Post-2027 – Regulations' proposals

Anna Modzelewska

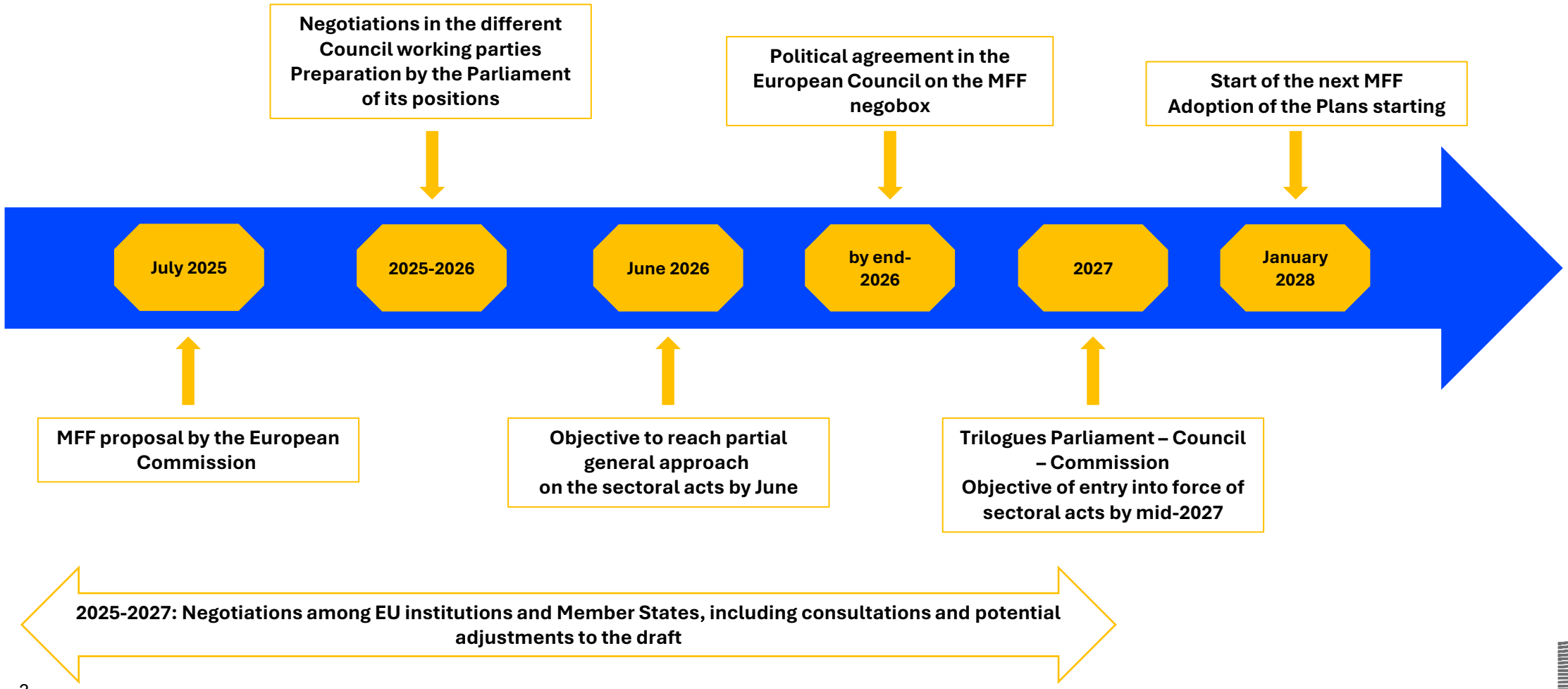
DG REGIO.D2 Desk Officer

European Commission

For 2028-2034 – Adopted by Commission on 16 July 2025

- **COM(2025) 571** – Multiannual financial framework **(‘MFF’) – EUR 10,264 billions earmarked for Interreg**
- **COM (2025) 545** - Establishing a budget expenditure tracking and performance framework and other horizontal rules for the Union programmes and activities **(‘Perfomance’ Regulation)**
- **COM(2025) 565** - 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 **(‘NRP Regulation’)**
- **COM(2025) 552** - Establishing the European Fund for Regional Development including for European Territorial Cooperation (Interreg) and the Cohesion Fund as part of the Fund set out in Regulation (EU) […] [NRP] and establishing conditions for the implementation of the Union support to regional development from 2028 to 2034 **(‘ERDF/Interreg Regulation’)**

Timeline for the MFF negotiations



State of play - Council

MFF	MFF Ad Hoc Working Party
National and Regional Partnership Plan Regulation	NRP subgroup of the MFF Ad Hoc Working Party
Performance Regulation	Budget Committee (COMBUD)
ERDF/Cohesion Fund incl. Interreg Regulation	Structural Measures and Outermost Regions (SMOR) working party

CY presidency (January-June 2026): general approach **by end-June** (except budgetary elements) for :

- As many blocks as possible on the NRPP Regulation (programming, assurance, financial rules, EU Facility and possibly horizontal conditions)
- Possibly ERDF/CF (but at least Interreg) and the Performance Regulation proposal
- COREPER discussions in June

State of play - Parliament

National and Regional Partnership Plan Regulation	BUDG, REGI and AGRI committees under a joint committee procedure
Performance Regulation	BUDG, CONT committees under a joint committee procedure
ERDF, Cohesion Fund, Interreg Regulation	REGI committee

- **May/June:**
  - Submission of Committee opinions on the NRPP
  - REGI opinion on ERDF (incl. Interreg) /CF
- **November:**
  - European Parliament position on NRP proposal, Performance Regulation and fund-specific proposal by November
  - Plenary vote on the package

EP - increase across all headings by 10% to 1.27% of GNI

		COM proposal (EUR bn)	EP position (EUR bn)		
NRP Fund		865	973		
1. National and Regional Partnership Plans		783	899		
of which	total cohesion policy		**419**	ESF/ERDF jointly	
	ERDF		248	less developed regions	(218) 270
	ESF		124	transition	64
	Cohesion Fund		47	more developed	37
	CAP income support	(293)	427	320 direct payments; 106 Rural development	
	HOME funds	34	38		
	EMFAF	(2)	7,3		
	POSEI		7,3		
	OR		2		
2. Interreg Plan		10,3	11,6		
3. EU Facility		72	62		

Key changes by the Council on the ERDF (including Interreg) and CF proposal

European Commission

ERDF & Cohesion Fund

What changed?

- Stronger visibility for the cohesion policy objectives and funds
- Two new Articles – without earmarking/dedicated funding:
  - 1) **Regional innovation and transformation**
    - "MSs **may** address […] the need to strengthen regional competitiveness and innovation capacities […] taking into account regional needs and, where appropriate, S3 and Just Transition strategies"
  - 2) **Right to Stay**:
    - "the ERDF **shall** support, where appropriate, measures aimed at fostering the attractiveness of territories"

What did not change?

- Overall architecture unchanged and no major new requirements introduced
- Provisions on **'sustainable urban development'** remain intact
  - but "the design and implementation of such strategies **shall remain flexible and proportionate**, taking into account the administrative capacity and territorial specificities of each Member State"

Interreg: key change

Interreg provisions expanded from proposed 8 to 20 articles

- Commission proposal: Further implementation arrangements to be laid down in an implementing act, maintaining continuity with the existing rules and supporting a more streamlined legislative process.
- Member States: Preference for greater legal certainty, rules included directly in the Regulation
- Outcome:
  - Most provisions transferred from the planned implementing act into the Regulation
  - Only a limited list of implementation arrangements remains for the implementing act

- To note: European Parliament and Committee of the Regions: Skeptical of use of implementing act

Interreg new provisions

Implementing act → **Regulation**

- Geographical scope and resources of the strands
- Scope definition of Interreg Europe, Interact, Urbact, ESPON
- Transfer of **20%** allocation from CBC/TN to CBC/TN/OR (increase from current 15%)
- Monitoring committee and steering committee
- Selection of operations and small project funds
- Recoveries
- Submission of payment applications

Other

- **NRP Article 1a** sets out which NRP articles do **not apply to Interreg**
- Minor adjustments not requiring COM decision: +/- **15%** target (NRP alignment)
- Interreg can contribute to the specific objective enhancing the efficiency of public administration and capacity building (point (e) of Article 3 NRP - in addition to (a), (c) and the Interreg-specific objectives)

Interreg implementing act

Elements remaining for inclusion in the implementing act:

- partnership within Interreg operations, the role and the tasks of the lead partner;
- small project funds;
- management verifications and audits;
- the requirements for group of auditors and controllers;
- the modalities for costing* including the use of simplified cost options and
- the implementation of integrated territorial development including Community-Led Local Development strategies

**"eligibility rules" as commonly referred to*

Proposal for ERDF (incl. Interreg) & CF Interreg part (following compromise 2 June) - 1

Interreg Plan (//27 NRP plans) with:

- General part – under examination procedure
  - Detailed arrangements covering specific implementation modalities to ensure a consistent approach – *(huge discussions – specific empowerment to the EC)*
  - List of Interreg chapters with geographical area and financial resource
- + 86 Interreg chapters (based on the template – Annex of the Regulation) – under advisory procedure

4 strands of cooperation remain

Rules of 'NRP Regulation' apply except where more specific rules in this Regulation

Specifc objectives:

- Article 3(1) (a), (b) – *except b(a),* (c) and (e) NRP
- + 'better cooperation governance' (ISO 1) + 'a safer and more secure Europe' (ISO 2) + 'more resilient regions bordering Russia, Belarus or Ukraine' (ISO 3).

Proposal for ERDF (incl. Interreg) & CF Interreg part (following compromise 2 June) - 2

Requirements for the Interreg Plan chapter

- Partnership principle
- To submit at the latest 9 months after the entry into force of the Regulation
- Written confirmation on content and financial resources

Template:

- strand, intervention strategy,
- measures with specifc objective, milestones, targets, indicative timeline, total estimated costs
- arrangements for the effective MCS : authorities
- approach to information, communication, visibility
- partnership
- apportionment of liabilities

Proposal for ERDF (incl. Interreg) & CF Interreg part (following compromise 2 June) - 3

Approval and amendment of the Interreg Plan

20% option transfer

- Assessment by EC – approval within 4 months of date of submission
- Amendment possible by
  - ➢ reasoned request for amendment by MS (approval by EC within 4 months)

  Without EC approving decision (only notification) if:
  - ➢ corrections of purely clerical or editorial nature
  - ➢ minor adjustments representing an increase or decrease of less than 10% of a target

► MS shall ensure that the amount of the estimated total costs of the Interreg Plan chapter remain reasonable and plausible throughout its implementation (sound financial management) or request a modification.

Proposal for ERDF (incl. Interreg) & CF Interreg part (following compromise 2 June) - 4

Functions of authorities responsible for the Interreg Plan chapter

- a single **MA** and a single **AA** located in the same MS
- *'to ensure continuity and cost-effectiveness, MS may build upon the existing governance structures and institutions'*
- **MA** draws and submit payment claims to the EC (or another body under its responsibility), carry out 'risks-based' managment vérifications (or 'controllers'), provide the management declaration and the annual assurance package, signs the grant document with the lead or sole partner.
- **Joint secretariat (JS)** assists the MA, MC and beneficiaries
- **AA** can be assisted by a 'group of auditors'
- **MC & SC** – to be set within 3 months of adoption of the approval of the Interreg chapter – partnership principle – rules of procedure

  Responsible for selection of operations, examine progress in implementation/any issues, any request for modification

Proposal for ERDF (incl. Interreg) & CF Interreg part (following compromise 2 June) - 5

Selection of operations

- MC to establish selection criteria
- Poss. 'outside the programme area' (need of MA's explicit approval + approval of MS to reimburse unduly paid amounts or guarantee)
- Need to verify that beneficiary has necessary financial resources

Return of resources & discontinuation

- Reallocations in case of a chapter not submitted by 31 March 2030- 2031 in which MS participates
- Discontinuation or reduced allocation in case of FA signature or implementation not as planned due to problems in the relations between participating countries.

Recoveries (in case of any amount unduly paid)

- MA → 1/ lead/sole partner ← partner 2/ MS where the partner is located

  3/ EC recovery order/off-setting (apportionment of liabilities)

Main characteristics of the NRP assurance framework

- **Tailored to the new objective-based delivery model**
- **Robust safeguards** for the protection of financial interests of the Union, sound financial management, compliance with applicable law
- Based on the following **4 key pillars**:

A robust system for reasonable and plausible cost estimates	Effective and efficient functioning of the management and control systems of Member States	Verification of the fulfilment of milestones, targets and outputs	Ensuring compliance with applicable law

Objective: provide an assurance framework based on continuity, shared management logic, and relying on well-functioning Member States systems while catering for the new delivery model and simplification

Pillar 1: a robust system for reasonable and plausible cost estimates

- Member States have the obligation to:
  i. ensure that **estimated costs of the measures** in their NRPPs are **at least equivalent to the sum of the Union contribution** (excluding technical assistance), any requested loans, and national contribution
  ii. provide appropriate justification and explanation on how **the cost estimates are plausible and reasonable and in line with the principle of cost efficiency, sound financial management and commensurate to the expected economic and social impact**.
  - This will be subject to an **assessment by the Commission** during the approval process of the NRPPs.
- Member States also have the obligation to ensure that **estimated costs remain reasonable and plausible throughout implementation** and review the cost estimates of the measures covered by the Plan at least at the time of the mid-term review.
- **None of the above obligations entail an ex-post verification of the underlying costs of individual operations**.

Pillar 2: Effective and efficient functioning of the management and control systems of Member States

- **Responsibilities of Member States to** establish effective and efficient **management and control systems** for the 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
  - As part of the **NRP** Plan's approval, and during implementation mainly through system audits, **the Commission will obtain assurance** that Member States have put in place management and control systems that comply with the requirements laid down in the NRPP Regulation and that these systems function effectively and efficiently during the implementation of the Plans.
  - **Authorities entrusted with the implementation in 2021-2027 and not questioned by the audits automatically complying with Annex IV**
- **Serious non-compliance with the Member States' obligations under Article 58**, such as the failure to fulfil the obligation to ensure the proper functioning of their management and control systems, will be ground for the Commission to **interrupt payment deadlines, suspend payments and impose financial corrections**.

Pillar 3: verification of the fulfilment of milestones, targets and outputs

- **Verifications** by Member States' managing authorities + **audits** by the audit authorities will provide assurance that the agreed milestones, targets and outputs have been fulfilled
  - Verifications by Member States will be based on the **description provided in the Plan** for each milestone, target and output respectively, detailing the documents to be used for the verification and how the management verifications will be carried out.
  - Criteria for the assessment of milestones and targets listed under **Annex VIII of the NRPP** Regulation + **common output indicators** in principle based on the indicators listed in Annex I of the Performance Regulation → **consistent, simplified and verifiable approach across Member States**
  - ✓ The assessment of the actual fulfilment of milestones, targets and outputs does not require verification of the underlying costs of the measures and the underlying operations
- **Single audit principle**
  - The Commission retains the **right to reperform** the work of the audit authorities
  - The Commission will also have – when necessary – the possibility to conduct **additional audit work before or after a payment**

Pillar 4: Compliance with applicable law

- Member States shall take all appropriate actions to **ensure that the use of funds in the implementation complies with applicable law,** and to **apply corrective measures** for all cases where applicable law is not complied with
- **Breaches of applicable law** at the level of the operations:
  - Will not automatically affect the payments from the Commission to the Member States
  - Breaches with significant impact, financial implications or frequency, not corrected by the Member State, could amount to **serious non-compliance** with the obligations of the Member States under Article 58 NRPP Regulation proposal

  This could be the case even if the milestones or targets were considered as actually fulfilled
- Some **supporting documents containing cost-related information** might still need to be used for checks on compliance with applicable law.
  - Checks on compliance with the applicable law neither have the purpose of nor should result in verifying each item of expenditure

Principle of proportionality: Factors such as seriousness, frequency, and financial implications of the breaches and non-action will be taken into account.

Performace framework – focus on simplification

What does it mean in terms of simplification?

The proposed regulation will deliver important simplifications across the following dimensions:

Harmonised horizontal provisions and principles	Common methodology to track EU budget expenditure	Common list of performance indicators
A single approach to implement climate and environment, do no significant harm principle, social policies and gender equality	A **single methodology** to monitor the expenditure supporting climate mitigation, climate adaptation, environment, and social objectives	Streamlined output and result indicators, moving **from over 5000 to around 900 indicators**, and allowing aggregation at EU budget level

A single report on performance	A single gateway portal	Streamlined evaluations
From 32 programme-specific reporting requirements to a single performance report: the Annual Management and Performance Report.	**Merging over 30 portals and dashboards into a single entry point** for funding opportunities and EU budget performance information	Implementation report replacing mid-term evaluation

The Performance Regulation at a glance

What did not change?

- More consistent framework to support horizontal principles
- Horizontal approach to monitoring and reporting
- Simpler reporting framework

What changed?

- Definitions & additions on horizontal principles (climate & environment, DNSH, gender)
- Evaluations by MS: Aligned evaluation and interim evaluation requirements allowing for regional approach
- Single Gateway
- New thresholds for communication obligations (EUR 10 000 EU contribution exemption)

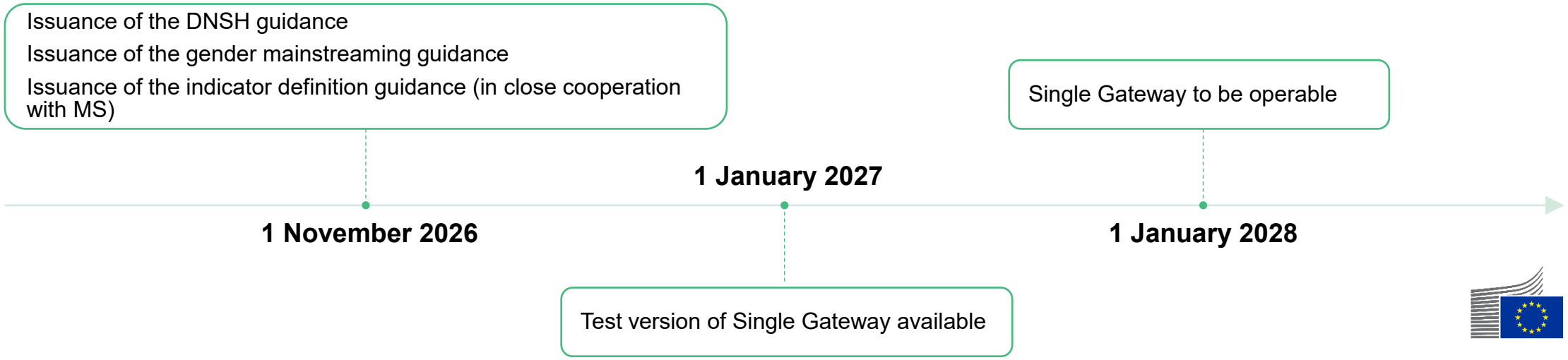
General provisions and horizontal principles

DNSH guidance

- Added that guidance takes the form of an implementing act (Committee procedure applies)
- Deleted that guidance will include a list of non-compliant activities (always-compliant list remains, adding that these do not require further assessment)
- Added explicitly that DNSH assessment does not apply at the level of the operations

Gender equality guidance

- Requires consultation with MS in the process
- Modification of the guidance shall have no retroactive effects on NRP Plans



Verification of costs – general principles

When costs do not need to be verified	• The assessment of the actual fulfilment of milestones, targets and outputs does not require **verification of underlying costs** of the measures and the underlying operations
When costs-related information might be involved	• Payment to beneficiaries will follow standard **rules applicable depending on form of support chosen** by Member State – SCOs, FNLC, real costs etc • Some supporting documents containing cost-related information might still need to be used for checks on **compliance with applicable law** for example, a **public procurement** contract might need to be checked for the purposes of compliance with public procurement rules; looking into the accounting system of the beneficiary might be needed to check that the **de minims** ceiling was observed

DNSH – consultations ongoing – DDL 16/9



What does it mean in terms of simplification?

Documents

The consultation on the do no significant harm principle

The consultation on the do no significant harm principle

The European Commission has launched a consultation on the envisaged approach for applying the 'do no significant harm' (DNSH) principle under the 2028-2034 Multiannual Financial Framework (MFF) in the EU. This consultation will help the Commission prepare, by 1 January 2027, a single and simple guidance on the application of the DNSH principle. In accordance with the Union's financial rules, this principle applies where feasible and appropriate to programmes and activities funded from the Union budget. This guidance will be part of the Commission's broader effort to make horizontal principles apply in a more consistent way across the EU budget.

The 'do no significant harm' (DNSH) principle defines the environmental and climate conditions EU funds should apply. It means that EU money should not support activities that cause significant harm to the Union's environmental and climate objectives.

The DNSH guidance aims to define a clearer, more predictable and more enforceable framework for applying this safeguard across the next MFF. It will replace the current fragmented approach applied under the current budget, which has too often created administrative burden, complexity and legal uncertainty.

The consultation is open for 9 weeks, until 16 September, to gather feedback from all stakeholders to ensure that the approach is clear, balanced and implementable. The concept paper below outlines the envisaged approach for the upcoming DNSH guidance in the EU. The consultation in EU survey is based on this concept paper. A separate targeted consultation with implementing partners will be carried out on DNSH conditions for third countries after the summer.

- Public consultation on Do No Significant Harm: concept paper
- Public consultation on Do No Significant Harm: link to EU survey

Performance Regulation - European Commission