Council of the European Union
General Secretariat

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LIMITE

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MEETING DOCUMENT

From:	General Secretariat of the Council
To:	Ad hoc Working Party on the Multiannual Financial Framework (AHWP MFF) - National and Regional Partnerships
N° Cion doc.:	11815/25 + COR 1 + REV 1 (en) + ADD1 + ADD 2
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: - COM PPT

Delegations will find attached the slides that were used by the Commission for presenting the NRP proposal as well as the impact assessment at the Ad Hoc Working Party on the Multiannual Financial Framework - National and Regional Partnerships on 5 September 2025.

EUROPE'S BUDGET
THE POWER OF TOGETHER

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National and Regional Partnership Plans

Multiannual Financial Framework 2028-2034

European Commission

European Commission

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Impact assessment

Impact assessment

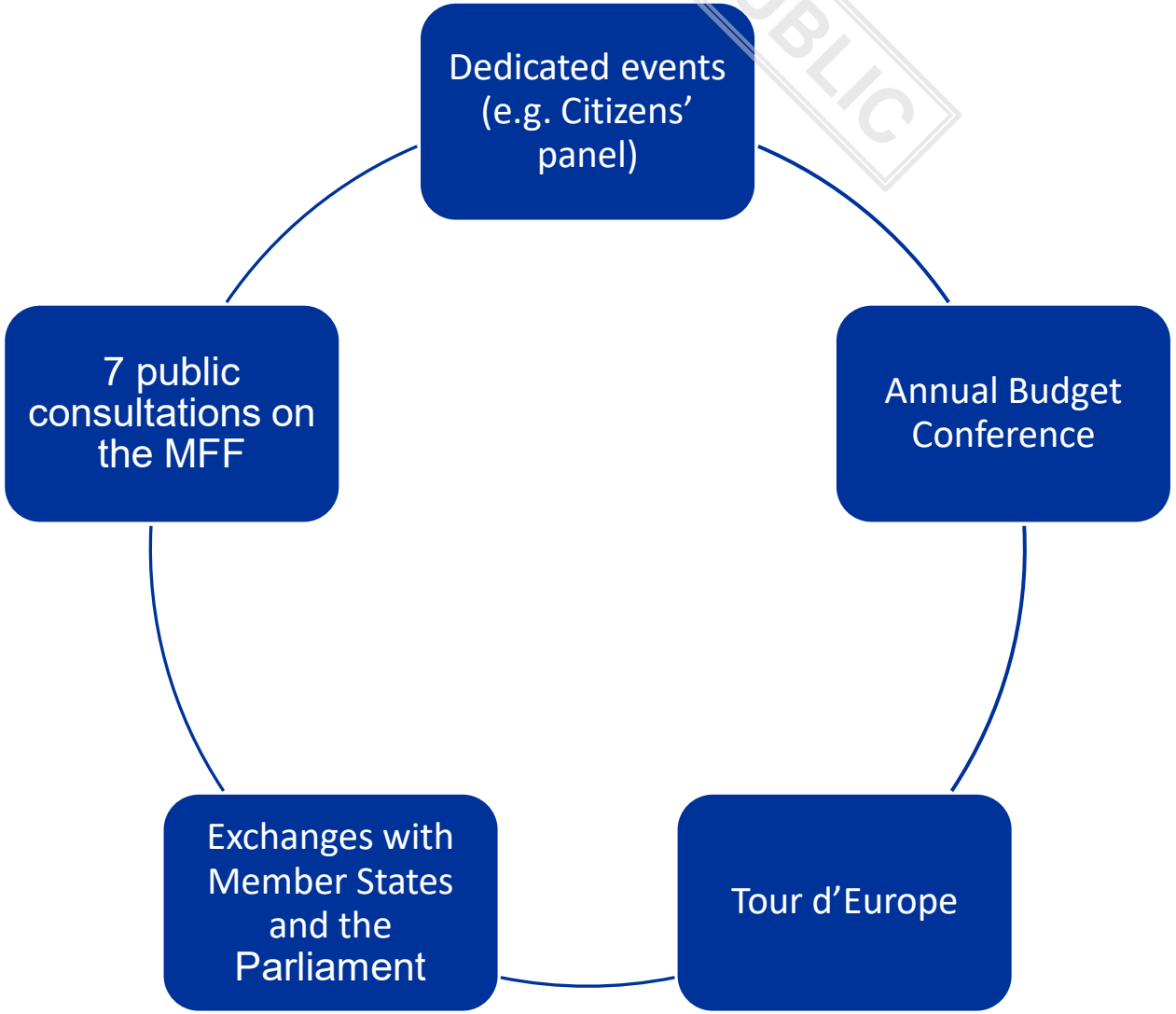
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Political context

Impact assessment process

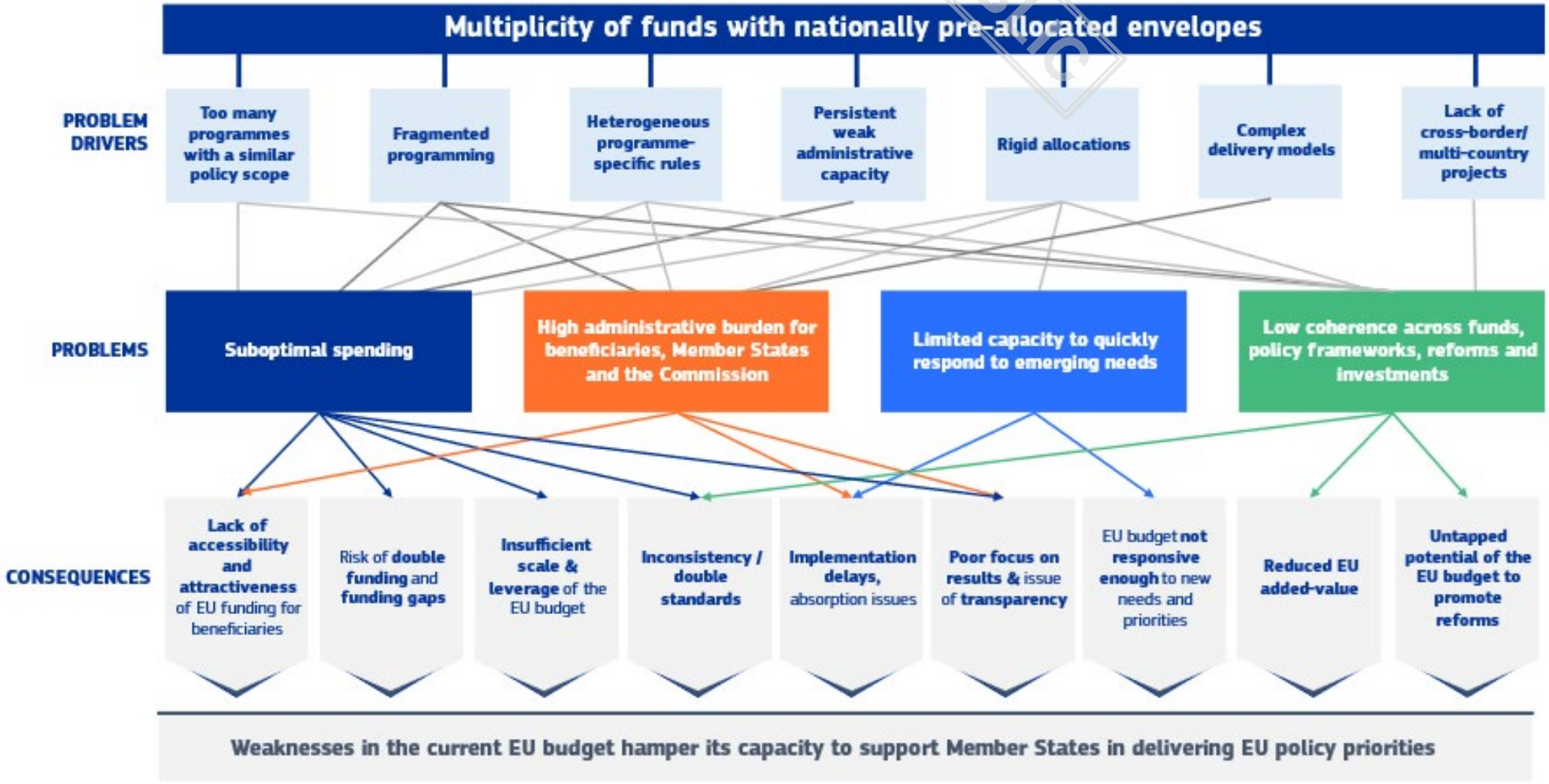
Consultation process

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Problem definition

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Intervention logic

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Options - design

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DELIVERY MODEL

- **Option A:** Cost-based finance model with the possibility to disburse funds based on performance
- **Option B:** Delivery against pre-agreed milestones and targets
- **Option C:** Hybrid model

MANAGEMENT MODE

- **Option D:** Shared management
- **Option E:** Direct management

Options - scope

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OPTION 1

- **Option 1:** Cohesion policy + maritime and fisheries policy + HOME funds + SCF

OPTION 2

- **Option 2a:** Option 1 + EAFRD
- **Option 2b:** Option 1 + EAFRD and EAGF

OPTION 3

- **Option 3a:** Option 1 with modernisation fund
- **Option 3b:** Option 2a/b with modernisation fund

OPTION 4

- **Option 4a:** cross-border projects implemented through the Plans
- **Option 4b:** cross-border projects implemented via a dedicated instrument

Conclusions

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Preferred options for the design of the plans: delivery model against pre-agreed objectives, under shared management / scope as broad as possible

Funds under one roof:

- promote further synergies,
- avoid overlaps,
- bring simplification for Member States, regions and beneficiaries,
- ensure easier tracking of the Plan's implementation

Performance-based model:

- better communication opportunities,
- one-off entry cost,
- faster implementation and disbursement,
- incentives for Member States to carry out reforms, increasing overall impact of the EU budget (reforms and investments)

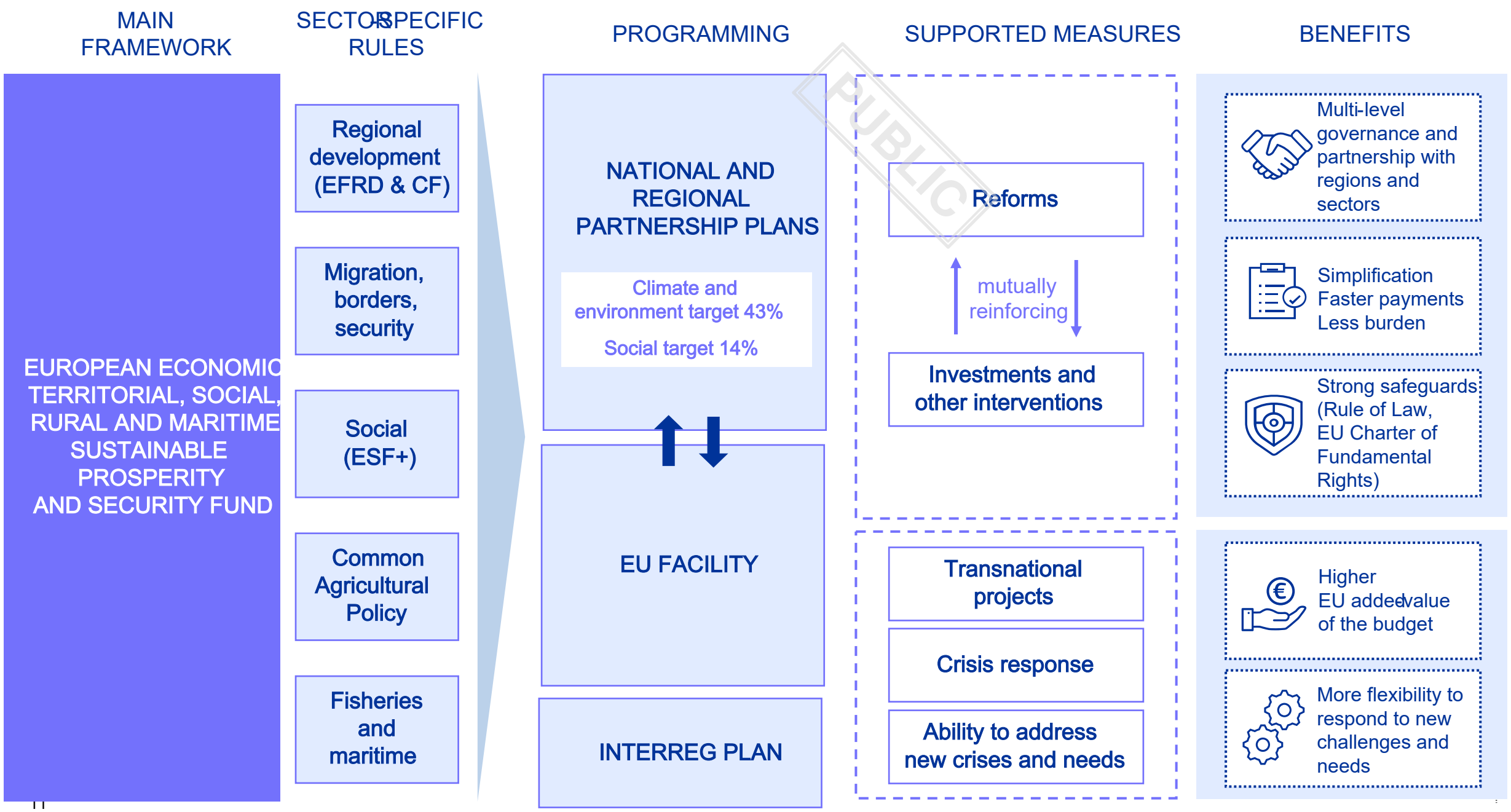
Shared management:

- management mode known to Member States and regions,
- stronger ownership,
- broad partnership
- tailor-made programming to address the Member States' and regions' specific challenges

European Commission

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Proposal for a 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


MAIN FRAMEWORK
SECTOR-SPECIFIC RULES
PROGRAMMING
SUPPORTED MEASURES
BENEFITS
EUROPEAN ECONOMIC TERRITORIAL, SOCIAL, RURAL AND MARITIME SUSTAINABLE PROSPERITY AND SECURITY FUND
Regional development (EFRD & CF)
Migration, borders, security
Social (ESF+)
Common Agricultural Policy
Fisheries and maritime
NATIONAL AND REGIONAL PARTNERSHIP PLANS
Climate and environment target 43%
Social target 14%
EU FACILITY
INTERREG PLAN
Reforms
mutually reinforcing
Investments and other interventions
Transnational projects
Crisis response
Ability to address new crises and needs
Multi-level governance and partnership with regions and sectors
Simplification
Faster payments
Less burden
Strong safeguards (Rule of Law, EU Charter of Fundamental Rights)
Higher EU added value of the budget
More flexibility to respond to new challenges and needs
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A faster, simpler and more impactful system

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Ensuring better coherence between EU priorities and national and regional actions	Achieving simplification and better value for money	Addressing emerging policy priorities without putting at risk the fulfilment of long-term objectives	Fostering ownership at all levels
• **Stronger synergies** between policies • A **more integrated programming process**, allowing a more differentiated and qualitative approach to deliver on EU priorities, **tailored** to each Member State's national and regional challenges • Investments **+reforms**	• **A single rulebook** + a **large eligibility scope and toolbox** (e.g. guarantees) • **Payments based on achievement of objectives**	• Progressive allocation **a higher flexibility amount (25%)** set aside and available for crisis situations and the mid-term review. • A dedicated financial capacity, **the EU Facility**, to steer action at EU level and provide additional room to help Member States respond to crises (*e.g. natural disasters, market distburances on agricultural markets*)	• **Strong regional dimension** and involvement of social partners • **Multi-level governance and partnership principle** • Continuity and predictability for managing authorities

General Principles

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<u>Objective:</u> continuity with the currently applicable principles to nationally pre-allocated funds - delivery under shared management, partnership principle, system of conditionalities – while providing for consistency of rules across the budget.

- **Management of the Fund:**
  - *NRP Plans* => shared (like under current cohesion/CAP programmes)
  - *Interreg Plan* => shared (+indirect in the case of certain Interreg cooperation types)
  - *EU Facility:* direct, shared and indirect (like under the current HOME thematic facility)

- **Partnership principle and multi-level governance**
  - Applicable to all Plans (incl. Interreg) + respect of the European code of conduct on partnership
  - Partners (incl. regional and local authorities and social partners) **involved throughout the preparation, implementation and evaluation of the chapters**, including through participation in **monitoring committees**
  - Targeted adjustments for HOME actions

- **Horizontal principles**
  - Respect of the **EU Charter** and of the **rule of law** throughout the preparation and implementation of the Plans (cf. art.8 and 9)
  - Prevention of discrimination + accessibility for persons with disabilities
  - Compliance with '**farm stewardship"** for relevant CAP interventions
  - Additionality of EU funding, synergies and avoidance of double funding



Rule of Law and Charter conditionality

Rule of law and EU Charter conditionality

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Objective: common safeguards building on the experience gathered through the implementation of the Horizontal Enabling Condition under the CPR and the inclusion of milestones under the RRF. Combined system embedded in the NRP, effectively protecting the EU budget from breaches, while investing in upholding the rule of law and fundamental rights.

All plans must respect throughout implementation

Rule of law [art.9] + EU Charter [art.8]

if conditions are not met

ROBUST SAFEGUARD

Timely and proportionate response:

Payments for measures affected by non-fulfilment of conditionalities can be suspended at any time [COM decision for Charter breaches like under CPR and Council decision for Rule of Law breaches]

- Risk of decommitment if the breach is not solved within 1 year + restrictions on transfer of affected funds (art. 24).

Protection of beneficiaries:

- Obligation for Member States to have appropriate arrangements to continue payments (art 22(2) (l), annex IV, point 15)
- **Smart conditionality**: decommitted amounts can be channelled to other programmes, e.g. AgoraEU for civil society (art. 15) through the annual budget procedure

POSITIVE INCENTIVES

- **Strengthened link with the Rule of Law Report**
- Inclusion of investments and reforms strengthening Europe's democracy and supporting open, inclusive and rights-based societies (in line with objective (e), art.22 & 25)

Conditionality regulation

(continues to apply to the whole EU budget to protect it from breaches of the principles of rule of law)

CONDITIONALITY SYSTEM CURRENT MFF

NATIONALLY PRE-ALLOCATED FUNDS

Conditionality regulation

EU Charter

(enabling condition for CPR funds)

- Cohesion policy funds
  - ERDF
  - JTF
  - CF
  - ESF+
- Maritime and fisheries fund
- HOME funds
  - AMIF
  - BMVI
  - ISF

'Super-milestones'

- Recovery and Resilience Facility

Other funds

- Agricultural funds
  - EAFG
  - EAFRD
- Social Climate Fund

NEXT MFF

NATIONAL AND REGIONAL PARTNERSHIP PLANS

Conditionality regulation
(continues to apply as a complementary tool)

1 financial envelope per Member State implemented in compliance with

Rule of law + EU Charter

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Financial Framework

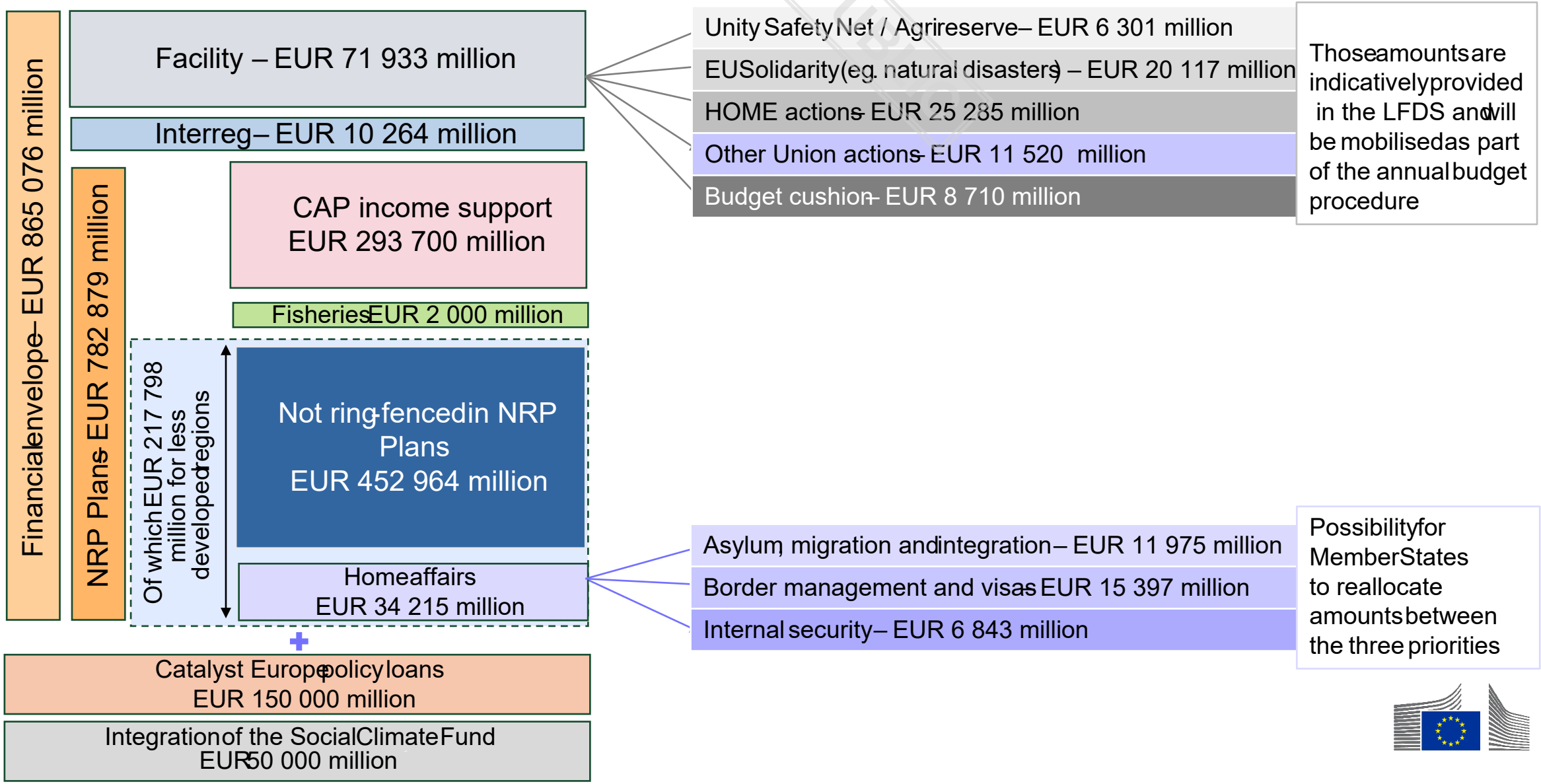
Financial framework

Objective: simpler, more flexible, streamlined and harmonised financial programming – embedding safeguards (e.g. farmers income, regional disparities) while providing agility to address own Member States and Regions' needs.

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- **Total financial envelope: EUR 865 billion**
  - **EUR 783 bn for NRP Plans** based on the allocation set out in Annex I, of which:
    - at least **EUR 296 bn for farmers income support and fisheries**
    - at least **EUR 34 bn as set out in the home affairs regulations**
    - at least **EUR 218 bn for less developed regions**
  - **EUR 72 bn for the Facility**, of which:
    - 63 bn for Union actions (incl unity safety net, solidarity actions in case of natural disasters and home affairs)
    - 8,7bn for the emerging challenges and priority cushion
  - **EUR 10 bn for the Interreg Plan**
- **Additional resources:**
  - **Integration of the Social Climate Fund (EUR 50bn** as externally assigned revenue)
  - **EUR 150bn available in loans** [Catalyst Europe]
    - to cover additional financial needs - same assessment and payment procedures as for grants
    - allocation based on equal treatment, possibility for COM to launch new calls for interest after 2028 if amounts remain available
- **Social target => 14%** applicable to the financial envelope (including the EU Facility) + loans excluding the amounts ringfenced for CAP/CFP and external assigned revenue from the SCF.

Financial framework



Financial framework

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Objective: simplified procedure, continuity of payments, one rate for the whole envelope

- **Funding for technical and administrative assistance**
  - At the initiative of the Commission => up to 0,5% of the financial envelope
  - At the initiative of the Member State => **flat rate of up to 3% and 8-10% (respectively for NRPP and Interreg plans)** applied to the amount included in each payment application

Objective: ensuring predictability, timely implementation and fairness

- **Commitment and decommitment rules**
  - **Higher flexibility amount**: **25%** of Union contribution – minus certain CAP interventions - set aside for programming at a later stage to be able to respond to crises during implementation and finance new measures/priorities as part of the mid-term review.
  - **N+1 rule for decommitments** to speed up implementation and provide more predictability on annual payments. Facilitated by the new delivery model (interim milestones and targets allowing for faster payments). Exceptions for force majeure (as under current CPR) and some CAP interventions

Financial framework

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Objective: providing early financial means to managing authorities to prefinance projects in order to speed up implementation

Higher pre-financing

- NRP Plans: **10% in three tranches** (4% in 2028 if adopted by July 2028), 3% in 2029, 3% in 2030
- Interreg Plan: 12% in three tranches over 3 consecutive years

Objective: maximising impact and national ownership of Union support while ensuring continuity with the current system of different rates per category of region

- **Co-financing: minimum national contribution rates defined at regional level**
  - Rates aligned with current practices under cohesion policy with exceptions for certain CAP interventions
  - Compliance assessed **ex-ante** at the level of each measure **based on estimated costs**

Less developed region	Transition regions	More developed regions	If territorial split not available	Interreg
15%	40%	60%	Population weighted average of the applicable contribution rates of the MS' regions	20%

  - Different rules for CAP support (see next slides)



Adoption and revision procedures

Preparation and adoption of the Plan

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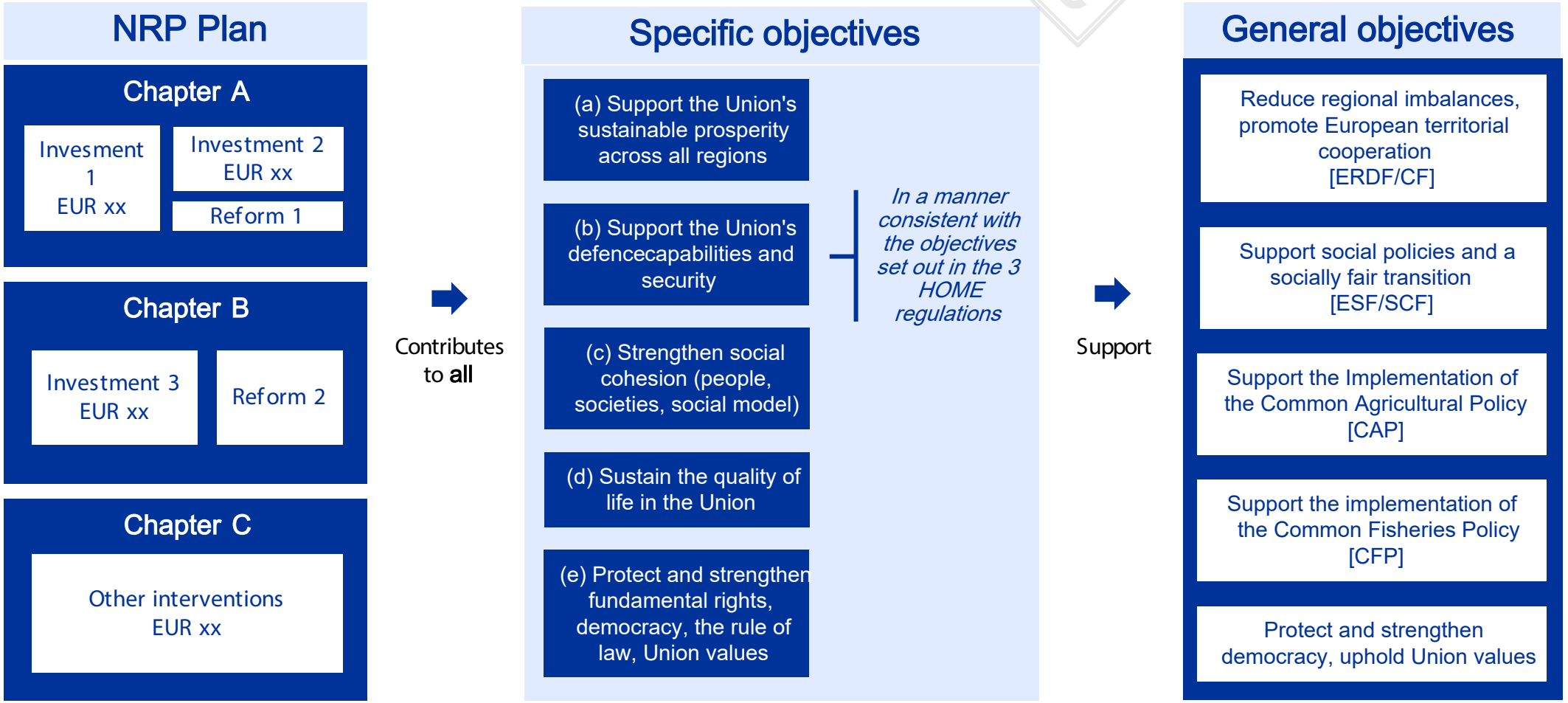
Objective: simplifying programming + ensuring alignment with EU priorities and addressing each Member State's national and local needs and challenges in a tailored, coordinated and effective manner => one National and Regional Partnership Plan (NRPP) per Member State broken down in geographic and / or thematic Chapters.

- **Preparation and submission of NRPP: one NRPP** with reforms, investments and other interventions, prepared and implemented in cooperation with **relevant partners,** including **regional and local authorities and economic, social and rural partners**
  - National, sectoral & regional and territorial chapters (where relevant, depending on each Member State's institutional set-up, as is currently the case under cohesion policy/CAP)
- **Assessment criteria -** *more on next slides*
- **Adoption**: Commission to propose **Council implementing decisions** (within 4 months)

Council implementing decision *(adoption within 4 weeks of COM proposal)*	→	Commission financing decision *(necessary to commit the funds)*
• Total Union contribution + loan amount • List of measures contained in the NRP Plan		• List of milestones and targets and the corresponding payout value • Union contribution per year

Contribution to general/specific objectives

EachPlan shall provide the **list, description and estimated costs of measures grouped in chapters**, includingthe **general Treaty-based and specific objectives** that each of them primarily pursues and the list of envisaged milestonesand targets (basedon a commontemplate) + an **intervention strategy** demonstrating,in particular,how thoseobjectiveswill be addressedand financedby the Planand how that level of financingis justified.



Alignment with EU policy reference framework

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- NRPP should **effectively address all or a significant subset of challenges** identified:
  - in the context of the **European Semester,** notably in the CSRs, including those on the European Pillar of Social Rights;
  - in **other relevant documents** adopted or assessed by the Commission related to the specific objectives of the Regulation, including:
    - CAP national recommendations
    - Digital Decade recommendations
    - National Energy and Climate Plans
  - in relevant documents and strategies **adopted by the Council or the Commission** in internal security, European integrated border management, visa policy and asylum and migration
  - NRPP should also **be consistent**, in particular, with:
    - National medium-term fiscal structural plans
    - National restoration plans
    - National Energy and Climate Plans
    - National digital decade strategic roadmaps

Other thematic assessment criteria

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- Contribution to the completion of the **Single Market**, notably providing
  - ❖ Measures with a **cross-border, transnational or multi-country dimension**, including by
  - (i) taking into account projects located on the core and the extended core network in line with the Union guidelines for the development of the trans-European transport network;
  - (ii) taking into account and enabling projects of common interest in line with the guidelines for trans-European energy infrastructure;
  - (iii) supporting Important Projects of Common Interest (IPCEIs) and operations awarded a Competitiveness Seal;
  - (iv) implementing measures underpinning the Savings and Investments Union.
- **Reducing economic, social and territorial disparities** in less developed, transition and more developed regions (by e.g., allocating resources to these regions in line with their challenges)
- **Concentrating resources on key priorities** (including on social measures, generational renewal in the agricultural sector and in the fisheries and aquaculture sector)
- **Create synergies and complementarities,** with a description of how the needs of more than one target group will be addressed, including the needs of rural and coastal communities.
- Ensuring contribution to the **Union's social + climate and environmental objectives** (allocation targets of at least **14%** and **43%** respectively)
- **Effectively contributing** to (i) promoting the use of **cooperation interventions**; (ii) improving **farm resilience and management of risks at farm level** and supporting the **digital transition** of agriculture and rural areas; (iii) the **environmental and climate priority** areas
- **Promoting partnership, knowledge exchange and modalities for the EU school scheme**

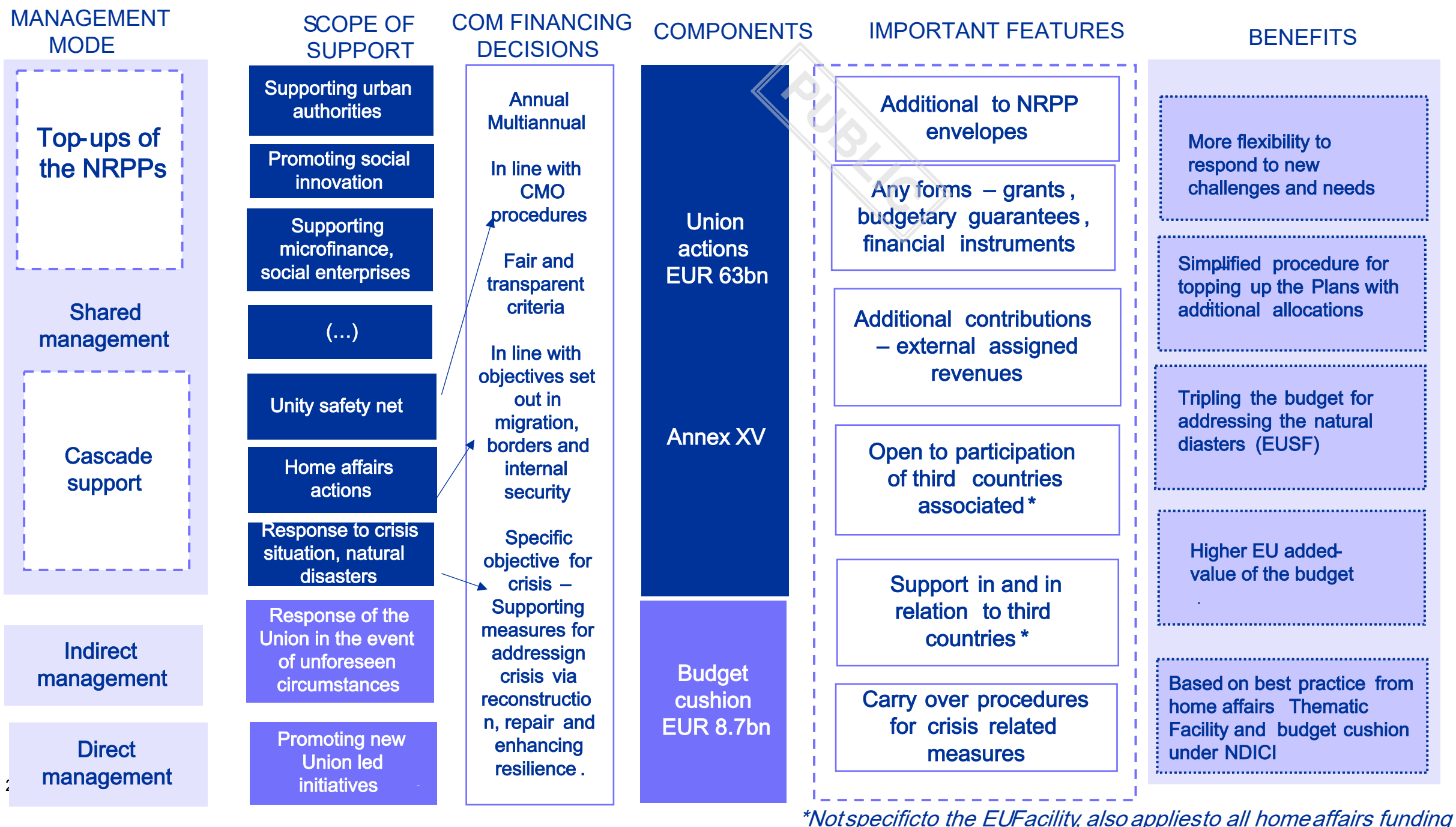
Assessment criteria linked to costs and implementation

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- Setting out detailed **cost estimates of measures**:
  - for a total amount of at least equivalent to the sum of the Union, any requested loans, and national contribution (plausibility and reasonability) + info on existing or planned Union financing where relevant;
  - explanations on **plausibility and reasonability**, **cost efficiency**, alignment with the **sound financial management** and commensurate to **the expected economic and social impact.**
- Setting out clear **arrangements for effective monitoring and implementation of the Plan** (e.g., responsible authorities, monitoring committees, approach to communication and visibility)
- Justifying how **the organisation and implementation of the partnership is carried out in line with the European code of conduct on partnership**, including a description of protective practices set out in the CAP Regulation
- Sufficient **Member State's system and arrangements in place to ensure sound financial management, protection of the EU financial interests and payment continuity**
- Providing **security self-assessment** to identify security issues and explaining how to address them
- Specify the way in which the Plan and its envisaged implementation **ensure the respect of the Rule of Law and Charter horizontal conditions**, taking into account the Rule of Law Report and recommendations from the EU Semester



EU FACILITY



*Not specific to the EU Facility, also applies to all home affairs funding

EU Facility – Union actions

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<u>Objective</u>: continuation of many existing instruments under one umbrella for simpler and more flexible programming

- Support to urban authorities – [currently the European Urban Initiative under the ERDF]
- interregional innovation investments – [currently the 3Is under the ERDF]
- social innovation – [currently EaSI under the ESF]
- bank guarantees in social area – [currently the Social Window of InvestEU]
- implementation of CFP and ocean policy
- collect farm-level data on sustainability and support information provision and promotion measures concerning agricultural products implemented in the internal market and in third countries
- contribute to the objectives set out in the Home Affairs Regulations (migration – borders – internal security)
- LIFE actions
- veterinary and phytosanitary emergency measures
- Unity Safety Net – agricultural reserve
- Solidarity Actions in case of natural disasters – European Solidarity Fund

- **Adoption**: COM financing decision: annual, multiannual; objectives and actions identified based on objective criteria ensuring balanced distribution; specific rules on allocating HOME affairs funds
- **Top-up of the NRPP – fast track (Art. 31(7)) – all Union actions except for letter (i) linked to natural disasters (cascade mechanism instead):** COM allocating the funds to the Plan, new measures by Member States; notification by COM => NO adoption by COM or Council similar to Thematic Facility under the Home Affairs Fund.

EU Facility – European Solidarity Actions

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Objective: ensuring quick, substantial and flexible support to Solidarity Actions (natural disasters)

- **cascade mechanism with 4 stages but 1 Plan amendment** + criteria in Annex XV point 2 – see next slide
- **Member State request for the amendment of the Plan**:
  - including reasons, description of damages, repair and recovery needs with **estimated costs and milestones and targets**
  - submitted within **4 months** when the natural disaster was recognized by the competent authority
  - including requested amounts from the flexibility amount and EU Facility, if applicable (Union Safety Net excluded)

- COM doing utmost to **approve the amendment within 15 days**
- **Pre-financing of 80%** of the costs of the measures
- The procedure may be used for crisis situations other than linked to natural disasters and linked to **home affairs actions**
- **Separate specific objective:** Supporting measures for addressing crisis via reconstruction, repair and enhancing resilience
- **Financial flexibility linked to the nature of those actions**: PA and CA carried over; CA to be used until 2034; ¼ left unallocated on 1 September to cover the need at the end of each year (current rule of the EUSF)

EU Facility – European Solidarity Actions

CASCADE MECHANISM – gradual support reflecting the scale of needs

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1 **Reprogramming**

- Up to 1% of the Plan in case of each natural disaster

2 **Flexibility amount**

- Up to 2,5% in a single request
- 5% before mid-term review
- 5% after mid-term review

3 **Union actions under EU Facility**

- If the amount under the flexibility amount is not sufficient
- defined in Annex XV – point 1 (i) and point 2- major or regional natural disaster, criteria based on the current rules of the EUSF (e.g. direct damage over 3 billion EUR or 0,6% of the GNI of MS to qualify for support in case of major disaster in MS

4 **Budget cushion**

- If the amounts under EU Facility is not sufficient



Governance

Governance of the Plan – general rules

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Objective: ensuring continuity by relying on the existing governance structures with few new elements ensuring coherence of the Plan

- **[CONTINUITY] Managing authorities:** each chapter of the plan will be entrusted to a managing authority, either at national level or at regional level.
- **[NEW] Coordinating authority:** responsible for ensuring coherence of the negotiation and implementation of the Plan. The coordinator will aggregate milestones and targets from the different chapters and submit payment applications to the Commission. *For some MS, coordinating authority is not a novelty*
- **[CONTINUITY] Paying agencies** will keep their current functions regarding the implementation of the Common Agricultural Policy.

- **[CONTINUITY]**:
  - Authorities entrusted with the implementation in 2021-2027 and not questioned by the audit authorities automatically complying with Annex IV
  - All institutions, including at regional level will interact with the Commission
  - Separation of functions to be respected
  - Annual review meetings with the Commission

Governance of the Plan - functions of the Plan authorities

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Objective: the managing authority keeps its key role in the management of the resources, being supported by other authorities

- **Coordinating authority:**
  - submitting payment applications and management declarations, providing payment forecasts, guaranteeing that managing authorities receive their Union contribution irrespective of the progress made on national reforms
- **Managing authority:**
  - sign management verifications to ensure fulfilment of milestones and targets and compliance with the applicable law; ensuring timely payments to beneficiaries; submitting information on progress in implementation (Annex IX)
- **Paying agencies:**
  - Performing the tasks of the managing authorities for the CAP interventions
- **Audit authority:** audits on milestones and targets and system audits in order to provide assurance on the legality and regularity of transactions and effective and timely protection of the Union's financial interests

Governance of the Plan – monitoring committees

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Objective: strong representation of partners ensuring their involvement in all stages of implementation of the Plan; strengthening coordination functions ensuring coherence of the Plan

- **Monitoring committee**
  - 1 monitoring committee can cover more than one chapter of the Plan (all chapters covered)
  - Meeting at least 1 per year
  - **Number of partners equal or superior to members representing Plan authorities**
  - COM participating in an advisory capacity
  - **Examination:** progress in implementation, fulfilment of RoL and Charter horizontal conditions
  - **Approval**: proposal of Plan's amendment, methodology, criteria and procedures for selection of operations
  - **European and national CAP network** for networking of organisations and all stakeholders involved in implementation of CAP interventions in the Plan
- **Coordinating committee**
  - examining and approving the elements at the level of the Plan (eg. horizontal selection criteria or communication strategy for the whole Plan)
  - set up when more than 1 Monitoring Committee



Management and financial rules

Management and financial rules

<u>Objective:</u> provide a system drawing lessons from the assurance system of the CPR, CAP and RRF: shared management relying on well-functioning Member States systems with adaptations to cater for a new delivery system and introducing simplifications.

- **Responsibilities of Member States**
  - Protection of EU financial interests, compliance with **applicable law**, including public procurement and State aid;
  - Key requirements set out in **Annex IV**
  - Rules on irregularities, use of IMS, audit trail, electronic data exchange system between COM and MS (SFC2028, **Annex XVI)** and MS and beneficiaries
  - Information on progress in implementation by 15 February – **Annex IX** as part of the assurance package
- **Annual assurance package:**
  - Information on implementation progress, summary of audits, management declaration, annual audit opinion=> COM may use this information for interruptions/suspensions/corrections
- **Single audit approach:**
  - COM using available audit trail data and information; COM may decide not to audit M/T in a given year when audited by ECA
- **Control system for farm stewardship and CFP:**
  - Additional rules based on existing practices in CAP and CFP linked to notification by the existing control and enforcement systems to Managing Authorities or Paying Agencies on non-compliance; rules on penalties; rules on non-admissibility in case of the CFP

Management and financial rules – key requirements

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Objective: completing standard requirements by new ones, reflecting a new delivery model

Key requirements (15) for Member State management, control and audit system – **Annex IV:**

Standard:

- Effective implementation of proportionate and effective anti-corruption and anti-fraud measures and measures to avoid, prevent, detect and correct irregularities
- Arrangement to comply with the applicable law, including Union public procurement and State aid rules

New:

- Appropriate procedures for checking the **fulfilment of the conditions for payment**, the durability of the fulfilment of milestones and targets
- Comprehensive national **anti-fraud strategy**, based on a risk assessment (…)
- Arrangements guaranteeing that, with each payment made by the Commission, **authorities receive the amounts due to them** (progress made, potential financial corrections) and ensuring that by the end of the period they receive an amount at least equivalent to their Union contribution.
- Arrangements to comply with the obligation to **continue payments to beneficiaries** in case of suspension, correction or other measures to ensure the protection of the Union's financial interests

Management and financial rules

Objective: Member States responsible for justification of fulfilment of milestones and targets and outputs and clear rules for COM interventions via cascade system of interruptions, suspensions and corrections

- **Submission of payment applications:** 6 times per year until 31 October
- Amounts included corresponding to **amounts justified by fulfilment of M/T or corresponding outputs**, based on evidence collected and verified by MS
- **MS assessment of M/T**: in its entirety, based on wording, purpose and context **– Annex VIII**
- COM payments **up to 95%** of the total contribution of the Fund to the Plan – the final balance paid no later than 10 months after the receipt of the last assurance package
- **Interruptions:**
  - serious non-compliance with requirements for M&C&A system (Art 58); COM additional verifications on any M/T in payment application; potential reversal
- **Suspensions:**
  - no corrective measures following interruptions; serious non-compliance with Art. 58; non-fulfilment or reversal of M/T; reasoned opinion; Council decision on MS not taken effective action to correct its excessive deficit, excessive imbalances or non-compliance with the macroeconomic adjustment programme
- **Corrections:**
  - no action following suspension; fraud, corruption or conflict of interest not corrected by MS; no corrective actions on non-compliance with Art. 58, amounts paid for M/T not fulfilled, no corrective actions on reversals.

Proportionate approach + Possibility for MS to make observations before COM decision

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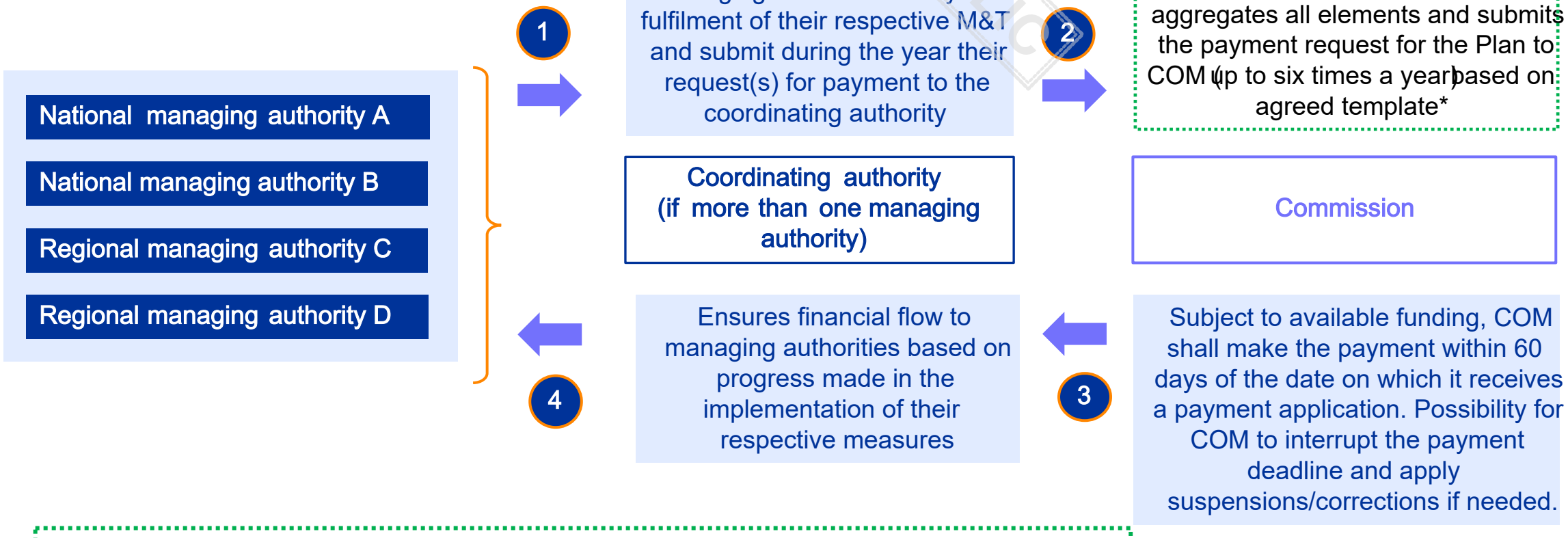
Management and financial rules - transparency

PUBLIC

Objective: simplification by reduced number of fields collected for the same purposes via interoperable systems but safeguarding transparency, information, communication and visibility of supported activities

- **Data collection and recording (Art 63)** – 46 data fields (compared with 142 only under the CPR) collected on beneficiaries, recipients, final recipients, contractors, subcontractors and operations
- **The same set of data for different purposes**: audit and controls, transparency, performance, monitoring and evaluation
- The same set of data **collected and published**
- Streamlined requirements regarding **data on sub-contractors**
- Member States **makes available to COM 2x per year** via automatic data exchange arrangements (no submission)
- Member State systems – **digital-ready and interoperable**, 'collected only once' principle
- **Member State website** operational 6 months after adoption of Council's implementing decision
- COM will publish on the centralised website (**Single Gateway**)

Submission of payment requests



- **No fixed instalments:** Member States to decide themselves which M&T shall be submitted in each payment application depending on their respective pace of implementation
- The amount of each payment application will be determined by the **individual pay-out value** of the milestones and targets it includes.

Specific types of support

PUBLIC

Objective: simplify and foster the use of financial instruments to better leverage private investments. Avoid regulating support at the level of Member State - beneficiaries/recipients; keeping only key rules in the regulation.

- **Financial instruments:**
  - To be justified by **market needs and capacity of de-risking and leveraging private capital** (instruments have to be designed at the moment of the programming of the Plan)
  - **Continuation of current practices:** management fees, rules on direct award, rules on combining grants and financial instruments, rules on re-use of resources
  - **Final milestone or target** – support provided to final recipients
  - New article on management verifications and audits for **ex ante assessed entities**

- Possibility to continue or establish different **local cooperation initiatives/instruments** like community-led local development/LEADER or integrated territorial investments – **bringing today's practices of cohesion, agriculture and fisheries together.**
- **Obligatory use of simplified cost options** for operations with total estimated costs below **EUR 400 000** and EUR 100 000 for CAP interventions



Specific policy dimensions

Regional dimension of the Plan

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Objective: ensure continuation of the role of regional authorities in the programming, management and implementation of the Plan

- Each Member State to closely **involve regional and local authorities** and other relevant stakeholders in the preparation and implementation of its Plan - tailored to its specific national and regional needs
- **Differentiated national contribution rates** taking into account the development level of regions
- Each Plan prepared in accordance with the Member State institutional, legal and financial framework, including national, sectoral and, where relevant, **regional and territorial chapters**
- Continuation of **local 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
- Regional managing authorities - **exchange directly with the Commission**, whether during the preparation or the implementation of the Plans, regardless of the national coordinating authority that will ensure coherence in the implementation
- Annex IV (key requirements for management, audit and control system) - with each payment made by the Commission managing authorities **receive the amounts due to them** (progress made -potential financial corrections) - an amount at least equivalent to their Union contribution by the end of the programming period.

Regional dimension of the Plan

PUBLIC

Objective: reflecting territorial specificities in the Plan while ensuring concentration on less developed regions

Requirements of the Plan:

- clear **arrangements for the effective monitoring and implementation** of the Plan:
  - including the responsible authorities and monitoring committees
  - establishing a robust **multi-level governance system** based on the partnership principle
  - clear responsibilities **between the national and regional authorities** for programming, implementation, financial management, monitoring and evaluation, in accordance with the institutional and legal framework of the Member State
- allocating **resources to less developed, transition and more developed regions**, in accordance with their specific challenges (Annex VII)
- **concentrate resources on less developed regions** by establishing minimum amounts per Member State (Annex II);
- focusing on the specific needs of **border regions, northern sparsely populated regions, rural and urban areas, areas affected by industrial transition, islands** (Annex VII);
- strengthening the economic and social development of **outermost regions**
- justify the coherence of the Plan and the **synergies and complementarities** between measures –reflecting the needs of **rural and coastal communities**

Support to social objectives

Objective: Addressing social challenges in their plurality, in a more encompassing, tailored and effective manner, via an extended toolbox and better alignment with EU priorities. Ensuring a continuity of scope and better responsiveness in case of emerging needs.

- **Minimum amount dedicated to meeting the Union's social objectives: at least 14% of the total Union contribution and loans** (incl. EU Facility and excl. CAP and SCF), calculated using the coefficients in the Performance Regulation. This corresponds to **a minimum of EUR 100bn.**
- **Comprehensive assessment criteria** to ensure support for social objectives. Each Plan will have to include investments and reforms:
  - Contributing to **all** the general and specific social objectives listed in the Regulation (by supporting quality employment and labour mobility, education and skills, social inclusion and poverty reduction, fair transition, social and affordable housing, access to social services, resilience of healthcare systems, civil society and social partners' capacities...).
  - Contributing to the implementation of the **European Pillar of Social Rights** and achieving its headline targets, in accordance with the guidelines for employment
  - Adressing **country specific recommendations** (CSRs) in the social policy area
  - Concentrate resources on social measures
- **The EU Facility** will support microfinance, social enterprise finance, social economy as well as social infrastructure (incl. health and educational infrastructure) and social and student housing. Additional support will be available via budgetary guarantees.

Key elements of the post-2027 CAP

<u>Objective:</u> combined and expanded set of interventions creating synergies with other policies to better deliver on the CAP objectives, simpler rules and a strengthened focus on young farmers,

- **Safeguarding income support for farmers:** new design of income support, targeted to those farmers most in need
- **Simplification:** less detailed rules; common and harmonised rules; access to other resources.
- **Synergies:** a comprehensive, integrated approach to address the challenges of the agricultural sector and rural areas.
  - Beyond income support, farmers and rural areas can benefit from synergies with investments in e.g. services, infrastructure, bioeconomy, innovation, skills, biodiversity and conservation programmes, energy, and climate initiatives.
  - Member States and regions can develop **more coherent and integrated strategies for rural areas** tapping on the broader NRP toolbox.
  - **Possibility to include reforms benefiting the agricultural sector** to enhance impact of CAP interventions, without impacting on farm payments.
- **Resilience:** comprehensive reply to crises and market uncertainties including through a dedicated “Unity Safety Net”

Key elements of the post-2027 CAP

PUBLIC

EU	EU Specific objectives and Priority areas for environment and climate ambition
	Common performance framework including indicators
	CAP toolbox of interventions and specific rules
	Country recommendations
Member States & Regions	Preparation of the Plan
	CAP interventions tailored to their needs
	Implementation, progress towards targets

Specific budget/financial provisions for CAP

PUBLIC

100% EU financing for degressive are based income support, coupled support, cotton, small farmers (as part of the ringfenced amounts)

Maximum support rate 75% of total eligible costs, when targeting young farmers: 85 %

Minimum national contribution no less than 30% of eligible public expenditure when within the CAP ring-fenced envelope

RINGFENCED AMOUNTS FOR CAP

- Degressive area-based income support
- Coupled income support
- Crop specific payment for cotton
- Payment for natural and other area specific constraints
- Payment for disadvantages resulting from certain mandatory requirements
- Agri-environmental and climate actions
- Payment for small farmers
- Risk management tools
- Investments for farmers and forest holders
- Setting-up of young farmers, new farmers, rural businesses and start-ups
- Farm relief services
- Sectoral interventions

- LEADER
- Knowledge sharing and innovation
- Territorial and local cooperation
- School scheme
- POSEI-SAI

Crisis payments for farmers (mobilisation of national allocations)

Other CAP interventions: co-financing rates defined under Article 20(1) of the NRP Fund apply

Social Climate Fund and Modernisation Fund

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Objective: more efficient use of Union funds, more coherent delivery on EU objectives, improved policy planning and consistency

- **Integration of the Social Climate Fund:** NRPP should contain a separate **Social Climate Plan (SCP) chapter** with the measures and investments contained in the SCP previously submitted by the MS:
  - MS's current allocations under the SCF continue to apply
  - The rules in the Regulation shall apply also to the SCP chapter BUT MS may choose to continue implementing its SCP chapter under the SCF Regulation's rules (if doubt, SCF Regulation shall prevail without prejudice to Articles 6, 8 and 9 [horizontal principles, RoL, EU Charter])
  - Possibility to programme all or part of available SCF resources to other measures addressing the social impacts of ETS 2 within the SCP chapter.

- **Coordination with the Modernisation Fund: synergies** through coordinated programming to ensure better complementarity and policy coherence
  - Beneficiaries of MF will be required to describe planned investments for next 3 years under MF and synergies with NRPP in their NRP Plans.

EUROPE'S BUDGET
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THANK YOU

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