), of this

Regulation for which Union support is granted at any time during the Plan period may only be made if it complies with this Regulation, Regulation (EU) …[CAP Regulation] and Regulation (EU) No 1308/2013 and set out in the NRP Plan.

4. Member States shall not provide additional national financing for interventions referred to in Article 35(1), points (a), (b), (c) and (g), of this Regulation.

5. For the agricultural, fishery and aquaculture products covered by Annex I to the TFEU, to which Articles 107, 108 and 109 thereof apply, the Commission may authorise, in accordance with Article 108 TFEU, operating aid in the sectors producing, processing and marketing those products, with a view to alleviating the specific constraints on farming, fisheries and aquaculture production in the outermost regions and the smaller Aegean islands as a result of their isolation, insularity, small size and extreme remoteness.

Member States may grant additional financing for the implementation of interventions in outermost regions and smaller Aegean islands pursuant to this Regulation. In such cases, the Member States shall notify the additional financing to the Commission and the Commission may approve it in accordance with this Regulation as part of the Plans**.** Thus, aid notified shall be regarded as notified within the meaning of the first sentence of Article 108(3) TFEU.

6. By way of derogation from Article 211 of Regulation (EU) No 1308/2013 and Article 3 of Council Regulation (EC) No 1184/2006[20], Articles 107, 108 and 109 TFEU shall not apply to payments to support local agricultural production and specific supply arrangements made by Member States in accordance with this Regulation.

CHAPTER 2
Delegation and committee procedure

Article 86
Delegation of powers as regards amendments of certain Articles and Annexes

The Commission is empowered to adopt delegated acts in accordance with Article 87 [Exercise of delegation] to amend Articles 48 [Support for local agricultural, fisheries and aquaculture products], 58 [Responsibilities of Member States, reporting on irregularities], 62 [calculation of penalties for stewardship], 63 [data collection and recording], 70 [IACS], Annexes VIII [fulfilment of milestones and targets], IX [progress on implementation], XI [payment application], XV [Union actions], XIV

[20] Council Regulation (EC) No 1184/2006 of 24 July 2006 applying certain rules of competition to the production of, and trade in, agricultural products (OJ L 214, 4.8.2006, p. 7, ELI: http://data.europa.eu/eli/reg/2006/1184/oj).

[financial corrections], to this Regulation in order to adapt them to changes occurring during the programming period.

Article 87
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 Article 86 shall be conferred on the Commission for an indeterminate period of time from the date of entry into force of this Regulation.

3. The delegations of power referred to in Article 86 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 on 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 paragraph 5 shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of one month 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 one month at the initiative of the European Parliament or of the Council.

7. The empowerment conferred in Article 5(3) of Regulation (EU) No 1303/2013[21] on the Commission to adopt a delegated act to provide for a European code of conduct on partnership shall remain in force for the 2028-202X programming period. The delegation of power shall be exercised in accordance with Article 86 of this Regulation.

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[21] 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, ELI: http://data.europa.eu/eli/reg/2013/1303/oj).

Article 88
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.

3. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

CHAPTER 3
Regulation (EU, Euratom) 2024/2509

Article 89
Amendments to Regulation (EU, Euratom) 2024/2509

Article 63 of Regulation (EU, Euratom) 2024/2509 is amended as follows:

(1) in paragraph 5, point (a) is replaced by the following:

"(a) information, providing a true and fair view of the implementation progress during the reference period as defined in sector-specific rules, or their accounts on the expenditure that was incurred during the reference period as defined in sector-specific rules, in the execution of their tasks and that was presented to the Commission for reimbursement;"

(2) paragraph 6 is replaced by the following:

"6. The accounts referred to in paragraph 5, point (a), shall include pre-financing and sums for which recovery procedures are ongoing or have been completed. The information or the accounts referred to in paragraph 5, point (a), shall be accompanied by a management declaration confirming that, in the opinion of those in charge of the management of the funds:

(a) the information contained therein, including the information referred to in paragraph 5, point (a) is properly presented, complete and accurate;

(b) the expenditure was used for its intended purpose, or the amounts for which payment had been requested from the Commission were in line with the conditions for payment, as defined in sector-specific rules;

(c) the control systems put in place ensure the legality and regularity of the underlying transactions."

(3) in paragraph 7, the first subparagraph is replaced by the following:

"The accounts referred to in paragraph 5, point (a) or the information on the basis of which payment has been requested from the Commission, and the summary referred to in point (b) of that paragraph shall be accompanied by an opinion of an independent audit body, drawn up in accordance with internationally accepted audit standards. That opinion shall establish whether the control systems put in place function properly and ensure the legality and regularity of the underlying transactions and state whether the audit work puts in doubt the assertions made in the management declaration referred to in paragraph 6. It shall also establish whether the accounts or the information on the basis of which payment has been requested from the Commission give a true and fair view and whether the use of funds complies with applicable law or expenditure for which reimbursement has been requested from the Commission is legal and regular."

CHAPTER 4
Final provisions

Article 90
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 all Member States.

Done at Brussels,

For the European Parliament	*For the Council*
The President	*The President*

PUBLIC