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NOTE

From: General Secretariat of the Council

To: Ad hoc Working Party on the Multiannual Financial Framework (AHWP MFF) - National and Regional Partnerships

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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
- Presidency compromise proposal (Block 6 – Articles 49 to 57 and Articles 74 to 79)

Delegations will find in the Annex the first Presidency compromise proposal on the above proposal (Block 6 – Articles 49 to 57 and Articles 74 to 79). Changes to the text of the Commission's proposal (doc. 11815/1/25 REV 1) are marked in **bold underlined** for additions and ~~striketrough~~ for deletions.

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

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 **and, if applicable, an authority assuming the coordinating function for the NRP 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~~ **be able to interact directly with the Commission, including the relevant managing authorities responsible for the design, programming, management and implementation of the regional chapters.**
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, **the Asylum, Migration and Integration Fund, Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy** in the

2021-2027 programming period and **to authorities in charge of implementing the Social Climate Fund and** based on ~~all available~~ **the latest** audit results the Commission did not question the effective functioning of these authorities, these authorities shall be deemed to comply with the key requirements **set out in Annex IV**.

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.] **To ensure continuity and cost-effectiveness, Member States may build upon the existing governance structures and institutions.**
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 [~~Union~~ **Union** 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 **provided by the Commission**, 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, **including the relevant regional authorities and the authority(ies) assuming** ~~and~~ the coordinating authority **function** 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 ~~Tasks~~ **of the coordinating authority** **function**

The coordinating authority **function** shall be responsible for **comprise the following tasks**:

- (a) monitoring the implementation of the **NRP Plan in close coordination with the managing authorities** ~~Plan~~ while ensuring sound governance practices and the ~~maintenance of~~ **promoting** adequate administrative capacity by the authorities responsible for the **NRP** Plan;
- (b) ensuring coherence in the implementation of the various chapters of the **NRP** Plan;
- (c) submitting, **based on the information received from managing authorities and paying agencies**, payment applications for the **NRP** 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~~ **31** 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~~**collecting** 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 **and paying agencies**, 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, **regional** 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).

The tasks listed under this Article may be entrusted to one or more authorities, while ensuring that each task is entrusted to only one authority. Arrangements to establish the tasks of the coordinating function shall be recorded in writing.

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~~**optimising** 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~~**shall not be required** to verify the underlying costs of the operations **when assessing the fulfilment of milestones and targets**;
- (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~~**an operation** 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, **the** financing plan, **and the time** limits of **its** 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) **preparing**, signing **and providing to the authority assuming the coordination function** the management declaration referred to in point ~~(a) paragraph 1(c)~~ of Article 59(1), ~~point (e) (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~~and/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.

By way of derogation from the first and second subparagraph, in relation to multisectoral community-led local development encompassing LEADER, Member States may decide that the managing authority performs tasks listed in Article 51.

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

The person in charge of the paying agency shall draw up and provide to the authority assuming the coordinating ~~authority~~function 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.

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~~ **shall not be required** to verify the underlying costs of the operations ~~for the purpose of its audit work~~ **when verifying the fulfilment of milestones and targets**.

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 **NRP** 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 **NRP** 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~~**ensure** 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~~ **through a transparent process**.

The composition of the monitoring committee shall take into account the chapter or the chapters of the **NRP** 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.

Each member of the monitoring committee shall have a vote.

The Member State shall publish and ~~annually update~~**keep up to date** 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 **or chapters** of the **NRP** Plan;

- (b) any issues that affect the performance of the chapter **or chapters** 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,~~**the** communication and visibility actions with regards to reforms and investments and other interventions included in the ~~chapter~~**strategy**;
- (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 **NRP** 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, **and** ~~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;
- (e) ~~territorial development strategies.~~

3. The coordinating committee shall ~~examine and approve~~ **give an opinion on** the same elements as the ones mentioned in the preceding paragraph but at the level of the **NRP Plan with a view to ensuring coherence in the implementation** Plan. ~~In case of divergent opinions, the opinion of the monitoring committee responsible for the chapter shall prevail~~ **various chapters**.
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 **NRP** 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 **NRP** 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 76 [CLLD] and** 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 XI
SPECIFIC TYPE OF SUPPORT

Article 74

Territorial development and local cooperation initiatives

1. Member States may establish, and provide support for cooperation in the following areas:
 - (a) integrated territorial **development, including rural development and sustainable** and urban development
 - (b) community-led local development, including **in the fisheries sector and** 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 **and fisheries activities** 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~~ **entities** 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~~respective chapter of their Plans.

Article 75

Integrated territorial and urban development

1. Support for territorial development shall be based on **existing or new** integrated territorial development strategies, including via community-led local development **strategies**, 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~~**outline** 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 **with the exception of community-led local development where Article 76(3) applies**.

- 4. Support may be provided for the preparation and design of territorial strategies.**

Community-led local development

1. Community-led local development, **including LEADER**, shall:
 - (a) focus on subregional areas, **including on** 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~~ **operations** 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.
2. For operations supported under interventions referred to in Article ~~34(1)~~**35(1) and (11)** [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, **Regulation (EU) 2021/2115, Regulation (EU) 2021/1139, Regulation (EU) 2021/1147, Regulation (EU) 2021/1149 or under Regulation (EU) 2021/1148** 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~~**1 000 000**;
 - (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~~**with the requirements set out in this Regulation and the Regulations listed in Article 1(2)**;

(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.

