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'I/A' ITEM NOTE

From:	Presidency
To:	Permanent Representatives Committee/Council
Subject:	Regulation establishing the European Fund for economic, social and territorial cohesion, agriculture and rural, fisheries and maritime, prosperity and security for the period 2028-2034 and amending Regulation (EU) 2023/955 and Regulation (EU, Euratom) 2024/2509 - Presidency progress report

I. INTRODUCTION

1. In July 2025, the Commission presented its package of proposals for the Multiannual Financial Framework (MFF) for the years 2028-2034. The legislative package includes a proposal for a regulation establishing a new European Fund for economic, social and territorial cohesion, agriculture and rural, fisheries and maritime, prosperity and security ('the Fund'). According to the proposal, the Fund will be implemented through National

and Regional Partnership Plans ('the Plans'). The proposed regulation on National and Regional Partnership ('NRP regulation') sets out the rules for programming, implementation, governance and monitoring, as well as the financial framework for interventions in the area of Cohesion Policy, Common Agriculture Policy, Common Fisheries Policy and Home Affairs. This progress report is drawn up under the responsibility of the Presidency, based on the discussions in the AHWP MFF sub-group for National and Regional Partnerships and is not binding for Member States.

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II. PROCESS IN THE COUNCIL

2. On 23 July 2025, Permanent Representatives Committee approved the mandate to establish a sub-group for National and Regional Partnerships (AHWP NRP) to the Ad Hoc Working Party for the Multiannual Financial Framework (AHWP MFF) 2028-2034. The AHWP NRP is mandated to negotiate the proposal on National and Regional Partnership Plans (NRPP) excluding the bracketed elements left for the discussions in the AHWP MFF.

3. Since the beginning of September, the Presidency organised 14 meetings of the AHWP NRP, allowing for a thorough first examination of the proposal.

4. To facilitate the work, the Presidency divided the proposal into thematic blocks reflecting the proposal's architecture. A presentation by the Commission and an in-depth examination of all non-bracketed provisions block by block took place during September and October. The discussions covered general provisions, programming, implementation, governance and monitoring, as well as the financial framework and the provisions related to the Common Agricultural Policy (CAP). The Commission replied to questions from delegations both orally and in writing.

5. Starting from November, the Commission presented replies to a second round of written questions and the Presidency organised exchanges of views guided by questions.

III. STATE OF PLAY OF THE NEGOTIATIONS IN THE COUNCIL AND THE WAY FORWARD

6. The Presidency noted a shared ambition among Member States to ensure timely implementation of the National and Regional Partnership Plans. Therefore, the Presidency prioritised further discussions on those thematic blocks of the proposal that are most relevant for this to happen.

Preparation, adoption and amendments of the Plans (block 5)

7. The exchanges of views related to these aspects focused on articles related to some of the most urgent elements for the preparation of the Plans. Delegations expressed preliminary positions on the requirements for the Plans, on the proposed involvement of the Council during their adoption and amendments, as well as on the proposed mid-term review.

8. Several delegations voiced concerns about the timely start of implementation of the Plans from 2028. Many delegations encouraged the Commission to issue guidelines, roadmaps and relevant documents for programming, notably the policy reference framework, in due time for preparation of the Plans.

9. Regarding the requirements for the Plans, a large number of delegations opposed the requirement to cover all specific objectives, referring to Member States' specificities and concern for fragmentation. Some delegations also called for proportionality between the size of the national envelopes and expectations towards addressing all the recommendations of the policy reference framework. A few delegations underlined the importance of ensuring EU added-value, while other delegations emphasised the need to address local, regional and country-specific challenges.

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10. Delegations' views diverged on the Council involvement in the adoption and amendments of the Plans. A few delegations expressed concerns on the involvement of the Council in the adoption of the Plan, while other delegations supported the proposal. Several delegations requested revised timelines for assessment by the Commission and the Council, citing concerns for timely adoption and heightened risk of delays during implementation. A number of delegations raised the continuity in providing direct income support to farmers under the Fund as a particularly relevant aspect. For unsubstantial amendments that do not trigger Commission or Council assessments, several delegations suggested applying a higher threshold than 5 %. A mid-term review of the Plans was supported by a large number of delegations, while a few did not see the need for it. Many delegations preferred a later deadline than March 2031 for the mid-term review.

Objectives and definitions (block 1)

11. The exchanges of views on this block were steered to focus on the scope of the specific objectives and their reflection of the Union's strategic priorities, including emerging priorities such as defence and competitiveness.

12. There was general support of the scope of the specific objectives of the Fund, although a group of delegations expressed the need to reflect the specific objectives of all Treaty-based policies sufficiently and visibly. Particularly a number of delegations raised concerns about the role of the Common Agricultural Policy in the National and Regional Partnership Plans and how to ensure a prominent status for the policy. A number of delegations highlighted the need to establish stronger coherence between general and specific objectives. A group of delegations called for a more coherent and streamlined list of specific objectives. Some delegations attached importance to specific objectives focusing on EU added value, while others highlighted the need to also take account of national circumstances and priorities.

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13. There was general support to the reflection of defence and competitiveness as emerging priorities to be addressed through the National and Regional Partnership Plans. A number of delegations highlighted that these emerging priorities should not replace treaty-based objectives. There was a broad call to ensure consistency and coherence between National and Regional Partnership Plans and other instruments, notably the European Competitiveness Fund and the Connecting Europe Facility.

Partnership principle and horizontal principles (block 2)

14. Exchanges on provisions about the partnership principle and horizontal principles showed broad support for the proposed scope of the multi-level governance and partnership principle. Many delegations stressed that regional and local partners are more than just partners and that this should be reflected in the regulation. A number of delegations called for reducing administrative burdens by using existing structures and ensuring proportionality. Several delegations welcomed the proposed derogations from the partnership principle in the fields of border management and internal security.

15. The proposal contains a number of horizontal principles of which delegations generally acknowledged the scope. Some delegations also suggested more focus on the territorial dimension. A number of delegations saw the need for guidance in a number of fields including the fields of 'do no significant harm' (DNSH), avoiding double funding and additionality of funding. Some delegations called for a horizontal approach to challenges in Eastern Border regions, while other delegations highlighted the need for a 360-degree approach to security challenges in the EU.

16. While there was broad support for the principles of respect for the Charter of Fundamental Rights and the rule of law, many delegations raised the need for clarification of the legal text.

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Governance, monitoring and audit (block 6)

17. Discussions concerning governance and monitoring of the Plan focused on how to best accommodate Member States' specific needs while ensuring simplification in the new governance model.

18. Many delegations were of the view that the proposal should go further in ensuring sufficient flexibility for governance and monitoring structures. Several delegations expressed a strong preference for ensuring continuation of existing, well-functioning structures. Many delegations emphasised the importance of avoiding overlaps between tasks of managing authorities, monitoring committees and coordinating levels and advocated a clear division of tasks.

19. In the exchange of views on monitoring arrangements, many delegations welcomed the preservation of the core role of the partnership principle, stakeholder involvement and multi-level governance in the proposal. Some Member States voiced concerns about the proposed coordinating committee, while several delegations recognised the merits of such a structure; a few delegations proposed to maintain the voluntary nature existing today. The existing balances in the setup of the monitoring committees should according to some delegations not be amended, while a few supported the proposal. A few delegations also voiced reservations towards the approval of strategies for territorial development in monitoring committees.

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20. On audit and the assurance framework, many delegations emphasised the need for clear and detailed rules on audit to avoid gold-plating and administrative burdens at the level of Member States. Many delegations highlighted enduring uncertainties about the obligations to verify underlying costs in the proposed new delivery model. Some delegations requested continuity for audit of interventions, and a few supported more proportional rules for beneficiaries in the field of CAP. On the obligation to use simplified cost options under a certain threshold, a few delegations advocated a lower threshold than EUR 400 000 for the Home Affairs funds, and some delegations supported exemptions for the Common Fisheries Policy or for situations where the administrative burden would increase, or favoured an entirely voluntary approach. For the deadline for submitting the assurance package, a few delegations requested a later date than 15 February. Some delegations called for guidance from the Commission on the assessment of milestones and targets.

IV. CONCLUSION

21. The Presidency considers that the Commission's proposal has proven to be a good basis for negotiations, providing a starting point for discussions concerning modernising and simplifying the disbursement of EU funds by reducing the complexity of the Union budget architecture, promoting synergies between policy areas and increasing flexibility for Member States. At the same time, the Presidency acknowledges that the proposal has given rise to concern in some areas, which should be taken into account in the future negotiations, particularly with a view to ensuring a timely agreement on the regulation and a timely start of the implementation in 2028.

22. The Presidency, therefore, encourages the Cyprus Presidency to take forward the work on the file, building on the discussions during the Danish Presidency on some of the elements that require urgent clarity for delegations when preparing and planning towards the adoption of the Plans.

23. In this regard, the Danish presidency specifically takes note of the call from a large number of Member States to assess whether certain relevant CAP-specific provisions should be moved from the NRPP regulation to the CAP regulation for consistency and visibility reasons. The Danish Presidency facilitated a first discussion on this matter at the last meeting of the AHWP MFF sub-group for National and Regional Partnerships based on a Presidency note. The Danish Presidency encourages the Cyprus presidency to take the work forward on this basis.

24. The AHWP MFF sub-group for National and Regional Partnerships will continue the work on the draft NRPP regulation under the Cyprus Presidency.

25. The Presidency invites the Permanent Representatives Committee and the Council to take note of the progress achieved.

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