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MEETING DOCUMENT

From:	European Commission
To:	Ad Hoc Working Party on the Multiannual Financial Framework (AHWP MFF) Ad hoc Working Party on the Multiannual Financial Framework (AHWP MFF) - National and Regional Partnerships
Subject:	Draft guidance on the implementation of the National and Regional Partnership Plans

Delegations will find attached draft guidance linked to the implementation of the National and Regional Partnership Plans.

22 July 2026

This draft document has not been adopted or endorsed by the European Commission. Any views expressed may not in any circumstances be regarded as stating an official position of the Commission. The information transmitted is intended only for the entity to which it is addressed for the purpose of facilitating discussions and may contain confidential and/or privileged material.

This draft document is based on the Commission's proposal (COM/2025/565 final/2) with the exception of cases where the Commission's proposal contained clerical/format/presentational errors. The same approach is followed where references are made to other proposals forming part of the MFF package, such as the CAP Regulation, the ERDF/CF Regulation or the Performance Regulation.

This draft document is a living document, which will be adjusted based on the final Regulation as agreed by the co-legislators. It does not prejudge the ongoing legislative process.

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Measures

Each National and Regional Partnership Plan (NRP Plan) and the Interreg Plan should include a comprehensive set of measures. This Chapter of the Guidance aims to provide further details on NRP Plans and the Interreg Plan, where applicable, measure types i.e. reforms, investments and output-based interventions, the design of measures, and the use of technical support.

Measures are the key building blocks of NRP Plans and Interreg Plan chapters. Their correct design will enable the design of milestones, targets, outputs and setting up the costing of the Plan. Furthermore, a clear measure design will facilitate the choice of the intervention fields from Annex I to the Performance Regulation and establish each NRP Plan contribution to the EU social, climate and environmental objectives, and the related spending targets.

1. Integrated planning

1.1. Synergies and integrated planning

One of the core objectives of the Commission's Proposal for a National and Regional Partnership Plans Regulation[1] is to provide an integrated programming process, allowing a more coordinated and qualitative approach to deliver on EU priorities, tailored to each Member State's national and regional challenges. Integrated programming will also enable stronger synergies between policies, for instance to empower Member States to address the challenges faced by remote, rural and coastal areas in a more comprehensive manner and spanning across policy areas, as well as with other EU programmes (e.g. the European Competitiveness Fund, Horizon Europe or the Connecting Europe Facility).[2] Synergies can contribute to strengthening the Single Market, notably by providing for measures with a cross-border, transnational or multi-country dimension, including by supporting in particular Important Projects of Common European Interests (IPCEIs), and other tools, such as completion of the Trans-European Transport network and aligning and/or contributing through NRPPs investment activities to large-scale projects such as Grand Challenges.

In this context, the NRP Plans should set out coherent approaches to addressing challenges, notably those identified in the reference framework, at the appropriate (national and/or regional)

[1] COM(2025) 565. Please note that references to the 'NRP Regulation' should be understood as referring to the Commission's Proposal

[2] An important tool in identifying synergies is the Competitiveness Seal. Projects that have been awarded the Competitiveness Seal can take advantage of the assessment conducted prior to the attribution of the Competitiveness Seal and receive support under the NRP Plan (subject to State aid rules)

level. The Plan should ensure complementarity and synergies between different measures supporting different policy areas and targeting different groups of beneficiaries including complementarities with other EU funds and instruments, where applicable. The Interreg Plan chapters should promote, where possible, synergies with the NRP Plans of the respective Member States as well.

When preparing the NRP Plans and the Interreg Plan chapters, Member States should first organise a comprehensive partnership (applying the Code of Conduct of Partnership) and multi-level governance in accordance with their legal and institutional frameworks to identify key challenges at national and regional/territorial or cooperation area level and build consensus around them. In the second stage, Member States should also identify the set of measures necessary to tackle these key challenges effectively.

For some challenges, this may require synergies and complementary interventions that span across many sectors, territories, and authorities and need to be set up and implemented in a coordinated manner. Identifying synergies and complementarities is also necessary to perform an adequate costing and financing needs assessment across the board in particular for projects or measures that may benefit or stand to benefit from other EU programmes and instruments.

Examples of such synergies include:

Example 1: Strengthening of national and/or regional research and innovation ecosystems through reinforcing links between higher education, skills development, research and technology infrastructure, including testing facilities for digital technologies, knowledge/technology transfer and startup incubators.

Example 2: Territorial joint investments in renewable energy. Combining support for farmers (e.g. investments in on-farm biogas plants) with climate resilient energy infrastructure investments and creation of energy communities can reduce energy costs for rural businesses, while contributing to EU decarbonisation and climate adaptation goals and income generation to inject in local development.

Example 3: Synergies between young farmers and young fishers whilst tackling youth unemployment: Integrated programming to enable stronger synergies between policies and empower Member States in order to address common challenges faced by young fishers and young farmers: demographic ageing, the gender employment gap, difficult working conditions, need for education or upskilling/reskilling etc. Under Article 22(2)(g)(i), Member States have the opportunity to build a common approach/strategy in tackling these challenges for both of the sectors.

Example 4: Improving the attractiveness of remote and rural areas and fostering the right to stay by prioritising investments in care services including primary healthcare and early childhood education as well as support to start-ups. Furthermore, Member States can facilitate development of skills and other social services and infrastructure, including broadband coverage, in remote and rural areas allowing synergies between the EU and national funding enhancing vitality.

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Example 5: Using in a more flexible and coordinated way the investments, reforms and compensation schemes across all relevant policies covered by the Plans to address the specific needs and challenges of the outermost regions in France, Spain and Portugal.

Example 6: Combining regional development investments in the structural re-engineering of public environments (e.g. smart municipal lighting networks and resilient transit hubs) with targeted threat-detection technologies and soft-target protection training can effectively mitigate physical vulnerabilities, while maintaining the open, accessible nature of European cities, including to persons with disabilities, and enhancing overall public safety.

Example 7: Socioeconomic integration and labour market inclusion of third-country nationals. Combining early-stage, targeted interventions (e.g. immediate reception support, education. basic language training, and civic orientation) with long-term vocational upskilling and active labour market measures, with targeted support for women, can accelerate the economic self-reliance of migrants, and contributing directly to the objectives of the European Pillar of Social Rights.

Example 8: Promoting and managing sustainable tourism while presenting economic and employment opportunities for local communities, in particular investing in active labour market measures including upskilling or reskilling and inclusive hiring practices targeting the increase of labour market participation of groups with a lower participation rate (such as women, Roma, and persons with disabilities).

Example 9: Combining investments in circular economy and waste prevention polices with housing and industrial policies thus increasing the supply of affordable housing through more automated and industrialised construction methods.

Example 10: Territorial measures that support farmers, local authorities and other key stakeholders to protect and restore natural resources (water, soil, air, biodiversity, wetlands), prevent land abandonment, reduce wildfire risk on the landscape level, and provide support to farmers for: agri-climate-environment actions, for extensive grazing livestock, nutrient management, support for agritourism, valorisation of local products and circular and bioeconomy approaches (local biogas production and digestates for fertilisation).

1.2. Additionality and complementarity of measures

Article 7(4): support from the Fund shall be additional to national public funding.

Article 7(5): The Commission and the Member States concerned shall, in a manner commensurate to their respective responsibilities, ensure coordination, consistency and synergies between the Fund and other Union programmes and instruments.

NRP Plans and the Interreg Plan chapters should respect the principle of additionality of Union funding and as such should complement public expenditure of a Member State. The main criterion to consider is whether the Member State routinely funds these activities from its national budget.

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Accordingly, in principle infrastructure ordinary maintenance costs are not investments and should not be supported. However, there are specificities in the area of Home Affairs, where exceptions may be considered in duly justified cases (see the guidance's chapter on costing). Investments in infrastructure upgrades could also be considered.

Member States need to ensure the effective and efficient functioning of synergies between their NRPP and support from other Union programmes and instruments. These synergies should already be planned at the programming stage, i.e. synergies by design, in order to simplify implementation and maximise the added value generated by the combined use of different funding sources. To comply with these principles, close coordination between all public actors is needed. For example, programming should analyse the existing landscape of approved, concluded and future IPCEIs. Since the same costs for achieving milestones and targets cannot be financed twice, national authorities should describe in their NRP Plans how they will ensure compliance with Article 7(4) of the NRP Regulation in point 1.3 of the NRP Plan on synergies with national measures, as well as with Article 7(5) of the same Regulation in point 8 on coordination, demarcation and complementarities with measures supported by other EU instruments.

Member States should provide information in case they wish to grant additional national financing for CAP interventions, within the Table 'National additional financing' in Annex V, section 3.1. The first row of this Table requires to indicate the exact provision of the [XX] Regulation, that is the CAP instrument according to which the national additional financing is granted. The last row of this Table is important in order to assess whether State aid rules apply (in financing not covered by Article 42 TFEU) or if they don't apply (in financing covered by Article 42 TFEU).

2. Types of measures (reforms/investments/output-based intervention)

Article 4(10): 'measure' means a reform, an investment or another intervention at national or subnational level supported under the NRP Plan or the Interreg Plan;

Article 21(1): Each Member State shall prepare and submit to the Commission the NRP Plan setting out their agenda of reforms, investments and other interventions. Each Plan shall comprise measures which form a comprehensive and coherent package.

Each NRP Plan and the Interreg Plan chapters should contain a comprehensive and coherent package of measures, i.e. reforms, investments and output-based interventions. **A measure should consist of either a reform, an investment, or an output-based intervention, but not a combination thereof.**

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2.1. Reforms

A reform under the NRP Plan is an action or process to bring about structural changes and improvements with significant impact and long-lasting effects on the functioning of a market or policy, the functioning or structures of an institution or administration at national or sub-national level. The NRP Plans must incorporate a set of reforms at national, and/or regional level, that address institutional and regulatory obstacles hindering the fulfilment of EU and national/regional policy priorities. Reforms can create the conditions for investments to succeed and maximise their positive impacts.

The reforms in the NRP Plans should respond to structural challenges as identified in the policy reference framework governing the NRP Regulation (Article 22(2)(b) and 22(2a) and 22(2b)(a) and (b)). When preparing their NRP Plans, Member States should include reforms that address identified challenges. The reforms included in the NRP Plans should be planned at the appropriate level within the Member State in line with its legal, administrative, and constitutional setup.

Example 1 (national level): Entry into force of legal act(s) to consolidate and streamline unemployment benefits and allowances, and to remove disincentives for upskilling/reskilling for young people not in education, employment or training by retaining their entitlement to unemployment benefits during participation in trainings.

Example 2 (national level): Entry into force of legal act(s) creating R&D incentive schemes to foster business R&D investment and increase take-up by startups and SMEs.

Example 3 (regional level – regional authority with the relevant competence to adopt the reform): Entry into force of legal act(s) introducing simplified permitting procedures for photovoltaic installations in dual-use priority categories (such as, car parks, brownfields, agrivoltaics, infrastructure verges).

Example 4 (national level): Entry into force of legal act(s) to consolidate separate border guard, maritime, and customs data architectures into a single National Coordination Centre (NCC), and to remove institutional silos by harmonising operational protocols across all maritime and land border sectors.

Example 5 (national level): Entry into force of legal act(s)for countering chemical, biological, radiological, nuclear, and explosive (CBRN-E) threats at high-capacity venues, and to remove operational fragmentation by legally mandating standard vulnerability assessments and CBRN-E incident response plans for mass events considered as high risk in line with Council conclusions 9908/25.

Example 6 (national level): Entry into force of legal act(s) to modernise national law enforcement data sharing framework, and to remove legislative obstacles hindering the efficient exchange of

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information between different systems in accordance with the Prüm II and Interoperability Regulations.

Example 7 (national level): Entry into force of legal act(s) to establish an integrated digital health data and care coordination framework.

Example 8 (national or regional level – depending on the authority with the relevant competence to adopt the reform): Entry into force of legal acts(s) to improve the business environment and strengthen SMEs and entrepreneurship by reducing regulatory burdens, simplifying and accelerating permitting and administrative procedures, facilitating access to finance for start-ups and providing targeted advisory support for project preparation and green-finance requirements.

Example 9: (national level): Entry into force of legal act(s) to facilitate the channelling of funds from retail and institutional investors into productive investments, including by creating a framework for savings and investment accounts, increasing participation in supplementary pension schemes and allowing greater asset diversification.

Example 10 (regional level - regional authority with the relevant competence to adopt the reform): entry into force of legal act(s) to shorten, digitalise, simplify, or harmonise permitting procedures for residential construction projects at sub-national level.

Example 11 (national level): Entry into force of legal act(s) introducing the obligation to implement the International Convention on Standards of Training, Certification and Watchkeeping for Fishing Vessel Personnel (STCW-F) establishing harmonised minimum training and certification standards for fishers across the EU to enhance maritime safety.

Example 12 (national level): Entry into force of legal act(s) to modernise the vocational education and training (VET) system to increase the level of training of farmers, in cooperation with the farming and academia community.

Example 13 (national or regional level - depending on the authority with the relevant competence to adopt the reform): Entry into force of legal act(s) or administrative arrangements facilitating data exchange and interoperability including data handling at use for administrative purposes at various levels of government.

Example 14 (national level): Entry into force of legal act(s) to better aligning financing and spending responsibilities, to improve public administration effectiveness and spending efficiency.

Example 15 (national or regional level): Enty into force of legal act(s) to address pollution in nitrates, water, air quality and support nature restoration by adopting measures to incentivise circularity in accordance with the waste hierarchy.

Reforms may be also relevant in the Interreg Plan context. These may cover regulatory, administrative or institutional changes to improve the functioning of institutions, services or

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administrations at local, regional, national or cross-border level, thus creating a more conducive environment for territorial development across borders.

Example 1 (national / regional level – authorities with the relevant competence in the respective countries): Entry into force of legal agreement establishing a memorandum of understanding between participating countries which covers the principles of cooperation in healthcare sector areas allowing for: reimbursement of patients, joint use of healthcare facilities, rights for emergency services to intervene, protocols of deployment of medical teams, and mutual recognition of disability assessment and related benefits etc.

Example 2 (national / regional level – authorities with the relevant competence to adopt the smart specialisation strategy in the respective countries): entry into force of the agreement on the jointly developed transnational S3 strategy as adopted in the monitoring committee, setting the ground for enhanced transnational innovation framework. This agreement streamlines cooperation in the area of research and innovation and creates a stable environment for future investments.

2.2. Investments

Investments promote an activity, or group of activities, including in fixed capital, intangible assets, human capital, and natural capital that are expected to result in tangible benefits to society, the economy and/or the environment within the scope of the Regulation's objectives, and considering the policy reference framework referred to in Article 22(2)(b)[3]. Investments can be direct public investments or private investments incentivised by the public sector.

Example 1: Investment to install, and train teachers to use, interactive, accessible and inclusive learning systems for classrooms of primary and secondary schools at national level.

Example 2: Investment in small satellites constellation aimed at supporting connectivity services, as well as earth observation applications for mapping, shipping, precision agriculture, spatial planning, as well as surveillance and reconnaissance, and others.

Example 3: Targeted cost-effective support for SMEs to contribute to their expansion via up-scaling and promoting international expansion of companies.

Example 4: Investment in integrated territorial development strategies including their implementation in various regions.

[3] Under Article 13 of the CAP Regulation, investments are only those in tangible and intangible assets for farmers and forest holders. Other CAP interventions, such as cooperation, territorial and local cooperation activities, LEADER and support for knowledge sharing and innovation, while target based, would not fall under the definition of investments under Article 13 of the CAP Regulation. However, such target-based interventions fall under the broader scope of investments under the NRP Regulation.

Example 5: Investments in people through inclusive education and training aiming at improving basic and digital skills, improving social inclusion and integration etc.

Example 6: Prevention and management of climate related and water risks through development and testing of solutions, including by ensuring the climate-resilience of vulnerable infrastructure, and their uptake across borders (e.g. Restoration of degraded sponge landscapes, urban greening, nature-based solutions for flood, drought and coastal erosion management).

Example 7: Implementing a cross-border capacity building project aiming to enhance an existing Police and Customs Cooperation Centre (PCCC) by expanding its tasks to also producing of cross-border regional risk analyses and supporting cross-border joint operations.

Example 8 Establishing a national capability for the forensic detention and analysis of AI-generated digital content.

Example 9: Setting up of young farmers, rural business, start-ups and development of small farms.

Example 10: Investment in the control systems for fisheries necessary for the implementation of the CFP.

Example 11: Investments in the restoration of Marine Protected Areas.

Example 12: Investment in supporting technology transfer offices and/or other intermediary structures to foster the uptake of public research results.

Example 13: Increased digitalisation of justice system by updating technical infrastructure and providing training to judicial staff.

Example 14: investments for a scheme to improve energy performance of residential buildings, for example by supporting the renovation of the building envelope and/or installation of heat pumps.

Example 15: Investments in security, civil protection and military mobility infrastructure in eastern border regions to reinforce defence industrial base.

Example 16: Investments in digital tools to monitor animal welfare indicators, and support to disease surveillance and biosecurity systems to improve animal health.

Example 17: Supporting industrial decarbonisation projects, strengthening net-zero manufacturing in region X and fostering regional industrial transformation.

Example 18: Combining public financing of e-waste collection, sorting and pre-processing infrastructure with private sector investments in downstream critical raw materials (CRM) recovery capacity (e.g. hydrometallurgical and pyrometallurgical refining) to strengthen the resilience and security of supply chains and, reduce the EU's import dependency while diverting hazardous and valuable e-waste streams away from landfill and informal disposal channels.

Example 19: Investment in cultural infrastructure (including cultural heritage preservation) in urban and rural areas, as accessible spaces for democratic participation, skills development, and social inclusion.

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Member States may support investments through grants, loans or financial instruments. Various support schemes can be designed especially with a view to crowding in additional private investments, provided they would target clearly identified needs and market failures linked with the objectives of the NRP Plans, including Home Affairs objectives or the Interreg Plan chapters, as appropriate.

2.3. Output-based interventions

In the context of the Common Agriculture Policy, Common Fisheries Policy, and Home Affairs' measures, there are also 'output-based interventions' which refer to activities not falling under the category of either reforms or investments, and for which the amount of the Union contribution is defined by reference to an output unit value multiplied by the number of outputs achieved.

Examples of such output-based interventions are income and environmental-friendly area-based payments or payments per livestock units, permanent and temporary cessation, and compensation schemes, resettlement, relocation, humanitarian admission, and the Union support for foregone short-stay visa income through Facilitated Transit Documents (FTD) and Facilitated Rail Transit Documents (FRTD) (Special Transit Scheme allocated to Lithuania). In this case, the exact output that will be achieved is variable and payments to Member States will take place on the basis of the number of outputs achieved (multiplied by a unit amount). The output and/or 'unit amount' may be defined in EU law or in Member States' NRP Plans or in Member States' law. Where applicable, Member States may also be required set a range (a minimum and maximum) for the unit amount (e.g. in EUR/hectare) by intervention. Output-based interventions are often recurring (and not incremental) interventions: for example, area and animal-based interventions are managed annually (the same hectares are paid every year, contrary to investments which are cumulative).

<u>Example of output-based interventions:</u>

Example 1: Payment per hectare for agricultural land identified in Areas with Natural constraints: an additional income support of EUR 70 per hectare is provided for the 150 000 ha of agricultural land managed by farmers in these specific Areas.

Example 2: Payment per scrapped vessel to adapt the fishing capacity to the available fishing opportunities, i.e. EUR 200 000 per scrapped vessel, in order to compensate fishers for the ceased activity.

Example 3: Payment of EUR 10 000 for each person admitted through resettlement under the Union Resettlement and Humanitarian Admission Framework.

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Example 4: Crisis payment to farmers in case of major outbreaks of animal diseases.

Example 5: Payment per hectare for extensively grazed permanent pasture (expected to cover 20 000 hectares and providing annual payment of EUR 200 per hectare).

3. How to design a measure

3.1. Start date of measures

Article 21(3): Only measures whose implementation started from 1 January 2028 shall be eligible for financing provided that they comply with the requirements set out in this Regulation and Regulations listed in Article 1 paragraph 1. By way of derogation from the first subparagraph, expenditure related to legal commitments to beneficiaries incurred under the interventions financed under Regulation (EU) 2021/2115 may be eligible for contribution, provided such expenditure is provided in the relevant NRP Plan in accordance with this Regulation and Regulation (EU) 202X/XXXX [CAP Regulation].

The start of the implementation of a measure refers to the date when the related actions directly contributing to the fulfilment of the relevant measure's milestones, targets, or outputs start being put in place. This means that preparatory stages and administrative procedures (e.g. signature of a contract) do not normally correspond to the start of a measure, unless they are covered by any of the estimated costs submitted by the Member State for the relevant measure or by any of the requirements set out in the measure's milestones and targets. Therefore, the following key test needs to be applied to ensure compliance with the principles above.

- Do the estimated costs of the measure include only costs to be incurred on or after 1 January 2028?
- Do the measure's milestones, targets and outputs only include actions that will be carried out starting at the earliest from 1 January 2028?

This does not apply to measures and investments included in the Social Climate Plans submitted by Member States under Regulation (EU) 2023/955, for which the relevant eligibility date is 30 June 2024, in accordance with Article 29 of the SCF Regulation.

The example below illustrates how to apply this test, in particular for (i) Member States when deciding to include a measure in the NRP Plan or not, and (ii) the Commission in the process of approving the NRP Plans

- A Member State signed a contract for construction works for a new railway line connecting two cities and their functional urban areas, creating additional capacity in regional rail transport in October 2027. This did not involve any financial transaction between the parties that is included in the measure's estimated costs.

- Extracts from the construction book signed by the contractor demonstrate that actual work on the construction site began in January 2028.
- It is therefore considered that (i) the preparation of the NRP Plan measure (signature of the contract) occurred before 1 January 2028, (ii) no costs linked to such preparatory phase is included among the measures estimated costs, (iii) no milestone, target or output of the measure covers such preparatory steps, and (iii) a clearly defined phase of implementation that is part of the NRPP measure (i.e. actual construction work) began after 1 January 2028.

A similar start date and approach apply in the context of Interreg Plan chapters.

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Additional guidance on the transition to the next MFF might be provided, including on CAP specific rules.

3.2. Scope, objective of the measure and identification of the target group

Article 22(2): provide the list and description of measures grouped in chapters, including the general and specific objectives that each of them primarily pursues and the list of envisaged milestones and targets, with their indicative completion date during the programming period, including the additional measures and related milestones and targets in case the Member State concerned requests loan support.

Member States should set out in Table 2.1 of Annex V to the NRP Regulation the breakdown of the measures included in the Plan, i.e. measure ID, title of the measures, next to the primary/secondary specific objective (Article 3) and the general objective supported. The other elements of Annex V will be presented in the relevant sections of this guidance.

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Structure of the Member State submission according to Annex V, Table 2.1

Table 2.1 The nature, type and financial allocation of the measures, indicating general and specific objectives they pursue*

Chapter ID	Measure title	Measure ID	Reform/ Investment/ output based interventions	Primary Specific objective supported**	Secondary specific objective supported**	Objectives set out in Article 3 of the AMI, IS and BMV regulations	General objective supported	Union contribution (EUR)	Total estimated costs (EUR)

*Considering the multidimensional aspect of investments, reforms and other interventions financed by the NRP Plan, each measure may be assigned to two specific objectives:

- a 'primary' assignment to the specific objective predominantly related to the measure at stake;
- a 'secondary' assignment to capture a specific subset of the primary assignment, the possible spill-over effects on a second specific objective, or the nature of beneficiaries targeted by the measure.

* **not applicable for AMI, IS and BMV regulations*

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Measure ID

As provided automatically by SFC2028.

Measure title:

Member States should use a short, clear and self-explanatory title for each measure that shows whether the measure is a reform, an investment or output-based intervention and what the measure concretely does. The name of the measure should describe the core intervention in plain language, rather than the full policy objective or a detailed explanation, and it should be used consistently throughout the Plan and its tables.

Objectives (Articles 2 and 3)

Specify to which general and specific objective(s) of the Fund the measure contributes. This should be consistent with section 2.2 of Title II of Annex V. This terminology does not apply to support to Home Affairs (migration, borders and internal security), where only the objectives defined in the sectoral regulations will be referred to, and in the respective column.

Section 2.1 of Title II of Annex V to the NRP Regulation requires Member States to identify the nature, type and the financial allocation of the measure.

Section 2.2 requires Member States to provide a description of the measure, including information on the objective of the measure, geographical area and who and what is targeted. Measures under the NRPPs should be designed as an action to address the general and specific

objective(s), as well as the Home Affairs objectives, and tackle a specific challenge, e.g. improve performance or remove barriers hindering progress towards specific policy objectives, such as greenhouse gas emission reduction and enhance the attractiveness of a territory, business environment or innovation ecosystems or reduce the number of vulnerable households and vulnerable transport users, reduce strategic dependencies in critical digital infrastructure, enhance defence capabilities and security, equal access to the labour market by investing in early childhood education and care, more efficient public services such as in the justice system. The objective of the measure needs to address directly a clearly formulated challenge/problem that investment, reform or output-based intervention intends to tackle.

The description should allow to capture the intervention logic of the measure: a clear link between the problem to be solved and the objective of the measure, and a clear link between the objective of the measure and chosen output and result indicators. Altogether it should allow to grasp the change expected due to the public intervention. This description should be operational and contain information relevant for setting up milestones and targets, important contextual information of a measure and its qualitative aspects.

Moreover, when describing the measure under section 2.2. of Annex V, Member States should explain how it contributes to the achievement of the objectives of the NRP Regulation and the Home Affairs objectives. Whenever relevant, the description should explain the types of activities to be supported, which should be broken down by the corresponding intervention fields in the tables for costing and milestones and targets. At the same time, Member States should avoid unnecessary granularity. Whenever possible, similar and/or logically linked activities should be grouped into one single measure thus avoiding a disproportionately high number of measures in the chapter/Plan. The territorial context of the measure, as relevant, should also be part of the description. The description of the measure should be compatible and complement its estimated costing to be set out in Table 5 (for further details see the Chapter on costing and financing below).

Member States should also specify the characteristics of the target group: for example individuals, households, businesses, professional groups, investors, local communities, vulnerable groups at risk of discrimination, NGOs, public administrations or other entities. In addition, Member States should explain how the respective measure addresses the needs of the target group(s), including the needs of remote, rural, coastal and urban communities, when applicable.

Example 1:

Measure title: Modernisation of local railway infrastructure

Description (Table 2.2): the objective of the investment is to increase the quality of connection, safety and speed of rail transport; enhancing multi-modality, ensuring accessibility for persons with

disabilities and reduce greenhouse gas emissions of the transport sector. The measure also contributes to improving rural-urban linkages. The investment consists in supporting the modernisation of local railway infrastructure between the main cities and functional urban areas in region X. Secondly, the measure supports modernising railway stations and increases their capacity in the main transport hubs.

The main target groups of the measure are local residents, tourists, businesses and the freight transport sector. The investment will cover the geographical area of a less developed region X. Beneficiary: national railway agency. Type of support: grant.

Example 2:

Measure title: Supporting NEETs (young people not in employment, education, or training) into training, education and employment

Description: the objective of the investment is to assist people below 30 years and not in employment, education or training into employment by enhancing their skills, providing them with first labour market experience and supporting them to overcome individual barriers and challenges. The investment will consist of two parts: 1) paid 4-week internships and 2) mentoring to support long-term integration of participants into further education (including vocational) and training or the labour market for a period of up to 2 years. The target group is people below 30 years old with low educational qualifications and the key results of this intervention are expected to be participants engaged in job searching, being in employment or in education and training after participation.

For fisheries, aquaculture and ocean-based interventions, each measure can include only one type of activity and therefore be attributed only one intervention field.

Example:

Category of measure (as per Article 22(2b), point (i g)(iii) and (iiia) and Article 35b)	**Measure**	**Intervention field**	**Support rate** [at the level of the measure]
Support for sustainable fisheries and aquaculture, including the restoration and conservation of aquatic biological resources, energy transition of fisheries and aquaculture as well as actions improving safety, working conditions and health;	Investments in the restoration of Marine Protected Areas	IF 54: Support to sustainable fisheries and aquaculture practices, including climate resilience measures	100%

Member States can eventually group several types of activities under one single measure if: (i) these activities are described in the measure, and (ii) these activities entail the same support rate.

As far as the interventions of the Common Agricultural Policy are concerned, the Member State submission is based on the Table 3.1 of Annex V:

Specific objectives	Needs addressed	Measure ID	Type of intervention (as per Art 35(1)	Territorial scope/dimension	Targeted sectors Where applicable	Targeted groups of beneficiaries Where applicable	Type of areas targeted	CAP environmental and climate priority areas	Eligibility conditions [as per relevant article]	Monitorability of eligibility conditions (via AMS)	Farming practices covered (where applicable)	Specific conditions / incentives / priority in place for				
												Young farmers	*Women*	*Digitalisation*	*Data sharing*	*Knowledge exchange / training*
[list]	[500]			*[list]*	*[list]*	*[list]*	*[list]*	*[list]*		[*Y/N/partially*]	*[list]*	[Y/N]	[Y/N]	[Y/N]	[Y/N]	[Y/N]

Specific objectives: as identified in the CAP national recommendations or other relevant documents. Needs identified beyond the CAP national recommendations may be also stated Needs addressed, to establish the link to challenges and needs as described in other sections of the NRPP, to be selected from a drop-down menu harmonising the wording;

Measure ID and type of Intervention from the catalogue of interventions in Article 35(1);

Territorial scope/dimension to define the national / national with regional elements / regional / transnational scope of the action. The territorial dimension of the action should be given;

Types of areas targeted to list Agricultural area / Arable crops/ Grasslands / Forage areas / Permanent crops / Agroforestry / Paludiculture / Non-agricultural areas / Forestry / Other / Non-relevant;

CAP environmental and climate priority areas to list one or more management commitments or other;

Eligibility conditions specifying the character and structured information for some elements: e.g. beneficiaries, territory covered, measured in heads/ hectares or other units. To enhance the compliance, ensure performance and reduce the administrative burden for beneficiaries and administrations, Member States should, whenever possible, prioritise use of preventive, satellite-based monitoring instead of on-farm controls. To fully harness this potential, monitorable eligibility conditions should be prioritised in designing CAP interventions within NRPPs, allowing phasing out redundant on-farm controls. The Area Monitoring System (AMS)—backed by Copernicus Sentinel data— further offers opportunities for Member States to monitor forestry management, rural development, and disaster resilience. The proposed voluntary European Land Monitoring System (ELMS), built on IACS data, would further streamline farm management by

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linking CAP declarations with other data sources, as precision farming tools, reducing duplicative reporting for cross-cutting obligations.

Monitorability of eligibility conditions (via AMS), to state if an eligibility condition is fully monitorable by their partially monitorable or not at all, as assessed by Member States based on their technical possibilities;

Farming practices covered A meaningful description of the practice supported. The JRC catalogue of farming practices should be used, at Tier 2 level, through a drop-down menu and specific conditions needed for the implantation of the action should be given;

Specific conditions / incentives / priority in place for to tick if young farmers/women/digitalisation/data sharing/ knowledge exchange training are concerned by the action.

3.3. Intervention fields

Article 2(5) of the Performance Regulation: 'intervention field' means a standardised and predefined category used to classify supported activities;

Purpose of intervention fields

In the context of the 2028-2034 EU budget, all activities supported from the EU budget, including the NRP Plans and Interreg Plan, should be assigned one or more intervention field(s).

Intervention fields are the tool to track the intervention of the EU budget by type of activities and selecting the appropriate fields improves the traceability of funds and data quality over the programming period. By applying the co-efficient assigned to the intervention fields set out in Annex I to the Performance Regulation (in columns 5 to 8), they also serve to track the EU budget's contribution to policies, such as climate mitigation, adaptation, environment, and social objectives. Additionally, intervention fields are linked to a standardised set of performance indicators (output and result indicators), which are also set out in Annex I of the Performance Regulation.

Selection of the intervention fields

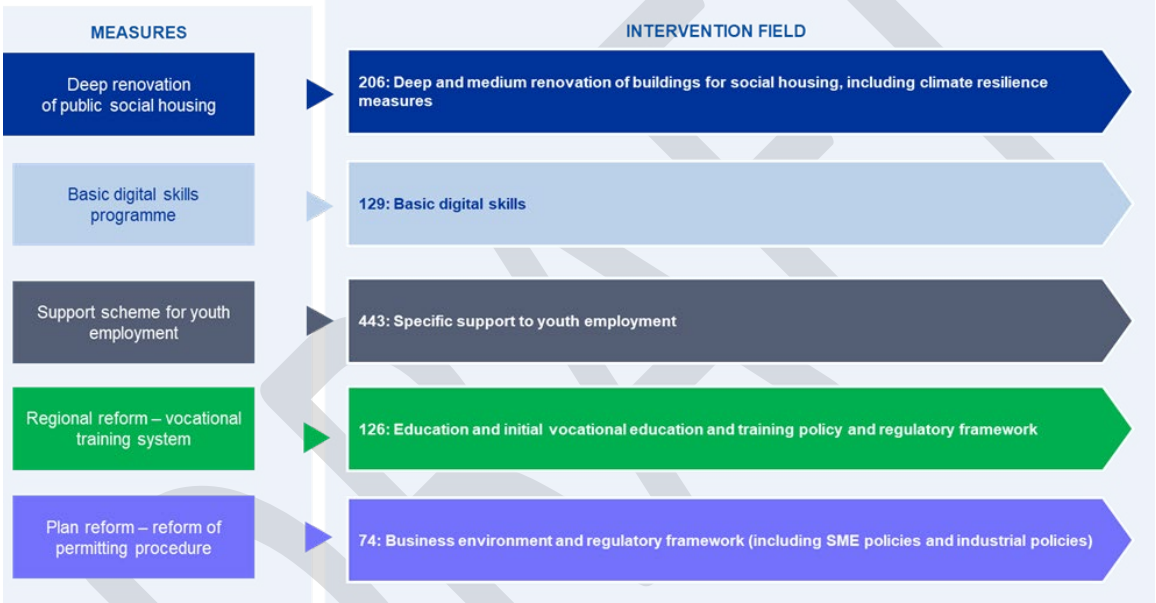
Each measure set out in Table 2 of Annex V for the NRP Plan and Tables 2 and 3 for Interreg Plan chapters should be attributed at least one intervention field. The intervention fields to be used for this purpose are those listed in Annex I to the Performance Regulation. Member States should select the intervention fields that best represents the substance of the activities financed under the measures. Where Member States group several type of activities under one single measure, more than one intervention field needs to be assigned to such measure.

The assignment of more than one intervention field to a single measure implies, as a general rule, that an output indicator corresponding to each intervention field should be selected from Annex I of the Performance Regulation to define the final milestone or target. Consequently, where a measure is divided into activities with the assignment of multiple intervention fields, each activity should, as a general rule, have a final milestone or target defined by an output indicator set out in Annex I.

In cases where intervention fields are defined broadly, such as under the Home Affairs policies, the same intervention field may be assigned more than once.

Illustrative examples

Linking the NRP Plans' measures with one intervention field:



Example: Activities based on the assignment of several intervention fields:

Measures	**Intervention field**
Measure 1 - Investments in farm modernisation (purchase of new agricultural machinery)	16 - Investments in agriculture (other than green or to improve animal health, biosecurity and animal welfare)

Measure 1 – Investment in farm modernisation (animal health and welfare)	17 - Investments and commitments to improve animal health, biosecurity and animal welfare
Measure 1 – Investments in farm modernisation (smart farming systems)	32 - Digitalisation of farms
Measure 2 – Modernisation of local railway infrastructure (electrification of local railway lines)	521: Newly built or upgraded railways
Measure 2 – Modernisation of local railway infrastructure (reconstruction of railway station)	523: Railway station or terminal capacity

Example: Activities based on the assignment of the same intervention field more than once:

Measure	Activities	Intervention field
Measure 1 – Border management	Purchase of border equipment surveillance	323 – Supporting European integrated border management
Measure 1 – Border management	Construction of facilities	323 – Supporting European integrated border management
Measure 2 – Degressive Area Based Income Support (DABIS)	DABIS- Young farmers	2 – Targeted support to farmers income
Measure 2 – Degressive Area Based Income Support (DABIS)	DABIS- Basic payment	2 – Targeted support to farmers income

3.4. Intervention-specific requirements (Annex V, Title II, Sections 2 Measures)

Article 36 of the NRP Regulation and relevant provisions under the CAP Regulation;

In the context of Common Agricultural Policy, the following elements per type of interventions are to be provided under sections 2 and under Tables 3.1.

DABIS and payment to small farmers (Articles 6 and 7, CAP Regulation) – definitions of the targeted group of farmers and /or geographical areas), as well as any additional rules related

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to per hectare payment ranges and/or maximum hectare paid. For the DABIS targeted to young and new farmers, conditions applied for the definition of newly setting-up, type of duration of support and information if continuity with previous scheme is applied.

Areas facing natural or other specific constraints ANC (Article 8, CAP Regulation) - The respective links to the national list of designated local administrative units and to the maps of areas facing natural and other specific constraints, designated for each category of areas referred pursuant to Article 32 of Reg. (EU) No 1305/2013 and newly designated pursuant to Article 8 of CAP Proposal.

Support for disadvantages resulting from certain mandatory requirements (Article 9, CAP Regulation) – Information on the type of area eligible, and, if relevant, as to other delimited nature protection areas with environmental restrictions applicable to farming or forestry which contribute to the implementation of Article 10 of Directive 92/43/EEC, provided that those areas do not exceed 5 % of the designated Natura 2000 areas covered by the NRP Plan.

Agri-environmental and climate actions (Article 10 CAP Regulation) - Measures designed under both forms of action (annual or multiannual management commitments, and voluntary transition) have to be listed in Template Section 1.11.

As regards support for voluntary annual or multiannual management commitments (Article 10(1)(a)), the objectives to be pursued by programmed interventions are listed under Article 10(3), though the list is not exhaustive and the Member State can decide to support actions addressing additional objectives.

As regards support for voluntary transition (Article 10(1)(b) CAP Regulation) - Member States should provide a description of farming systems – the description could be: (i) reference to an existing label (e.g. organic farming) of approach defined in legislation or other national documents (e.g. integrated farming) that bring environmental and climate benefits, (ii) for other farming systems, the description could include the actions, commitments, indicators or other elements which allow to assess that the conditions required for a farming system to provide benefits for climate and environment are met. Member States may specify minimum conditions for the content of the transition plan, such as the length and minimum content of the plan, results to be achieved or criteria used for the differentiation of the support.

Coupled Income Support (Article 11 CAP Regulation) - Member States should provide a justification of the difficulty of the targeted sectors, products, or specific types of farming (CAP Chapter / Table 2.2 - 2.3), based upon their additional income needs and socio-economic and/or environmental importance.

For targeting purposes, Member States should also include, where relevant, requirements and definitions related to grasslands, cotton and short rotation coppice; to beehives and/or

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silkworms; to farmers combining the production of crops and livestock; to areas at a risk of abandonment of agricultural production in particular in the Eastern border regions.

The justification of the lack of trade and market distortion of the support, as well as the clarification about whether the measure is implemented based upon WTO amber, or blue box conditions. If the latter applies, then also description of the production-limiting requirements. Where relevant, please specify:

- Blair House agreement: annual support area per crop
- Elements on how environmental impacts have been taken into account for support granted as a payment per animal to the livestock sectors, also including maximum livestock density in nitrate vulnerable zones.

Specification, at each measure, if it is financed from the baseline budget share (up to 20%), or the optional top up (+ up to 5%), or both.

Crop-specific payment for cotton (Article 11a, CAP Regulation) - Requirements related to minimum production efficiency and product quality. Eligibility conditions, if relevant, to rationalise the use of natural resources in particular. Requirements (optional) related to inter-branch organisations and their members.

Sectoral interventions (Article 5(1)(r), CAP Regulation) - Specific information should be provided on the sectors covered, the rationale for each supported sectoral intervention (e.g. wine, fruit and vegetables, apiculture, etc.), the objectives to be pursued per sectoral intervention, the complementary with other CAP interventions, and the total amount allocated per sectoral intervention (national and EU).

Risk Management (Article 12 CAP Regulation) - Member States should provide an indication of the threshold triggering compensation; an indication of the methodology for the calculation of losses and triggering factors for compensation; a description of the particular losses coverage as well as the provisions planned to avoid overcompensation.

Support for investments for farmers and forest holders (Article 13 CAP Regulation) - Please note that investments referred to in Article 13 of the CAP Regulation are only investments in tangible and intangible assets for farmers and foresters holders. While other CAP interventions, such as cooperation, territorial and local cooperation activities, LEADER and support for knowledge sharing and innovation are target-based intervention which fall under the broader scope of investments in the NRP Regulation. As far as investments under Art. 13 of the CAP Regulation are concerned, the following elements are to be provided:

- Article 13(1): Contribution to resilience - Brief explanation required under Article 13(1) regarding the contribution of investment support to resilience that the planned contribution is “appropriate”. The contribution in question is the combined contribution by interventions supported under Article 13 to the range of types of resilience in question

taken together. It is not necessary for every intervention supported under Article 13 to contribute to one of the types of resilience; nor is it necessary that every type of resilience mentioned in Article 13(1) be addressed by interventions supported under that article. What is "appropriate" depends on the circumstances of the Member State concerned, and on other measures in the NRP Plan, or other national or EU instruments contributing to the same objective. The explanation should cover at least which interventions under Article 13 are expected to contribute to which types of resilience – with an indication of which interventions will make a particularly strong contribution; and why certain types of resilience mentioned in Article 13 will not be addressed by interventions under that article, if this is the case.

- For irrigation-related interventions, indicate whether the investment leads to an expansion of the irrigated area.

- Article 13(2): For interventions in the forestry sector, the size of holdings for which the support is conditional on the presentation of the relevant information from a forest management plan or equivalent instrument.

- Article 13(3): Restoration of production potential - An explanation of the methodology/ies used to calculate levels of damage to production potential as mentioned in Article 13(3) is not needed. Methodologies applied by Member States should be based on established good practice.

- Article 13(6): Investments in meeting requirements - An explanation of how it will be ensured that payments granted under Article 13(6) for investments to meet requirements compensate beneficiaries only for costs related to the compliance with the requirements (rather than other costs) is not needed. The maximum support rates laid down in Article 35(4), second subparagraph, of the NRP Regulation apply in any case.

Setting up of young farmers (Article 14, CAP Regulation) **-** Under this intervention, non-agricultural activity includes production of non-annex I products. In addition to the provisions of Article 14, Member States may specify further conditions in the NRPP Plan. These conditions can be based on the criteria used in the current CAP plans and may cover the following elements:

- Definition of setting-up (criteria used – historical period of production, register of holdings, eligibility to direct aids); applicable for YF and new farmers.
- Definition of start-up of rural businesses (type of start-ups to be supported, type of beneficiaries – farmers, non-farmers).
- Main conditions and content of a business plan (length, qualifications, percentage of investment, others).
- Criteria used for the differentiation of the lump sum, use of FI.

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- For start-up aid for small farmers, definition of small farms (criteria e.g. number of ha, LU, SO) [Article 14(2)(d)]

Farm relief services (Article 17, CAP Regulation) - Member States have a wide flexibility to design the intervention, taking into account the relevant provisions. Member States are expected to describe the synergies with other national measures if such services exists in Title 2, section 1.3, as well as, the conditions that they set for the support by the CAP which may include information related to whether the setting-up of the services or the use of the services by farmers (contribution to the wages of the replacement staff) may be supported or both; the reason for leaves that can be supported; the maximum duration of the replacement period; any limitations to the nature of the replacement staff.

Cooperation among farmers, their organisations, producer groups and other rural actors (Article 74(1)(c), (e), (f), (g) and (h), NRP Regulation) - Forms of cooperation can include, among others, the establishment of producer groups, compliance with quality schemes for agricultural products, and the development of short supply chains, the promotion of intergenerational cooperation, including farm succession, the addressing of environmental challenges, the strengthening of local development across different economic sectors, and the encouragement of voluntary collective initiatives. The following elements are also expected to be provided: the main potential partners of the cooperation scheme; the duration of the cooperation scheme; the type of support actions covering preparatory costs (e.g. organisation, coordination and animation) and/or the implementation costs of projects to achieve the main goal of the cooperation. Points of attention for the programming:

- for farmers' participation in agricultural products and foodstuffs quality schemes (EU, national, voluntary): it is assumed that they meet the "involvement of at least two actors" requirement by their very nature. Thus, it is generally possible to support individual farmers for their participation in quality schemes.
- for generational renewal cooperation: in case of farm succession between generations of farmers, farmers who have or will have by the end of the operation, reached the retirement age determined by Member States should be among the potential partners.
- for smart village strategies targeting rural communities such as local authorities or local community partnerships to develop 'smart' local projects, contributing to the attractiveness and the quality of life of territories, see Section 3. Regional and territorial dimension of the Plan.

Support for knowledge sharing and innovation in agriculture, forestry and rural areas (Article 19, CAP Regulation) - For support provided under Article 19(1)(a) (IF 26 in Annex I) specific information are expected to be provided covering:

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- Planned support for EIP-AGRI OG innovation projects: preparatory projects, implementation projects, and/or actions ensuring broader uptake of projects' results.
- Frequency and type of calls for EIP-AGRI OG projects, regional or national, describing the choice of open versus thematic calls based on identified needs and strategic priorities.
- As regards territorial dimension and geographic area(s) to be targeted, foreseen cross-regional and/or transnational EIP-AGRI OG projects should be indicated.
- Planned eligibility conditions and other possible actions to ensure compliance with the interactive innovation model and the dissemination requirement of OG projects in line with Article19(3).

For support provided under Article 19(1)(b) (IF 25 in Annex I), specific information are expected to be provided on:

- The type of knowledge sharing action(s). For example, training actions, advice, specific knowledge sharing actions for young farmers, on-farm demonstrations, capacity building of advisors, etc.
- Description of final beneficiaries (training/advice recipients) targeted.
- The type of beneficiaries (in the sense of recipients of funds) for support that will provide knowledge transfer and/or information actions.
- In case of support to farm advisory services, the areas of advice supported within the elements listed in Article 20(3)(a) and planned actions to ensure compliance with Article 20(4).

Distribution of agricultural products / EU school scheme: (Annex V, Title I Section 3.6, plus Title 2, Part 2, NRP Regulation) - Member States should indicate how the distribution of agricultural products is organised and specify the roles and responsibilities of stakeholders involved (educational establishments, suppliers, local and/or regional authorities…) in managing and implementation of the scheme. Following the legal provisions of the CMO proposal, the following elements should be defined:

- the eligibility criteria for participants and possible focus on certain age groups or prioritisation of certain groups of children according to socio-economic considerations explaining the reasons (Article 27(2) CMO);
- The categories of beneficiaries selected, and how they are involved in the management or provision of any of the types of interventions (Article 27(3) CMO);
- How the limitations of free sugars and fats (including respect of budget limitation) (Article 28(2) CMO and Article 35(6) NRPF Regulation) as well as limitations on added sugar, salt or fat (Article 28(4) CMO) are implemented;
- The way that educational establishments participating in the EU school scheme publicise their involvement in the EU school scheme (Article 27(5) CMO);

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MS should also explain how they ensure that all the children participating in the EU school scheme can take part in accompanying awareness-raising activities. They should describe the accompanying awareness-raising activities used, including the list of products intended for tasting and their aim. In case when a Member State decides to take the regular school curriculum or other policies or programmes into account for the purpose of the accompanying awareness-raising activities, it should describe how there are integrated in the scheme.

In addition to information provided in Table 3.1, Member States should also include information on the participants in the EU School Scheme by defining the age groups/educational establishments covered; as well as the list of products that may be supplied and distributed (Article 28(1) of CMO) and the prioritisation criteria.

Interventions in smaller Aegean islands (SAI) (Article 20b-20e, CAP Regulation) - The plan should contain a clear description of SAI agricultural constraints and sectoral needs, as well as targeted complementary income and production support measures adapted to SAI conditions. Member States should include a comprehensive description of the interventions covering:

- Specific supply arrangements (Article 20c, CAP) and forecast supply balance indicating the maximum volumes of products listed in Annex I to the TFEU to be used for human consumption, for the manufacture of other products or as agricultural inputs. It should indicate the amount of aid for each product. A separate forecast supply balance may be established to cover the requirements for consignment to the rest of the Union or for export to third countries as part of regional trade or within the context of traditional trade flows.

- Support to local agricultural production (Article 20d, CAP): a description of the interventions for support of production, processing, marketing and transport of raw and processed agricultural products; aid amounts established for each intervention and the provisional amount for each action; list of the aids constituting income support interventions in accordance with CAP Article 5(1); information on the fair distribution of payments; as well as compatibility and consistency with other CAP interventions available in SAI which are listed in CAP Article 5(1), except for those referred to in point (o) (outermost regions).

Carry-over of CAP interventions (Article 21(3), NRP Regulation). Member States should describe the support related to the legal commitment carried over from the CAP plans to the NRP Plans either in standalone interventions or as a separate action under the same type of interventions.

For each relevant intervention, Member States should provide concise information on:

- the objective and scope of the intervention;

- the main eligibility and targeting conditions;
- the categories of beneficiaries concerned;
- where relevant, the territorial dimension;
- any specific requirements under the applicable legal framework.

In the context of the **fisheries, aquaculture and ocean-based activities**, Member States should provide additional information on:

- eligibility conditions for fleet measures if they are established at the stage of preparation and submission of the Plan;
- Support rate per measure;
- Whether the measure is counted towards the ring-fenced amount.

3.5. Contributions to Union's social, climate and environmental objectives and rural target[4]

Article 22 (2b) of the NRPP Regulation: (q) ensure that the NRP Plan contributes to the Union's social objectives. At least 14% of the total Union contribution and loans shall be dedicated to meeting these objectives, calculated by using the coefficients referred to in Article 6(1) of Regulation (EU) .../... [Performance Regulation]; (r) ensure that the NRP Plan contributes to the Union's climate and environmental objectives. A minimum percentage of the total Union allocation of the NRP Plan shall be dedicated to meeting these objectives, corresponding to the specific climate and environment spending target referred to in Annex III of Regulation (EU) .../... [Performance Regulation].

Article 4 (1) of the Performance Regulation: The contribution from the budget to climate and environment shall be monitored by means of the budget expenditure tracking and performance framework laid down in Article 8, including by means of EU coefficients.

Article 6 (1) of the Performance Regulation: The contribution from the budget to social policies within the Union shall be monitored by means of the budget expenditure tracking and performance framework laid down in Article 8, including by means of EU coefficients.

The contribution from the EU budget to social policies and climate and environment within the Union shall be monitored by means of the budget expenditure tracking. It will be calculated on the basis of the EU contribution assigned to the intervention fields linked to each measure or to each activity under it.

[4] This section takes account of the two letters sent by the President of the European Commission with additional proposals on 9 November 2025 and 6 January 2026 to the European Parliament and the Council complementing the Commission's initial proposal and to support the negotiations at co-legislator level

3.5.1. Social objectives

Member States must ensure that their NRP Plans contribute to strengthening social cohesion by supporting people and strengthening the Union's societies and social model. In practice, NRP Plans must contribute with at least 14% of their overall Union contribution (excluding external assigned revenue from the Social Climate Fund[5] and the minimum amounts for agriculture and fisheries) to social objectives. The contribution of each measure to the minimum social target will be determined by the social coefficient assigned to each intervention field in Annex 1 to the Performance Regulation. For each intervention field a social coefficient of 0%, 40% or 100% is assigned, based on each intervention field's expected contribution towards social objectives.

The above methodology is applied to calculate the contribution of the Interreg Plan chapters to social objectives, which, in practice should correspond to 14% of the Interreg Plan allocation.

Example: Determining the social contribution of specific measures based on the social coefficient laid down in Annex 1 to the Performance Regulation

Measure	**Intervention field**	**SOC [social]**	**Union contribution**	**Contribution to the social objectives**
Support to the creation of social enterprises	484 - Support for social economy and social enterprises	100%	EUR 75 million	EUR 75 million
Rehabilitation of residential buildings for social and affordable housing	310 - Rehabilitation and provision (including energy measures as non-core activity) of residential buildings for social and affordable housing	40%	EUR 200 million	EUR 80 million

With regard to social measures, Annex VI to the NRP Regulation also requires Member States to allocate resources on the following four categories: (1) social inclusion; (2) food and/or basic material assistance; (3) addressing child poverty and implementing the Child Guarantee; (4) combating youth unemployment, including through education and training and implementing the

[5] Even if they do not contribute to the minimum 14% social target, activities having a social coefficient and financed by the Social Climate Fund will nonetheless be tracked and be part of the total social expenditure computed at the level of the entire MFF.

Youth Guarantee. These four categories of measures merely represent a subset of the specific objective on strengthening social cohesion as laid down in Article 3(1)(c). The appropriate amount for each category under Annex VI and – beyond those – to the social objectives more generally, will depend on country-specific needs and challenges (including at sub-national level) as identified in the reference framework.

In Table 2.8 of Annex V Member States are required to assign one or more from the above mentioned four categories to the relevant social measure/intervention fields combinations. For social measures not falling under any of these four categories or other measures Member States will select 'N/A'. Each Member State shall assign at least one investment, and where relevant also supporting reform(s), to each of the four categories of social measures set out in Annex VI.

3.5.2. Climate and environmental objectives and related spending target

NRP Plans should also support a just transition towards the Union's 2030, 2040 and 2050 energy and climate targets and objectives. More specifically, at least 43% of each NRP Plan's overall Union contribution (excluding defence and security-related measures) should contribute to climate and environmental objectives. The contribution to climate change mitigation, climate change adaptation and environmental resilience will be determined by the coefficients assigned to the intervention fields. As such, the plan should include a set of measures assigned to relevant intervention fields that secure a contribution (of 40% or 100%) to climate and environmental objectives.

The above methodology is also applied to calculate the contribution of the Interreg Plan chapters to climate and environmental objectives.

Example: Determining the climate and environment contribution of specific measures based on the coefficients as laid down in Annex 1 to the Performance Regulation

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Measure	Intervention field	CCM [climate change mitigation]	ENV [environment contribution]	Union contribution	Contribution to the climate and environmental objectives
Construction of new zero-emission or nearly zero-emission early childhood education facilities	121 - Early childhood education facilities, schools and universities – Development and construction of new zero-emission or nearly zero-emission building	100%		EUR 250 million	EUR 250 million
Provide financial incentives to increase energy efficiency in enterprises	192 - Energy efficiency in enterprises	40%		EUR 400 million	EUR 160 million
Support to natural ecosystem restoration in protected areas	284 – Protection and restoration of terrestrial, coastal and freshwater ecosystems		100%	EUR 130 million	EUR 130 million

To support the climate and environment objectives, NRP Plans should continue to support the development of innovative stakeholder-driven projects that contribute to the EU's strategic priorities, building on the experience of the LIFE programme.

3.5.3. Rural target

The rural target has been set to ensure that rural **areas continue to benefit from targeted investments** to respond to their challenges**.** Member States should allocate to measures implemented in rural areas at least 10% of their NRP allocation (excluding the CAP and CFP ringfenced amounts for income support for farmers and fishermen, external assigned revenue from the Social Climate Fund and the EU Facility) and of any loan support. However, the

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measures supporting the CAP and the CFP which are supported from other resources than the ringfenced allocations may contribute to the rural target. Also, measures supported from the ring-fenced amount for the less developed regions can count towards the rural target where these specifically target rural areas. (This includes the part of the flexibility amount that may be programmed supporting the CAP or rural areas already from the start of the period i.e. at first submission of the Plan).

The territorial code 02 'rural area' included in Annex II to the Performance Regulation will be used to identify rural areas in accordance with the NRP Regulation. When submitting their NRP Plans, Member States will tag – using the territorial code '02-rural areas' – the measures or activities to be implemented in rural areas. This will enable to check that the NRP Plan submitted meets the rural target requirement.

Additional guidance on the operationalisation of the rural target might be provided.

3.6. Respect of horizontal principles in measure design

When designing each measure, Member States should ensure from the outset that the measure complies with the horizontal principles set out in Article 7 of the NRP Regulation. These include respect of the Charter of Fundamental Rights of the European Union and the rule of law, anti-discrimination and accessibility for persons with disabilities[6], as well as the horizontal principles laid down in the Performance Regulation, including those relating to climate and environment, the 'do no significant harm' principle, social policies and gender equality. These principles should not be treated only as Plan-level requirements, but should be reflected, where relevant, in the design of each reform, investment or output-based intervention.

The more detailed assessment and operationalisation of specific horizontal principles, including DNSH and gender equality, is set out in the dedicated sections of this guidance and in the relevant technical guidance.

Union State aid rules apply to the operations supported under the Fund. The present guidance does not pre-empt the Commission's assessment of the compatibility of State aid measures and is without prejudice to the State aid rules. For measures constituting State aid under Article 107(1) of the Treaty on the Functioning of the European Union (TFEU), Member States must ensure compliance with the compatibility conditions of the applicable State aid instrument. The approval of the NRP Plan cannot be understood as a Commission State aid decision on the measure concerned.

[6] As indicated in recital 10 of the performance regulation, the Union is party to the UN Convention on the Rights of Persons with Disabilities, which requires that the protection and promotion of the human rights of persons with disabilities is taken into account in all policies and programmes.

3.7. The 'do no significant harm' principle and gender equality.

3.7.1. Do No Significant Harm

The 'do no significant harm' ('DNSH') principle referred to in Article 33(2)(d) of Regulation (EU) 2024/2509[7], is further operationalised by the Performance Regulation. In line with Article 5 of the latter proposed Regulation, the Commission will provide a single and simple guidance ('DNSH Guidance'), specifying how the DNSH principle should be applied in practice in the context of the MFF.

3.7.2. Gender equality assessment and scoring

Member States should design and implement the measures in the NRP Plan and the Interreg Plan chapters in a way that ensures respect of the horizontal principles of gender equality laid down in the Performance Regulation.

To ensure that the Plan respects the principle of gender equality, compliance is verified:

- at plan level, where the Member States should describe the mechanisms in place to ensure compliance with the principle of gender quality in the implementation of the Plan. (Table 2.3 of Annex V);
- at measure and activity level, where each Member State should provide a gender equality assessment for each measure in their Plans, where feasible and appropriate, including an explanation of how measures in the Plans are expected to contribute to gender equality and the assignment of the appropriate gender score at activity level, i.e. for each intervention field assigned to the concerned measures, including an adequate justification of the scoring. (Table 4, Title II of Annex V).

The gender assessment and scoring should be provided at the moment of the submission of the NRP Plans. If it is not possible at that moment because of duly justified reasons, the concerned measures or activities should be deemed to have no substantial contribution to gender equality and therefore be assigned a score 0. The Member State concerned will have to revise or confirm that score 0 whenever they submit an amendment to their NRP Plans. The Member State will also be able to change the gender score of an activity on occasion of the submission of an amendment of their NRP Plan.

[7] Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union (recast)

The gender scoring should be provided in accordance with the methodology set out in Article 7(2) of the Performance Regulation and based on the technical guidance establishing the relevant criteria to assign the corresponding gender equality scores.

4. Indicators for performance monitoring and reporting purpose

4.1. Result indicators

Article 2(9) of the proposed Performance Regulation: 'result indicator' means a quantitative performance indicator that monitors the direct effects of supported activities; Article 14 (2) (b) Each plan submitted by a Member State (…) shall include for each measure (…) one or more result indicators corresponding to the intervention field of the measure as provided under Annex I, if available.

As opposed to output indicators, result indicators are performance indicators not linked to payments but used only for monitoring purposes to track the effects of the measures.

The obligation to assign one or more result indicator applies to each intervention field assigned to the measure, i.e. at activity level where more than one intervention field is assigned to a measure.

In Table 7.bis of Annex V to the NRP Regulation and in Table 3b of Annex I to the proposed ERDF/CF Regulation, each NRP and Interreg Plan chapter measure should include one or more result indicators based on Annex I to the proposed Performance Regulation, and linked to the selected intervention field(s) or, where appropriate, to a different intervention field. Where the nature of the measure cannot be adequately captured by any of the result indicators in Annex I, another result indicator not included in Annex I – defined by the Member State - can be assigned.

Where the indicator "Greenhouse gas emissions avoided" is included among the result indicators corresponding to the intervention fields assigned to a measure, the Commission will report on this indicator for the measure on the basis of data provided by the Member States. For investment-type of measures, relevant data correspond to the output indicators defining the final targets. For output-based interventions in agriculture, necessary data correspond to the outputs by farming practices.

Where the indicator "Greenhouse gas emissions avoided" is included in the corresponding intervention field together with other result indicators in Annex I to the Performance Regulation, Member States shall assign at least one additional result indicator alongside the "Greenhouse gas emissions avoided" indicator.

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In addition, where a measure is implemented through a financial instrument under Article 71 of the NRP Regulation, the result indicator "amount of investment mobilised" should also be assigned.

Where no result indicator is available in the corresponding intervention field, or where the only available result indicator is "Greenhouse gas emissions avoided", there is no obligation to assign another result indicator, except where the measure is implemented through a financial instrument. In such cases, only the indicator "amount of investment mobilised" shall be assigned and reported on by the Member States.

Member States have the opportunity to assign "one or more" result indicators per intervention field. However, Member States are encouraged to select *all* relevant result indicators for each measure or activity to cover all the contributions in a comparable way across Member States.

As part of the Plans, and following the relevant table in Annex V to the NRP Regulation, the result indicators should be assigned and provided with a:

- **Baseline value:** estimated value before the start of the measure. Depending on the nature of the result indicator, the baseline value will often be 0;
- **Estimated value**: estimated value of the indicator at the end of the implementation of the measure. This should be directly proportional to the output indicator and clearly attributable to the measure. "Directly proportional" (as opposed to "equal") means that Member States retain a certain degree of flexibility in translating outputs into result indicator values to account for double counting etc.;
  Timeline: estimation of the expected year of achievement of the final estimated value of the result indicator.

The Member State may update this information during the mid-term review or any amendment to the plan.

When a result indicator includes sub-categories (for example, "Number of participants – by status after participating (gaining a qualification, engaged in job searching, in education or training, in employment) and by gender"), the baseline and estimated values should be provided either for the aggregated indicator (e.g. total number of participants) or for one selected sub-category (e.g. number of participants engaged in employment).

The Commission will detail further the definition of the performance indicators in a dedicated guidance document. For the CAP-related indicators, the reporting system will have to take into account the need to avoid double counting.

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Illustrative example of result indicator assignment:

Measure	Intervention field	Result indicators corresponding to the intervention field	Result indicator assignment
Bioenergy measure (financed via financial instrument)	164 - Manufacture of sustainable biogas in line with directive 2018/2001	Annual GHG emissions avoided in tCO2e; Energy produced (Nm3/hour);	The indicator "GHG emission avoided" is assigned by default and reporting is done by the Commission. "Energy produced" is assigned and reported by the Member State "Amount of investment mobilised" is assigned and reported on by the Member State
Zero-emission Sea transport refuelling station (TEN-T) measure	535 – Infrastructure and equipment enabling low- or zero-emission transport for maritime users	Annual GHG emissions avoided in tCO2e;	The indicator "GHG emission avoided" is assigned by default and reporting is done by the Commission. No other result indicator needs to be assigned.
Support to social partners measure	449 - Support to social partners	none	No result indicator needs to be assigned
Diversion of bio-waste from landfill	164 - Manufacture of sustainable biogas in line with directive 2018/2001		Tonnes/year of bio-waste separately collected Tonnes/year of bio-waste diverted from landfill Contamination rate of collected bio-waste (%) Tonnes CO2e avoided per year

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			Tonnes of compost/digestate produced and beneficially used

4.2. Indicator reporting – Annex IX Part 3

Reporting on indicators for performance monitoring purposes is carried out under Part 3 of Annex IX. This reporting covers progress on both result indicators and the components of output indicators that do not define final milestones or targets.

For result indicators that include sub-categories (e.g. "Number of participants – by status after participation (gaining a qualification, engaged in job searching, in education or training, in employment) and by gender"), all elements of the indicator should be reported. This includes both the total value and all sub-category breakdowns.

The same approach applies to the components of output indicators used for monitoring purposes but not defining final milestones or targets. Where the selected output indicator used to define the final milestone or target includes several sub-categories (e.g. "Number of enterprises supported – by micro, small and medium, and large enterprises"), only one level—either a sub-category or the aggregated value—is used for the definition of the milestone or target. However, for monitoring and reporting purposes, Member States should also provide the Commission with the full dataset for the indicator, including all sub-categories and, where relevant, the aggregated value if the milestone or target has been set at sub-category level.

5. Regional and territorial dimension of the NRP Plan

In order to effectively contribute to the general objective to reduce regional imbalances in the Union and the backwardness of the least favoured regions and to provide for continuity, the Plans will need to identify the contribution to regional and territorial development.

5.1. Measures for different categories of regions and territorial dimensions

Article 22(2b)(f): [The Member State shall provide an explanation on how the challenges and country specific recommendations are addressed by the NRP Plan and what level of financing is envisaged and how the NRP Plan will:] reduce economic, social and territorial disparities in less developed, transition and more developed regions.

In line with the requirement for the Plans (Article 22(2b)(f)) to aim to reduce economic, social and territorial disparities in less developed, transition and more developed regions, a measure

or a part of a measure can contribute to regional and territorial development irrespective of whether the measure is under a national/sectoral, regional or a territorial chapter.

When designing the measure, its regional and/or territorial dimension should be reflected in the intervention logic set out in section 2.1. (nature, type and size of the measure) and 2.2 (objective of the measure) of Annex V (Template for the National and Regional Partnership Plan).

Based on the above information, the Table under section 2.7. should be filled covering all measures with a regional and/or a territorial dimension. For each measure, the geographical coverage should be indicated at NUTS2, NUTS3 or at a smaller level of territorial unit, if applicable. In line with Annex II to the Performance Regulation, this Table should also specify the type of territory (unless there is no territorial targeting) as defined below:

- Urban;
- rural areas;
- areas affected by industrial transition;
- islands and coastal areas;
- Mountainous areas;
- Northern sparsely populated areas;
- Outermost regions;
- Eastern border regions;
- Small Aegean islands;
- other types of territories targeted.

In case of overlapping territories, more than one type of territory can be indicated. In case only a part of a measure has a regional and/or a territorial dimension, two or more activities can be developed for the measure with distinct territorial codes and milestones and targets under Section 5 of Annex V in order to consider these for the purposes of the requirements set out in Article 22(2b)(f). This will allow to identify part of the measure relevant for the territorial dimension. Table 6 of Annex V (milestones, targets and timeline) will also be the basis to identify the contribution of the measures to less developed, transition and more developed regions with corresponding milestones and targets. For the purposes of establishing the contribution for the earmarking requirement set out for less developed regions in Article 10(2)(a)(1) and in Annex II per Member State and the 75% stability clause for transition and more developed regions and for the rural target the amounts due to the managing authorities for the concerned measures will be taken into account.

If the allocation of resources to transition and more developed regions, as reported in Annex V, is respectively lower by more than 25% than the resources made available for these categories of regions under the 2021-2027 MFF from the Resources for the Investment for jobs and growth goal within Regulation 2021/1060 [CPR], the Member State should provide a justification based

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on objective criteria, such as the reduction of economic, social and territorial disparities, changes in category of regions, changes in the size of the population or changes of challenges as identified in the policy reference documents listed under points (b), (c) and (d) of this paragraph. The comparison is made with the resources as set out in the Commission implementing acts 2021/1131 - C (2021)5003 and 2021/1130 - C (2021)4894.

5.2. Territorial dimension of the measure

Table 1.5 of Annex V will identify the amounts and the chapters contributing to regional and territorial development with determining total estimated costs, Union contribution, national contribution rate and, where appropriate, list of reforms. The quantitative information of Table 1.5 will be filled in based on the information encoded in Table 2.7 (territorial dimension of measures), 5 (milestones targets and timeline of measures) and 7 (costing of measures).

The rates of national contribution (taking account of both public and private) for the different categories of regions as defined in letters (a), (b) and (c) of Annex VII should be specified in Table 1.5 based on the costing of the measures. These national contribution rates (15% for less developed regions, 40% for transition regions and 60% for more developed regions) are minimum levels, and Member States may decide to contribute more resources to the financing of the relevant measures. Where for a given measure, it is not possible to determine the proportion of it for each category of regions, a national contribution rate can be used that is not lower than the population weighted average of the applicable contribution rates of the Member State's regions (e.g. a national training scheme). Where it is possible to establish the proportion of the measure addressing the specific needs of the different categories of regions, the measure should be either split per category of region or a weighted average rate of the minimum national contribution rates can be used based on the relative share of the financial support or the physical output (i.e. a single piece of infrastructure covering more categories of regions).

To count a measure contributing as having regional characteristics as set out in Table 1.5, it needs to address the specific needs of the region or territory concerned as identified in line with Annex VII. The assessment of the appropriateness of the resources proposed for the categories of regions and types of territories listed under Table 1.5. should be based on Annex VII, in particular whether the specific needs and challenges of those regions have been properly reflected in the design of the measures and the corresponding proposed allocations.

Furthermore, Member States need to explain their approach on ensuring the concentration of resources on territories with specific needs in line with Article 22(2)(f) by making use of Annex VII and setting out the amounts concentrated on each type of region and territory with specific needs as per Annex V.

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5.3. Outermost regions measures

The NRP Plans (NRP Regulation Articles 46 to 48) are designed to reinforce the Union's capacity to address the specific needs and challenges of the Outermost Regions (OR) by ensuring a more coherent, flexible and coordinated use of EU resources for investments, reforms and compensation schemes across all relevant policies covered by the Plans.

The new framework requires Portugal, Spain and France to include dedicated measures for their ORs in their Plans, with the option to present a dedicated chapter. The Commission encourages Member States to ensure a tailored approach that effectively addresses the specific needs and challenges of the outermost regions.

These chapters may cover measures in various policy areas as described in Article 46(1) NRP Regulation. The chapter should identify OR-specific needs, measures, implementation timeline, territorial dimension, financing envelopes, contributions to social and rural spending targets, pay-out values, and performance indicators, fully integrated into the plan's overall framework.

Given the strategic importance of agriculture and fisheries in ORs, the chapter could include dedicated agricultural and fisheries measures, reflecting permanent constraints and higher production costs. Measures shall also be established to cover structural support for the economic, social and territorial development and operating costs or compensation including for the provision of services under a public service obligation and contracts with a view to offsetting the additional costs incurred in the outermost regions. For these, specific intervention fields should be used (cf. Annex I to the Performance Regulation).

The NRP Plan framework provides a coherent governance and performance framework for outermost regions across the different Union policies, while at the same time provides for continuity with existing support measures under the common agricultural, maritime and fisheries and cohesion policy.

Specificities of support to outermost regions

Specific supply arrangements (NRP Article 47)

- Forecast supply balance indicating the maximum volumes of products listed in Annex I to the TFEU to be used for human consumption, for the manufacture of other products or as agricultural inputs. It should indicate the amount of aid for each product.
- A separate forecast supply balance may be established to cover the requirements for consignment to the rest of the Union or for export to third countries as part of regional trade or within the context of traditional trade flows.

Support to local agricultural production (NRP Article 48)

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A description of the interventions for support of production, processing, marketing and transport of raw and processed agricultural products:

- aid amounts established for each intervention and the provisional amount for each action;
- list of the aids constituting income support interventions in accordance with Article 35(1). Information on the fair distribution of payments;
- Compatibility and consistency with other CAP interventions available in the OR which are listed in Article 35(1) points d, e, f, h, i, j, k and r (CMO and rural development type interventions);
- Short description of the approach to ensure fair distribution of payments (Article 48(4)).

Member States should also include a detailed justification for support on additional costs incurred by operators in the fishing, aquaculture, processing and marketing of fishery and aquaculture products from the outermost regions must follow the following main principles:

- the calculation is based only on costs resulting from the specific handicaps of the outermost regions;
- additional costs are calculated on the basis of items of expenditure for each product or category of products identified by the Member State as eligible for compensation;
- additional costs are determined as the difference between the costs incurred by operators in the outermost regions concerned (reduced by any type of public intervention affecting the level of additional costs) and the comparable costs incurred by mainland operators in the Member State concerned;
- Member States set the compensation amounts at a level that allows appropriate offsetting of additional costs arising from the specific handicaps of the outermost regions and avoids overcompensation.

Sustainable urban development and CLLD/LEADER must also be covered by outermost regions chapters.

5.4. Territorial initiatives

In line with the requirement for the Plans to effectively contribute to promoting the use of integrated territorial development in cities, urban, remote, rural and coastal areas, community-led local development (including LEADER), or other territorial tools including just transition and smart specialisation strategies (Article 22(2b)(h)(i)), the support for territorial development shall be based on integrated approaches to address specific territorial challenges of urban areas, remote areas, rural areas, islands, border areas, coastal areas, or any appropriate territory, building on territorial and local cooperation initiatives defined in Article 74 and in line with the

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requirements for integrated territorial development defined in Article 75. Table 1.9 should set out the planned use of such initiatives by listing the relevant measures.

The use of such initiatives should build on the corresponding tagging of the measures using the territorial dimension codes set out in Annex II to the Performance Regulation. Such measures must comply with requirements set out in Articles 74-77 of the NRP Regulation.

Smart Specialisation (S3)

S3 provides an integrated strategic framework to steer public investment in innovation research and industrial policy. Many Member States and Regions already use it to bridge these two policy domains through a coordinated approach to EU programming design and implementation. Smart Specialisation Strategies can support Member States to fulfil the R&I and industrial competitiveness objectives not as separate policy silos, but as interconnected priorities, underpinned by targeted and credible reforms and investments. Moreover, Smart Specialisation Strategies can help Member States move from broad Union objectives to concrete territorial choices, identifying where local research, innovation and industrial capabilities can contribute most effectively to European innovation and competitiveness. Going forward, Member States should analyse their industrial ecosystems and explicitly position their S3 priorities against current Union priorities, including strategic EU value chains, R& I strengths and the clean industry transition, in line with the relevant reference framework.

Just transition strategies

Building on the experience of the 2021-2027 programming period, support for just transition should focuses on territories facing the most pressing challenges related to the transition as well as those linked to related negative economic and social impacts, and on groups/communities that are the most vulnerable. Just transition support should be shaped and implemented in cooperation with stakeholders in the territory, notably representatives of regional and local authorities, companies (key employers and sectors, SMEs), civil society, including representatives of vulnerable groups, social partners and academia. Using current implementation structures and stakeholder engagement platforms can facilitate a smooth transition and continuity of efforts to achieve the objective of a just transition towards the Union's 2030, 2040 and 2050 targets for energy and climate.

Integrated sustainable urban development

As set out under Article 5 of the ERDF and CF Regulation, the NRP Plans are required to support **integrated sustainable urban development** strategies which focus on sustainable development and tackle environmental, energy, climate and mobility challenges, in particular the fair transition towards a clean and climate-neutral and resilient economy by 2050, paying special attention to infrastructure, housing, poverty, cultural heritage and to harnessing the

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potential of digital technologies for innovation purposes and energy efficiency, to support the development of functional and connected urban areas, as well as urban-rural linkages.

The corresponding allocation for integrated sustainable urban development can be determined in Table 1.5. based on the information encoded in Tables 1.9, 2.7 and Table 5 [financing and costs] of Annex V.

Community-led local development (CLLD)

Community-led local development (CLLD), including LEADER, is an approach that empowers local communities to design and implement local development strategies tailored to the specific economic, social, and environmental needs of the territory with EU support. Under CLLD, local partnerships known as **Local Action Groups (LAGs)** bring together local public, private, and civil society social and economic stakeholders, with no interest group controlling the decision making. LAGs develop the local development strategies, build capacity of local actors, draw calls for projects implementing the strategy, select operations for support and communicate the strategy. The CLLD is supportive of local innovation, encourages cooperation and networking between local actors as well as interterritorial and transnational actors (Article 76).

Support under CLLD can be provided for preparation of local development strategies and/or their implementation including their management and animation costs. Local development strategies can cover several policy sectors such as LEADER in the Common Agricultural Policy, employment and social, regional, and the current CLLD under the fisheries policy, in rural, coastal or urban areas. They can also span across a national border. Integrated multi-sector approaches are strongly encouraged as bringing better added value and more comprehensive responses to local needs.

Specificities of LEADER requirements under the Common Agricultural Policy (Article 18 of CAP Regulation)

Projects located outside rural areas may be covered by LEADER if they benefit rural areas with disadvantages (Article 18(2)). These areas are designated taking into account criteria such as depopulation, remoteness, or location at the Eastern Border. Member States should provide a brief definition of areas with disadvantages (geographical designation, criteria used, number of population). Furthermore, a brief description of the scope of local development strategies under LEADER should at least confirm that the support as defined in Article 18(3) and 18(4) is provided. The description should not be too narrow to leave scope for innovation and local needs. In addition, Member States should also indicate if they will use Smart Village approaches (*see ii. Smart-villages strategies below*). Member States may also use Simplified Cost Options (SCOs). The type of SCOs, including a description of the costs, should be provided. For running costs of Local Action Groups (LAGs), the use of SCOs is obligatory. Lump sums are obligatory for small

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projects up to EUR 20 000 (of total costs) and can be used for supporting rural business start-ups (up to EUR 100 000).

Smart–village strategies

Smart Villages is a participatory approach aimed at addressing the specific needs and challenges of farming and rural communities through cooperation among rural stakeholders to develop 'smart' local responses, by fostering digital, technological and social innovation and encouraging the active engagement and involvement of the local population. The Plans can support the preparation and the implementation of smart-village strategies as set out in Article 74(c) of the NRP Regulation. They can be planned either as a single measure or as part of the possible initiatives undertaken under LEADER local development strategies.

Section 5 does not apply to the Interreg Plan chapters, however, the territorial dimension codes set out in the Performance Proposal will need to be applied (cf. Table xx Annex I ERDF/CF). The considerations to enhance coherence and synergies with the strategies set out in this section can be promoted, where appropriate, under Interreg. Support for cross-border CLLD initiatives remain as well possible in the Interreg Plan chapters.

5.5. Eastern Border Regions

Regions bordering Russia, Belarus and Ukraine face important economic, security and social challenges. In order to provide comprehensive support to such regions and as set out in Article 22(2)(f)(iii) and letter (e) of Annex VII, the Plans are expected to demonstrate how they contribute to the specific needs and challenges of Eastern border regions particularly in the areas of security, civil preparedness, border management and economic development. This contribution will be determined under Table 1.5 of Annex V based on the respective territorial code assigned to the measures.

In addition, the Interreg-specific objective for 'more resilient regions bordering Russia, Belarus and Ukraine' as set out under Article 7(4) of the ERDF, Interreg and the Cohesion Fund proposal, provides for the concerned Member States and their regions full flexibility in exploiting territorial cooperation to address their most pressing challenges, including safety and civil preparedness, de-population and disinformation.

As set out in the communication on the EU's eastern regions[8], the Commission will prioritise investment in the eastern border regions by ensuring that the challenges and needs of the eastern border regions regarding investments and reforms are integrated into the reference policy framework of the NRP Plans.

[8] Accessible at EUR-Lex - 52026DC0082 - EN - EUR-Lex

6. Technical assistance and support for developing measures

Article 13: Technical assistance at the initiative of the Member State: At the initiative of a Member State, the Fund may support actions, which may concern previous and subsequent programming periods, necessary for the effective implementation of the Fund, including to provide financing for carrying out, amongst other, functions such as preparation, training, management, monitoring, evaluation, information, visibility and communication.

Technical assistance to each NRP Plan and each Interreg Plan chapter shall be established as a flat rate of up to 3% and 8% respectively, applied to the amount EN 48 EN included in each payment application pursuant to Article 65 [payment applications]. The flat rate shall be 10% for the Interreg Plan chapters supporting outermost cooperation and cooperation on external borders.

(…)

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

Article 22.e: (…) an identification of potential technical support needs (…).

6.1. Technical assistance

Member States may use technical assistance (flat rate) to support actions necessary for the effective implementation of the Fund. Activities constituting technical assistance financed through the flat rate do not constitute measures under the Plan. Alongside the remuneration of staff involved in Plan management and monitoring as well as covering the costs of IT tools or those linked to regulatory obligations such as audit and control, evaluation or to information dissemination or communication, this may also include support for various purposes for an efficient administration of the Fund, including simplification actions for the beneficiaries or actions aimed at supporting applicants (SMEs and other potential future beneficiaries), trainings, conferences, networks and other support measures to reinforce the capacity of the Plan authorities, the beneficiaries and the partners.

Technical assistance is not to be used to support broad administrative reforms or general capacity building beyond the implementation of the Fund. For additional details, please consult the technical assistance sub-section in the section on Costing and financing.

6.2. Preparatory actions for investments or reforms

In addition to the actions financed through the flat rate, Member States can include in the NRP Plan dedicated measures to strengthen the efficiency of public administration and the institutional capacity of public authorities, including for the efficient implementation of the Plan in line with the specific objective under Article 3(1)(e).

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Such measures may include the mobilisation of expertise in the framework of the preparation of an investment or a reform, the carrying out of studies, the collection of data and statistics, the development of methodologies, capacity building actions to acquire and increase expertise and knowledge, actions aiming to improve systems procedures and organisational structures etc. **These actions can be included as self-standing measures** or as part of the measures whose development requires such support.

Where Member States include such actions as part of standard measures in their Plans, these should be included in the description of the measure and costed accordingly. The description should explain the rationale for these actions and how they contribute to the successful implementation of the measure.

When identifying support needs, Member States may consider the following parameters:

- Assess the **capacity of public administration and knowledge gaps** to implement a reform or gaps related to administrative capacity.
- Assess the technical **complexity and multi-faceted dimension** of the reform or investment.
- Consider whether the reform could face **resistance or skepticism** and independent/external technical advice can help advocate for the legitimacy of the reform and acceptance by relevant stakeholders.
- Consider how to ensure **sustainability** and long-term impact of the reform.
- Assess the need to mobilise **external knowledge** to leverage good practices and avoid common pitfalls and mistakes.

Example 1: Support for developing a reform on improving corporate governance of state-owned enterprises (SOEs) and developing institutional capacity for SOEs management and monitoring.

Example 2: Technical support for preparing a reform to reduce administrative burden for businesses, to evaluate regulatory impacts on businesses, especially SMEs, through the application of digital tools and the adoption of new regulatory approaches, such as regulatory sandboxes.

6.2.1. Technical support provided by the EU Facility

Member States may also express additional technical support needs when designing their NRP Plans as well as during their implementation with a view to benefiting from support from the EU Facility under Union actions listed in point (1)(k) of Annex XV. Technical support provided by the Commission under the EU Facility is complementary to the measures that Member States include in their NRP Plans and to the technical assistance flat rate. Support from the EU Facility should bring significant Union added value as compared to the procurement of technical support at national level and should be subject to the availability of funding. Such interventions may

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include the provision of expertise, the carrying out of studies, the collection of data and statistics, the development of common methodologies, capacity building actions to acquire and increase expertise or knowledge, as well as measures aiming to improve systems, procedures, and organisational structures. Technical support under the EU Facility will also be available for Interreg Plan chapters.

In particular, the following areas qualify for such higher Union added value justifying support from the EU Facility:

- Alignment with **EU objectives**, for instance how the envisaged reforms support the Single Market, promote competitiveness, and advance common EU policy goals such as digitalisation and the green transitions.
- Compliance with technically challenging **EU** legislation **and policies**.
- Need to mobilise **international expertise and peer networks at EU level** *vs.* ad hoc national interventions, offering robust support for reform initiatives.
- Transnational, multi-country and innovative projects with high **EU added value** which require additional coordination at EU level.

6.3. The national CAP Network

Under Article 57 of the NRP Regulation, it is mandatory for each Member State to set up a National CAP Network (NN), and this should be done at the latest 12 months from the date of the approval of the NRP Plan. Its funding may be done through technical assistance (Article 13 of the NRP Regulation). NNs objectives and tasks, as stipulated by Article 57(3) and (4) respectively, remain the same as in CAP Strategic Plans 2023 - 2027.

For continuity in networking support, Member States can use already established networks and their organisational structures at national level, or they can change them as deemed fit by the Member State. NNs should continue to be key instruments in connecting innovation actors and projects and in disseminating the key results of the projects referred in the Article 19 of the CAP Regulation, and in ensuring knowledge flows as one of the actors within the Agricultural Knowledge and Innovation System (the AKIS), Information about NN to be included in the NRP Plan should be sufficient to enable its assessment against the objectives and delivery of the tasks in accordance with the Article 57 of the NRP Regulation. As minimum, Member States should confirm continuation of the current NNs, or describe any foreseen changes in the structure, and confirm delivery of all mandatory tasks. The NNs should foresee capacity to work with the EU level and provide contributions to the different activities at EU level. This will help the EU CAP Network to fulfil its aim of sharing experiences at the EU level and help Member States' peer-to-peer learning.

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7. Elements relevant for the Common Agricultural Policy

7.1. Strategic sections

7.1.1. Farm stewardship (Annex V, Title II, section 3.2, NRP Regulation)

This section should describe: for each protective practices referred to in Article 3(4) of CAP regulation a description of the way the protective practice is implemented including the following elements : a summary of the farm protective practice, territorial scope, type of farmers and other beneficiaries subject to the practice and where relevant the complementarity between the protective practice and SMR and between the elements of the farm stewardship and the relevant measures supported under the NRRP Plan. This description should include the following information:

1. For the protectives practices on the protection of carbon-rich soils including protection of wetlands, peatlands and landscape features an indication of:
    (a) the main types of agricultural areas present in the peatland and wetland areas identified and designated;
    (b) the requirements that will be applied to the different types of agricultural land to protect carbon-rich soils;
    (c) the list of landscape features concerned by the standard on retention of landscape features;
    (d) the measures for avoiding invasive plant species where applicable.
2. For the protectives practices on the protection of environmentally sensitive permanent grasslands on agricultural area in Natura 2000 areas:
    (a) elements to designate environmentally sensitive permanent grassland and the corresponding indicative number of hectares.
3. For the protectives practices on the protection of soil against erosion subject to site specific conditions:
    (a) a summary of the on-farm practice specifying the slope gradient and, identifying, where relevant, the areas at risk of erosion.
4. For the protectives practices on the preservation of the soil potential, including protection of soils in periods that are most sensitive and crop rotation or diversification:
    (a) a summary of the on-farm practice specifying the most sensitive period(s) concerned and the type of soil cover;

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(b) a summary of the on-farm practice specifying the rotation and diversification practices and the definition of crop and secondary crop.

5. For the protectives practices on the maintenance of soil organic matter through crop residue management, including ban on burning stubble on arable land

   (a) an indication of the conditions for the derogation for plant health reasons.

6. For the protectives practices on the protection of water courses and ground water against pollution and runoff, including through establishment of buffer strips along water courses an indication of:

   (a) the minimal width of buffer strips and the definition of water courses to be protected by applying this standard, where relevant, to be provided in the territorial scope.

7.1.2. Generation renewal strategy (Annex V, Title 1, Part 1, section 1.6, NRP Regulation)

Member States are expected to establish their generational renewal strategy. It is expected that the CAP will contribute predominantly but this approach allows to include information on other parts of the Plans contributing to the generational renewal objectives, and thus of overall As such, the Plan should indicate an assessment of the current challenges and entry barriers for young farmers (e.g. demographic situation, share of young farm managers, share of farm managers by age group and gender, share of UAA farmed by young farmers, share of economic size of agricultural holdings managed by young farmers, landownership…), as well as proposed national initiatives and measures to overcome them. Member States should also provide a description of how the Starter pack for young farmers referred to in Article 16 will be used, including a description of the single point of access as per Art. 16(3) of CAP Regulation, as well as synergies with other measures in the NRP Plan.

7.1.3. Risk management "strategy" (Annex V, Title 1, section 1.10, NRP Regulation)

For risk management, Member States will need to explain in their NRP Plans how they intend to strengthen resilience and risk management at the farm level. This includes describing the choice and complementarity of instruments, covering both prevention and preparedness on the one hand, and response and recovery on the other. This would be accompanied by an analysis of the current situation in each Member State based on available evidence (e.g. insurance coverage, farmers' uptake of existing tools, sectoral challenges, risks to animal and plant health, climate and market risks), along with a comprehensive description of how the Member State would like to improve this current situation

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7.1.4. Digital "strategy" (Annex V, Part 1 section 1.10, NRP Regulation)

Member State shall provide an explanation on how the NRP Plan will effectively contribute to supporting the digital and data-driven transition of agriculture and rural areas, with a view to enhancing their competitiveness, sustainability and resilience (Article22(2)(h)(ii) of NRP Regulation). That explanation shall cover, in particular, the main challenges identified, where the Member State should identify the main digital-relevant needs, and the reforms, investments and output-based interventions proposed in the Plan to address them explaining the overall intervention logic (Annex V, section 1.10 of NRP Regulation). It shall also be consistent with Article 3(d)(iii), which requires the Plan to contribute to the Fund's specific objectives, including accelerating the digital transition for a thriving agri-food sector.

In order to ensure a coherent and strategic presentation of these elements, in alignment with the Digital Decade policy programme, Member States are expected to structure the description of the relevant challenges and of the proposed measures around the following four building blocks: (i) on-farm digitalisation; (ii) connectivity at parcel level; (iii) digital skills of the farming population; (iv) digitalisation of agricultural public administrations. Given the cross-cutting nature of digitalisation in agriculture, it is expected to be pursued across the Plan, including through reforms, investment support and other relevant measures.

7.1.5. Environment and climate priority areas and links (Article 4 of CAP Regulation) (Annex V, Title 1, Part 1, section 1.11, NRP Regulation)

Article 4 of the CAP Regulation lists the minimum six priority areas (climate change adaptation, climate change mitigation, soil health, preservation of biodiversity, organic farming, animal health and welfare) for which Member States have at least to provide support. For each priority area, Member States shall specify in section 1.11 which of the three intervention types (in the form of ASD payments (Article 9), AECA (Article 10), and/or investments (Article 13)). At least one of these interventions has to be planned for each priority area. Single measures might address more than one environment and climate priority area listed in paragraph 1 (a) to (f).

This article (paragraph (1), second sub-paragraph) also sets an additional mandatory priority area for Member States with water pollution due to nitrate surplus to plan for any or both types of actions specified in this paragraph (extensification, diversification). Member States concerned by this obligation shall clearly identify in the NRP Plan the geographical areas designated as affected by nitrate surplus-related water pollution, and which of the two actions (extensification and/or diversification) is planned to address it, together with the corresponding measure ID(s).

The list of measures together with the relevant measure ID and titles contributing per priority area should be given in section 1.11 (Annex V, Title I Section 1.11 page 20).

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To be noted that the list of thematic areas is not exhaustive and Member States can plan measures in additional areas not mentioned in Article 4 as long as they contribute to the preservation of the environment and the climate and address Member State's needs. Those additional environment and climate areas addressed do not have to be included in section 1.11.

7.1.6. AKIS "strategy": (Annex V, Part 1 section 3.5, NRP Regulation)

Member States shall provide a description of their national Agricultural Knowledge and Innovation System (AKIS) and demonstrate how AKIS and its organisational set up ensure effective knowledge exchange (Article 22(2)(i)(ii) of NRP Regulation). This section shall include an explanation of how the AKIS-related priorities, needs and relevant CAP national recommendations are addressed by the NRP Plan, what level of financing is envisaged, and how the NRP Plan will promote effective knowledge exchange and innovation in agriculture. AKIS must include all the mandatory elements laid down in Article 20(2), points (a) to (f) of the proposed CAP Regulation. The AKIS strategy can build upon the work and existing structures developed under the CAP 2023-2027 programming period, in particular the AKIS coordination bodies.

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Costing and financing

The National and Regional Partnership Plan (NRP Plan) and the Interreg Plan chapters must include an estimate of the costs of the measures contained in the Plan accompanied by appropriate justifications on how these costs are estimated and information on how they will be financed.

The total estimated cost of each Plan and the Interreg Plan chapters should correspond to the overall financial resources necessary to implement all its measures. Therefore, its amount is equal to the sum[9] of:

- **the Union financial contribution**, provided within the financial allocation available for each Member State, as determined under Article 10 and the methodology set out in Annex I and, where relevant, any loans requested under Article 18. As a flat rate will be applied on top of the amount included in each payment application for the purposes of technical assistance, from the above-mentioned Union contribution the amount of corresponding to the technical assistance should be deducted[10]; and
- **a national contribution** corresponding to at least the minimum national contribution required for each measure under Article 20.

The purpose of this chapter is to:

- set out the general principles related to the costing of NRP Plans and the Interreg Plan chapters and explanations of the relevant requirements set out in the proposal, including related obligations throughout their implementation and in the context of the NRP Plan's mid-term review;
- provide guidance on how to outline, describe, and justify the estimated costs for the NRRPs and the Interreg Plan chapters in line with the relevant provisions of the NRPP Regulation, and in particular Table 5 of Annex V with regard to NRP Plans.

[9] While the flexibility amount is not to be programmed, this unprogrammed amount shall be considered as part of the estimated costs, so that the overall estimated costs are equal to the sum of the Union contribution and national contribution.

[10] The technical assistance flat rate is up to 3% (and up to 8% for Interreg Plan chapters and up to 10% for those involving outermost regions cooperation and cooperation on external borders) on top of each payment request. Therefore, the effective percentages to be deducted from the total Union contribution correspond to 2.91% and 7.41% and 9.7% respectively

1. General principles

1.1. Definition of relevant requirements on costing

Article 22 (2)(d): set out the total estimated costs of the measures in accordance with the template set out in Annex V, as part of the Plan or of a request for its amendment, for a total amount at least equivalent to the sum of the Union financial contribution, any requested loans, and national contribution, together with information on existing or Planned Union financing where relevant, backed up by appropriate justification and by explanations of how it is plausible and reasonable and in line with the principle of cost efficiency, sound financial management and commensurate to the expected economic and social impact. The non-programmed amount set aside as flexibility amount shall be considered as part of the total estimated costs of the measures;

For each costed measure, Member States must set out its total estimated costs, which must correspond to the sum of the provided national contribution, for an amount corresponding at least to the minimum contribution rate laid down in Article 20(1) of the NRP Regulation, depending on the category of region(s), and the requested Union contribution. They must then provide adequate justifications that such total estimated costs are plausible, reasonable, cost efficient, in line with sound financial management, and commensurate to economic and social impact of the measure.

1.1.1. Reasonability and plausibility of estimated costs

To prove that a measure's estimated costs are reasonable and plausible Member States[11] must provide sufficient and clear information (logically justified and based on sound assumptions) showing that they are consistent with the nature and scale of the proposed measure. To this end:

- They must provide a clear and verifiable breakdown of the estimated costs per measure to be financed and, where necessary, per activity (see Section 2.2 below). Cost calculations and the underlying assumptions must be transparent and logically justified.[12];
- Estimated costs, where necessary, can be supported by evidence on comparative cost data, such as reference costs and/or the costs of previous or similar measures implemented by Member States at national or regional level, under other EU programmes or under Interreg (e.g. actual project data from national or EU-funded projects, relevant studies, EU programme benchmarks, or simplified cost options on which the Union contribution was

[11] Throughout this chapter, any reference to Member States should be read also as a reference to Interreg partnerships for Interreg Plan chapters

[12] VAT should not be included in the cost estimates of measures.

based in previous programming periods or used for grants reimbursement if positively audited during previous programming periods);

- Where the estimated costs deviate from the reference costs, the reasons for such deviation should be outlined and backed by an explanation with verifiable sources (e.g. an adjustment based on inflation can be justified by providing the relevant price indexes).

Sections 2.2, 2.3 and 2.4 below outline in detail how Member States should structure their input in Annex V Table 5 in order to justify compliance with the principles of reasonability and plausibility. A similar structure may be followed for Interreg based on Annex of the ERDF/CF.

1.1.2. Cost efficiency, sound financial management and commensuration to economic and social impact

The total estimated costs of measures included in the NRP Plan must be in line with the principles of:

- **cost efficiency**, which requires the resources employed to be proportionate to the activities undertaken and the objectives to be achieved;
- **sound financial management**, which requires resources to be made available in due time, in appropriate quantity and quality, and at the best price in accordance with principles of economy, effectiveness and efficiency as stated in Article 2(65) of the Financial Regulation; and
- **commensuration to economic and social impact**, which requires the financial effort to be proportionate to the overall economic and social impact of the Plan.

Member States are invited to consider these principles when describing measures, interventions and their estimated costs in the relevant sections of their Plans, as set out in Annex V to the NRP Regulation (including, but not limited to, information submitted under Title II point 2 – Measures, and Table 5 – costing) and in Annex I to the ERDF/CF Regulation for Interreg. The Commission will assess these criteria based on the cumulative information included for each measure in all relevant sections of the proposed Plan.

1.2. Guidance on specific provisions in the NRP Regulation

1.2.1. Interplay with the start date requirements for measures

Article 21(3): Only measures whose implementation started from 1 January 2028 shall be eligible for financing provided that they comply with the requirements set out in this Regulation and Regulations listed in Article 1 paragraph 1. By way of derogation from the first subparagraph, expenditure related to legal commitments to beneficiaries incurred under the interventions financed under Regulation (EU) 2021/2115 may be eligible for contribution, provided such

expenditure is provided in the relevant NRP Plan in accordance with this Regulation and Regulation (EU) 202X/XXXX [CAP Regulation].

The total estimated costs in Annex V NRP Plan and Annex I to the ERDF/CF Regulation for Interreg must reflect activities whose implementation started as from 1 January 2028, in line with the explanations outlined in the dedicated Section 3.1 of the Chapter on measures of this Guidance, and with the exception of the CAP legacy measures referred to under the second paragraph of Article 21(3).

1.2.2. Technical assistance in the context of costing

Technical assistance at the initiative of the Member State (Article 13(2) and (3)) is excluded from the costing estimates of individual measures, as it is established as a flat rate applied to each payment application pursuant to Article 65 of the NRPP Regulation.

1.2.3. Treatment of staffing/administrative costs other than technical assistance

When Member States decide to include in the NRP Plans dedicated measures to strengthen the efficiency of public administration and the institutional capacity of public authorities, including for the efficient implementation of the Plan, in line with the specific objective under Article 3(1)(e), or decide to include such actions as part of an investment or a reform, the related costs must be included in the estimated cost of the relevant measure.

Illustrative examples:

- A measure to improve the efficiency of the justice system requiring the hiring of temporary staff to establish support teams for magistrates to reduce the backlog of cases. In this case, staffing costs would be an integral part of the measure and to be borne by the beneficiary. Thus, they would not represent technical assistance.
- A local authority hires a project management team as part of the implementation of an investment. In this case, costs for hiring the project management team are an integral part of the measure and to be borne by the beneficiary. Thus, they can be included in the estimated costs of the measure.
- A measure to contribute to the digitalisation of the Public Administration;

Their reasonability and plausibility must be demonstrated, as for all other costs. These costs may include, for example, the salary of staff that have been temporarily hired specifically to implement a specific measure.

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In the specific case of the **Home Affairs policies**, certain staffing/administrative/operating costs may also be financed on top of regular technical assistance to support public authorities responsible for carrying out tasks and providing services constituting a public service for the Union under the objectives for the Union support for these policies. These costs need to be included in the estimated costs of the relevant measure. Such costs, including cost related to staffing or to maintenance of equipment/infrastructure/large-scale IT system, must be limited to those necessary for the performance of those tasks and services. Their necessity, relevance and proportionality must be duly substantiated.

Illustrative examples:

- costs related to the reinforcement of staffing within competent public authorities involved in migration, asylum and reception procedures, including the provision of interpretation and cultural mediation services to support the processing of applications for international protection, reception activities and related administrative or judicial procedures.
- costs related to maintenance and refurbishment of infrastructure, equipment and buildings used for integrated border management purposes, including border facilities supporting first-line identification and vulnerability screening, and the maintenance of national and EU large-scale IT systems and their communication infrastructure.
- costs related to the reinforcement of staffing to improve the efficiency of an existing or a new specialised unit within a law enforcement authority.

1.2.4. Interaction with other funding sources relevant for the purposes of costing

Article. 7(5): Operations may receive support from other Union programmes and instruments provided that such support and milestones and targets resulting in payments do not cover the same costs. [...] Member States and the Commission shall cooperate in designing and implementing operations which are cumulatively financed under the Plan and another Union programme in view of avoiding double funding.

The NRPP Regulation allows for cumulation of funding as long as the EU support does not cover twice the same costs. To this end, it focuses on the costs at the level of the operation, not at the level of the measure, to allow pro-rata funding, provided that Union support does not exceed 100% of the total costs at operation level. Depending on whether Member States use simplified cost options or actual costs to implement the operations, either the estimated costs or the reported costs will be taken into account for the calculation of the 100% threshold.

Double funding can also be avoided by ensuring that the milestones, targets or outputs under a measure financed under the NRP Plans are not financed by other Union programmes and

instruments. For instance, for the construction of a railway line if the measure includes milestones and targets related to the construction of railways, then the constructions of the same railways cannot receive funding from another fund. However, the construction of railway stations, which are not linked to the achievements of the milestones or targets on the construction of railways, could still benefit from funding from another Union programme. In this case, the estimated costs of the measure under the NRP Plans will not cover the construction of the railway stations, thus there will be a clear demarcation of activities.

Any complementarity with other Union programmes and instruments should be described under point 8 of Annex V. The Commission may request further information on the delineation of costs to ensure the complementarity of the operations financed by the Plans and other sources of Union financing.

1.2.5. Additional contributions to be made by Member States under their NRP Plans to Union programmes or instruments

Article 11(2): For the purpose of implementing a measure under their NRP Plan, Member States may propose to include in their NRP Plan, as estimated costs, the amounts of financial contributions to be made by Member States to Union programmes or instruments implementing policies aligned to the objectives of the NRP Plan for the purposes of implementing the measure through those programmes or instruments.

Should a Member State decide to support another Union programme or instrument under their NRP Plan, it can provide as estimated total cost of this measure the total contribution to the relevant EU programme or instrument, including the EU financial contribution and the national contribution, in accordance with Annex V Table 5.

1.2.6. Amendments of the NRP Plan and mid-term review

Article 24(7): Member States shall ensure that the amount of the estimated total costs of their NRP Plan remain reasonable and plausible throughout its implementation, in accordance with the principle of sound financial management, and request an amendment of their Plan where necessary in accordance with paragraph 1.

Article 25(2): The Member State shall submit an amended NRP Plan presenting the outcome of the mid-term review, including a review of the estimated total costs of the measures covered by the Plan and a proposal for additional measures to be supported by the flexibility amount referred to in Article 14(2) by 31 March 2031.

Article 25(2) provides that each Member State must carry out a mid-term review of its NRP Plan and must submit an amended Plan to the Commission by 31 March 2031. The amended Plan must include a review of the estimated total costs of the measures included in the Plan and proposals for additional measures to be financed from the flexibility amount referred to in

Article 14(2)(b). The costing review must, as a minimum, take place at the time of the mid-term review with a view to ensuring that cost estimates remain robust and well justified. During the mid-term review, the Commission will assess the reasonability and plausibility of the revised estimated costs of the measures in the Plan and can require adaptations as part of its assessment. Neither the Member States' nor the Commission's obligations mentioned above entail an ex post verification of the underlying costs of individual operations.

As explained in Section 5 of the Chapter on Milestones, targets, outputs and setting corresponding pay-out values, the estimated costs, and in particular the Union contribution, of a measure provide the basis for setting pay-out values. Where the estimated costs increase or decrease as a result of the mid-term review, the pay-out values for future milestones and targets should be adjusted accordingly, following the methodology outlined in Section 5 of the Chapter on Milestones, targets, outputs and setting corresponding pay-out values.

In more detail, where estimated costs of a measure decrease, the corresponding Union contribution and (remaining) pay-out values should be adjusted as outlined in Section 5 of the Chapter on Milestones, targets, outputs and setting corresponding pay-out values, thereby freeing resources for other measures, or for increasing the final target of that measure proportionally.

When during the implementation the estimated costs of a measure increase and the original target cannot anymore be achieved, there are various possibilities to carry out adjustments, through an amendment to the Plan:

- The national contribution rate may be increased or additional support may be allocated from the mid-term review flexibility amount or from resources freed by the removal or downsizing of other measures to maintain the ambition of the final target. In this scenario, the (remaining) pay-out values should be adjusted as outlined in the Chapter on Milestones, targets, outputs and setting corresponding pay-out values.

Alternatively, the Member State could consider reducing the target in due proportion of the impact of the cost increase without adjusting the Union contribution or remaining pay-out values. As per Article 24(6) of the NRP Regulation, such an adjustment only requires a notification to the Commission, where the reduction represents less than 5% of the target set out in the NRP Plan, provided that this possibility is used only once per target and that the amendments comply with all requirements of the NRP Plan, including the revision of costing information (e.g. unit costs). The same costing principles apply when a Member State proposes amendments to the Plan under Article 24 during implementation.

The impact of the costing review on the minimum allocation requirements must be duly considered in the Plan amendments to ensure continuous compliance with those requirements.

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As mid-term review does not apply to Interreg, sections 1.2 (iv), (v) and (vi) above do not apply to Interreg Plan chapters, but the principles explained apply to the Interreg Plan chapters outside the context of the mid-term review on the basis of the ERDF/CF Regulation.

2. Guidance for the submission of cost estimates

2.1. Main guiding principles of costing

Costing is a key pillar of the assurance framework of the NRP Plans and Interreg Plan chapters and provides safeguards for the protection of the financial interests of the Union and the respect of sound financial management. The process for Member States to submit and the Commission to assess cost estimates, including cost methodology and cost justification, will be informed by the following main goals:

- minimising administrative burden;
- allowing the Commission to collect the information necessary for the assessment of the reasonability and plausibility of the estimated costs of measures; and
- enabling standardisation and comparability of cost estimates between measures and across Plans.

To this end, the approach to costing and the justification provided should be guided by the following principles:

- **Accuracy**: while the Plan's costing is based on estimations before actual implementation, the total estimated costs should arrive at an amount that is reasonably close to the expected costs. To this end, Member States should use accounting methods, historic costs, statistical data, credible and robust studies from trusted bodies or other similar sources of information and evidence.
- **Accountability and transparency**: cost estimates should be traceable. Any underlying methodology, data, study or other source of information and evidence should remain available for possible checks during the NRP Plan or Interreg Plan chapter assessment.
- **Proportionality**: cost estimates should be submitted in a form that ensures a proportionate balance between the completeness of the information submitted, and the administrative burden concerning both the preparation of the cost estimates and its assessment. To this end, Member States will need to provide information in line with Table 5 of Annex V to the NRP Regulation and Table 2a of Annex I ERDF/CF for Interreg.

As a general rule, reforms do not have costs associated in the Plan. However, in certain cases, including for Interreg Plan chapters, reforms may have certain costs linked to the preparatory phase (e.g. studies, consultancy to develop the reform). These can be included in the estimated costs for the reform.

2.2. Structure of Member States submission according to Annex V, Table 5

Chapter ID	Measure ID	Reform/ Investment/ other interventions	Unit Cost (if applicable)	Quantity / volume (if applicable)	Estimated Total Cost (EUR)	EU financial contribution	Resulting national contribution (%)	Intervention field	Result indicator (where relevant)	**Methodology used and description of costs** including the source and mentioning the past investment/reform projects that are benchmarks for the cost estimate and source of costs for these projects **[1 000]**	**Justification on the plausibility and reasonability of the estimated costs,** where necessary, taking into account national specificities and adjustment methods **[1 000]**

Chapter ID: A standardised and unique alphanumeric code as generated in SFC for the specific chapter in the Plan under which the measure falls.

Measure ID: A standardised and unique alphanumeric code as generated in SFC for the specific measure that can be linked to the Plan's measure inventory. Please refer to the Chapter on measures Section 3.3.

Reform/investment/output-based intervention: Type of measure (reform/investment/other).

Unit cost [numerical]: Value of the estimated cost for a single unit or operation, determined consistently with the selected quantitative indicator according to Table 6 of Annex V. Not applicable for stand-alone, non-severable measures.

Quantity / volume [numerical]: Number of units covered for the whole period. Not applicable for stand-alone, non-severable measures. Where applicable, this number should match the value expressed as a final target and the total number of outputs realised.

Estimated Total Cost [EUR]: Estimated total costs (defined in the introduction to this Chapter). In the case of CAP interventions, the estimated total cost will be limited to the total public expenditure without any additional national financing.

EU financial contribution [EUR]: Union financing allocated.

Resulting national contribution [%]: Resulting share of the total estimated costs covered by national resources, after subtraction of the Union contribution. The national contribution rate to the estimated costs at the level of a measure cannot be lower than the minimum thresholds laid down in Article 20(1) of the NRP Regulation, depending on the region(s) of implementation outlined in Table 2.7. In accordance with Article 20(2), where it is not possible to determine the proportion of implementation in a given category of regions, the national contribution rate to the estimated costs cannot be lower than the population weighted average of the applicable contribution rates of the relevant regions (see Section 5.2 of the Chapter on measures for further explanations).

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For measures considered as CAP income support, the minimum national contribution rate must comply with Article 35 of the NRP Regulation. When these measures are financed both from the CAP ringfenced amount and non-allocated resources of the NRP Plan, the same measure will have two different co-financing rates. To simplify the implementation in such cases, a single measure would be set up relying on an average level (weighted average) of co-financing.

Intervention field: Selection of one intervention field as listed in Annex I to the Performance Regulation. As a general rule, costing information should be included in one single row, corresponding to a single Measure ID and a single intervention field. When a measure covers more than one intervention field, the corresponding number of separate rows should be included. Lastly, when under the same intervention field two or more activities that cannot be grouped methodologically are carried out, additional row(s) can be added at activities' level.

Methodology used and description of costs: Description of methodology used to estimate the costs and the evidence supporting the calculations provided. Member States should fill in this column following the input outlined in Section 2.3 below.

Justification on the plausibility and reasonability of the estimated costs [open-ended]: Description of justification on the plausibility and reasonability of the estimated costs, with reference to the benchmarks included in the previous column and the explanations regarding any adjustment or deviation therefrom, as outlined in Section 2.4 below.

2.3. Methodology used and description of costs

Member States are invited to replicate the following structure to fill the column on *methodology used and description of costs*:

2.3.1. Cost methodology

For all measures with a final target Member States may consider the need to identify and explain the following aspects:

a) Costing approach

Member States may use different approaches to estimate costs depending on the nature and maturity of the measure. For example:

- **Top-down approaches**, where costs are estimated based on comparable measures previously implemented, with appropriate adjustments; or on the basis of other available sources of reliable information containing costs used such as market studies and tender results.

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- **Bottom-up approaches**, where costs are calculated by aggregating different cost categories applicable to the specific measure such as labour, equipment, services or capital expenditure.

b) Cost breakdown

Member States may disaggregate the costs into direct (e.g. equipment, labour, materials, land) and indirect (e.g. administration, monitoring, evaluation, overheads) components. Cost breakdowns are indicative and should reflect the main cost drivers of the measure. Member States should ensure that the breakdown is consistent with the type of intervention, including its delivery mechanism, and supported by appropriate evidence.

c) Type of delivery mechanism

It refers to the primary mechanism through which the measure's objectives will be delivered (e.g. standardised asset purchase, custom infrastructure project, infrastructure modernisation/upgrade, competitive allocation schemes, demand-side incentive mechanisms, technical studies/site preparation, digital system).

d) Type of financing

Member States should describe the financing mechanism under which the funds or financial support are to be disbursed to the beneficiaries to deliver the intervention, e.g. direct financial transfers (non-repayable grants, vouchers, etc.), leveraged financial support (financial instruments), service-based support, market-based incentives, fiscal incentives – tax expenditure.

Output-based interventions are framed in more limited types of costing drivers. In addition, certain output-based interventions do not finance activities linked to costs (e.g. direct payments, resettlement, humanitarian admission and relocation in migration policy). Exclusively for those interventions, the following information is suggested as regards the unit cost method:

- In case of interventions that support income needs: explanation of the methodology setting the income needs range – Farm Sustainability Data Network (FSDN), benchmark between sectors, particular studies.
- In case of interventions related to financing not linked to costs in the context of output-based interventions: the legal base for the amount used for costing should be mentioned.
- In case of interventions that support costs and/or incentives: explanation of the methodology used for calculating weighted average unit costs (certificates from third parties, use of historical data, previous simplified cost options (SCOs), statistical data) and in case of incentives, assumptions taken for setting them.

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- In case of interventions that provide compensation (e.g. temporary and permanent cessation of fishing activities): explanation of the methodology used for calculating the unit costs (historical data, previous SCOs).
- Quantity method: explanation on the methodology (previous experience, statistical data, historical data, IACS / LPIS) and assumptions taken to estimate the quantity for the whole period.

2.3.2. Cost benchmarks

Where appropriate, cost benchmarks may be used to establish the cost estimates. They represent a helpful basis for justifying the estimated costs.

A benchmark cost is understood as any amount that can be underpinned by supporting evidence (see section 2.5. on supporting evidence) and that is used as a basis for estimating the cost of a measure. For example, Member States may use benchmark costs from similar past/ongoing projects. In case of multiple benchmark projects, Member States should indicate and explain the reasons behind the chosen average range of costs. They should consider balancing the quantity and quality of benchmarks that constitute the average for the cost estimates (e.g. preference should be given to benchmarks that are more recent and more similar in nature to the measure to be costed). Ideally, data from projects of previously audited EU funds and programmes should be used, whenever available.

a) Benchmark category/type

Member States should set out the type of underlying benchmark/data category, such as historical data, statistical data, SCOs on which the Union contribution was based upon in previous programming periods or used for grants reimbursement.

b) Benchmark base year

Member States should indicate the year in which the benchmark costs were incurred.

c) Benchmark source

Member States should provide a reference to source(s) on which cost estimations have been based, including references to the specific page numbers where the relevant information can be found.

If the measure's proposed cost estimates were not carried out using benchmark projects (e.g. pilot innovative projects), the justification should be developed on the basis of available supporting data concerning the main cost drivers of the measure.

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2.4. Justifications on the plausibility and reasonability of the estimated costs

Member States are invited to fill the column on the *justification on the plausibility and reasonability of the estimated costs*, providing as a minimum information on:

2.4.1. Justification:

Member States should include a brief explanation on why they consider the cost methodology and the cost data provided as appropriate.

2.4.2. Cost adjustments:

Where necessary, any deviations between the historic data and/or benchmarks from similar projects and the estimated cost of the measure should be explained. To justify this, information should be provided on the following, as applicable:

a) Inflation rate

Member States should report and explain if the variation between the proposed estimated costs and the historic data and/or cost benchmarks as indicated in the "methodology" column is due to inflation, understood as the cumulative inflation rate between the base year and the start of implementation of the measure. Where relevant, this may be justified with sector-specific indexes. Inflation rates should be taken from official statistics from European or national sources (e.g. ECB, Eurostat, national bank data, national statistical offices data). For expected inflation, a standard 2% rate can be applied to the estimated costs.

b) National and regional or territorial specificities

Member States should report and explain if and how national and regional/territorial specificities require adjustments or deviations from historic data and benchmarks. This could, for example, refer to differences in labour costs or logistical challenges related to islands, outermost regions or remote areas.

c) Exchange rate

Non-Euro area Member States should report and explain if and how differences in exchange rates over time require adjustments. Exchange rates should be based on reference rates of the European Central Bank (monthly average for the quarterly submission). For multi-annual projects, Member states should specify the rate used.

d) Other

Member States should explain any other justification of cost adjustments due to the nature of the measure.

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2.5. Supporting evidence

Member States are strongly encouraged to support their cost estimates and justifications with references to the types of evidence depending on the nature of the measure and the delivery mechanism envisaged. That evidence should be readily available at the Commission's request. For supporting evidence, Member States could consider the following:

- **Statistical data** - sourced from reliable databases, e.g. Eurostat, Member States' statistical offices, other sources if justified.
- **Documents from comparable measures** – concluded calls, executed public tenders, contractual documentation, including from projects supported by other EU, national or regional programmes.
- **Documents from measures in advanced preparation** – including project documentation (e.g. feasibility studies, costs-benefits assessments, documentation for permitting and public procurement, past tenders).
- **Documents from measures already in implementation:** – including evidence on actual costs that have been established in projects outside the NRP Plans that are already in implementation.
- **Market research** – in particular for procurement of off-the-shelf goods and services.
- **Expert judgement** – in particular for some types of investments, e.g. including the acquisition of property rights.
- **Others** - where justified by the nature of the measure.

2.6. Simplified Cost Options as source of information

Simplified Cost Options (SCOs) from previous programming periods can be used as a source of information in order to estimate costs for the NRP Plans and the Interreg Plan chapters.

In case SCOs were used for the Union contribution to the Member State, no additional justification should be provided. If the SCOs were used to provide grants to beneficiaries, the respective methodologies should have been subject to audit with positive results by the relevant audit authority or certification body during the relevant programming period.

Depending on the specificities of the measures, off-the-shelf flat rates defined in the current CPR, Interreg Regulation, ESF+ Regulation and GBER can be used in duly justified cases substantiating the need of the use.

Member States will have to provide the source of the SCO used in the column on the *methodology and description of costs* in Table 5 (as outlined in Section 2.3 above). In case the SCO amounts are adjusted to reflect inflation, Member States will have to provide the data,

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source of data and calculations used for the adjustment in the column on the *justification of reasonability and plausibility of the estimated costs* in Table 5 (as outlined in Section 2.4. above).

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Milestones, targets, outputs and setting corresponding pay-out values

Each National and Regional Partnership Plan should be duly reasoned and substantiated in setting out the required elements set out in point (c) of the second subparagraph of Article 22 and Annex V to the NRP Regulation. The requirements for the Interreg Plan chapters are set out in Article 8 of the ERDF and Cohesion Fund regulation. When submitting the NRP Plans and the Interreg Plan chapters for assessment by the Commission, Member State should provide the list and description of measures, including their corresponding intervention fields. The measures need to be grouped in chapters and for each measure, the envisaged milestones and targets need to be provided with their indicative completion date during the programming period.

Each measure, as explained in the Chapter on measures, should have corresponding milestones, targets and/or outputs. Payments from the Commission to the Member State will be made upon fulfilment of milestones and targets and/or achievement of outputs set out in the Plan. This Chapter aims to further detail how milestones, targets and/or outputs will be put into practice as verifiable deliverables that trigger payments and enable assessing performance and progress in implementation.

1. Introduction

Article 4(11): 'milestone' means a qualitative achievement used to measure progress towards the achievement of a measure;

Article 4(12): 'target' means a quantitative achievement used to measure progress towards the achievement of a measure;

Article 4(13): 'pay-out value' means the amount to be paid by the Commission to the Member State for the progress achieved in the implementation of the measures of the Plan, taking into account the amounts set aside for reforms;

Article 22(2)(c) (or Article 8(3)(c) for Interreg Plan chapters): The Member State/Interreg Plan chapter shall […] provide the list […] of envisaged milestones and targets.

Milestones, targets and/or outputs are central to the objective-based design of the Plans. They translate measures into concrete deliverables and provide the basis for making payments through measurable and verifiable achievements. They also ensure that each reform, investment or output-based intervention is accompanied by a clear pathway to achieving the objectives of the measure, contributing to the intervention logic of the chapter and measures and to addressing identified challenges (Annex V, Title II, sections 1.1 and 1.2).

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Progress for each measure should be broken down into a set of milestones, targets and/or outputs that capture the core steps in implementing the measure. When deciding how progress in the implementation of a measure should be tracked, the following additional elements should be taken in considerations:

- A **milestone** is a qualitative achievement used to measure progress towards the implementation of a measure (Article 4(11) of the NRP Regulation). It does not focus on amounts, but rather on objectively verifiable qualitative deliverable, setting out the main elements that should be achieved with the relevant implementation step (for example, an administrative act launching a call for proposals as a milestone for an investment; or legal acts such as reforming rent regulations, simplifying the permitting process, as milestone for a reform).

- A **target** is a quantitative achievement used to measure progress towards the implementation of a measure (Article 4(12) of the NRP Regulation). The nature and type of target chosen should enable the tracking of progress in implementation of investments, and in limited cases reforms, towards the achievement of their completion (kilometres of new or upgraded railway electrified, square meters of renovated buildings by type – residential, non-residential, public building –, number of participants to a particular social scheme, etc.).

- An **output** in the context of the common agricultural policy, common fisheries policy and home affairs is a quantitative achievement used to track the implementation of a measure for which progress cannot be measured through milestones and targets. Outputs can have various status of achievement as described in Section 5.1. below.

- A **pay-out value** refers to the monetary value of the disbursement by the Commission linked to the achievement of an individual milestone or target or achievement of an output included in a measure within the National and Regional Partnership Plan. The Commission will pay the 'pay-out value' for a milestone or target to the Member State upon a positive assessment by the Member State that the respective milestone or target was fulfilled, without prejudice to the possibility for the Commission to interrupt or suspend payments or to take other corrective measures, in line with the provisions of the NRP Regulation.

The NRP Regulation provides for two types of intervention approaches, one for milestone- and target-based and one for output-based interventions. While both link the Union contribution to what is delivered under the measure, they operate in different ways:

- **milestones and targets** refer to actions for which the disbursement of the Union contribution depends on the fulfilment of the predefined qualitative and quantitative steps, to which pay-out values are assigned. Most measures under the NRP Plan are

expected to follow this delivery model. The delivery model of the NRP Regulation links the Union contribution to the delivery of an output set out in the Plan. In that sense, most measures included in the NRP Plan will be composed of milestones and targets, to which pay-out values are assigned. Nonetheless, to capture the breadth of interventions and the particularities of some of the policy areas now included under the Fund, the Regulation also set outs the possibility for Member States to include 'output-based interventions' where appropriate.

- An **output-based intervention** refers to an intervention for which the amount of the Union contribution depends on the actual number of final outputs achieved, for which the Member State has made payment to the beneficiary, as well as on the corresponding actual amounts paid. Output-based intervention should be used as quantitative interventions only where targets would not be appropriate.

Examples of output-based interventions under the Common Agricultural Policy

- degressive area-based income support;
- coupled income support;
- crop specific payment for cotton;
- payment for natural and other area specific constraints;
- crisis payments to farmers.

Examples of output-based interventions under the Common Fisheries Policy

- temporary and permanent cessation;
- crisis compensations for fishers and aquaculture producers.

Examples of output-based interventions under the Migration and Borders policy area:

- resettlement;
- humanitarian admission;
- relocation.

The EU support for interventions under the migration and border policy area will be progressively integrated into the Plans through the EU Facility and not allocated from the outset.

2. Information required to set out milestones, targets and outputs in the NRP Plan

Article 22(1): Each NRP Plan shall be duly reasoned and substantiated and shall set out the elements referred to in paragraph 2 of this Article, in accordance with the template set out in Annex V.

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Member States should set out in Table 6 of Annex V to the NRP Regulation the breakdown of the measures included in the Plan into milestones, targets and, where relevant, outputs. This section provides a brief overview of the structure and main elements of that Table, in order to give the reader a general understanding of how this information is to be presented in the Plan. These elements are discussed in greater detail in the subsequent sections of this guidance.

- Table 6a is applicable for milestone and targets
- Table 6b is applicable for output-based interventions

2.1. Structure of the Member State submission according to Annex V, Table 6a

Table 6a

Chapter title	Measure ID	Intervention field	Milestone or target (reference number)	Indicator for the milestone/target as established in Regulation XXX (Performance regulation)/ or measure-specific unless none of those indicators are adequate*	Quantitative indicators as established in Regulation XXX (Performance regulation)		Indicative timeline for achievement		Description of each milestone and target [1 000]	Amount for managing authorities	Pay-out value relevant for COM payments to the Member State	Categories of regions (where relevant) or national
					Unit of measure	Output	Quarter	Year	[text]			

*** If an indicator is not established in the Regulation XX [Performance Regulation], the unit of measure needs to be indicated.**

Milestone or Target (reference number)

As provided automatically by SFC2028.

Name of the measure

As above (title of measure).

Indicator for the milestone/target

- As a rule, this field should correspond to the chosen output indicator selected from those set out in Annex I to the Performance Regulation.
- Where output indicators which are not in Annex I to the Performance Regulation are used, in line with Article 14(2)(a) of that Regulation, the field should correspond to the relevant output indicator, which should be short and clear and immediately show what is to be achieved.

Indicators (milestones)

- For reforms, the qualitative indicator should be based on corresponding indicators listed in Annex I to the Performance Regulation, which are relevant to show that the required step has been completed, for example referring to the provision confirming the entry into force of the relevant legal act.
- For investment milestones, the qualitative indicator should, as a default, refer to a concrete implementation step, such as launch of a call, the award of contracts for projects, the signature of contracts, or another clearly verifiable procedural achievement.

Quantitative indicators (targets)

This field should be consistent with the output indicator used as name of the target, for example number of participants to a scheme, kilometres built, or m^2 or buildings renovated.

- **Unit of measure:** In general, the unit of measure is provided for each output indicator in the dedicated guidance document. For all indicators listed in Annex I to the Performance Regulation, this is the respective unit of measure to be used. In other cases, specify the unit in which the target is to be measured.
- **Baseline**: Insert the starting value against which progress will be measured. This should reflect the situation before implementation of the measure or before the relevant activity begins. In general, for the first target of the relevant measure or activity the baseline should be set at 0. For any subsequent target using the same unit of measure, the baseline should correspond to the 'target' value of the previous target.
- **Target**: Insert the value that must be reached for the target to be considered fulfilled. The target value should be realistic, measurable and consistent with the description of the measure and the timeline for implementation.

Where the selected output indicator used to define the final milestone or target includes several sub-categories (e.g. "Number of enterprises supported – by micro, small and medium, and large enterprises"), only one level—either the relevant sub-category or the aggregated value—is used for the definition of the milestone or target.

The Commission will detail further the definition of the performance indicators in a dedicated document.

Indicative timeline for achievement

Specify the indicative quarter and year in which the Member State expects the achievement of the milestone or target. This timeline is only indicative. The failure to comply with it has no bearing on the assessment of the fulfilment of the relevant milestone or target under Article 65(3) of the NRP Regulation. However, the timeline should be set in a realistic manner to ensure proper budgetary planning and avoid risks of decommitment at Plans' level.

Description of each milestone and target

Explain clearly what exactly must happen for the milestone or target to be considered fulfilled.

Amount for managing authorities

Specify the amount of the Union contribution due to the managing authority once the relevant milestone or target under the measure has been achieved. This is the amount the managing authority is to receive from the Member State for the achievement of that milestone or target. For investments this should correspond to a share of the Union contribution commensurate to the significance of the step towards reaching the objectives of the measure that the relevant milestone or target represents. Where part of the Union contribution for a given investment is set aside to finance reforms falling under the responsibility of the same managing authority, a corresponding amount can be set aside from the amounts due to the managing authority for the fulfilment of milestones and targets related to that investment and paid to the managing authority upon fulfilment of the milestones related to the relevant reforms.

Pay-out value

Specify the amount that the Commission would pay to the Member State upon fulfilment of the corresponding milestone or target. This amount may differ from the amount due to the managing authority, where part of the Union contribution is set aside to finance reforms. For more detailed information on the setting of pay-out values please refer to the Section 6 below.

Categories of regions

In the column of the geographical coverage of Annex V, Table 5, the Member States should identify per milestone or target whether the coverage is national or at the level of a specific category of region (less developed/transition/more developed region). As far as possible, measures with national coverage should be broken down into two or three identical activities (i.e. with the same intervention field) by category of region to reflect the weight of the underlying co-financing rates taken into account for the calculation of the activity level co-financing rate.

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2.2. Structure of the Member State submission according to Annex V, Table 6b

Measure ID	Intervention	Name of output	Output (reference number)	Targeted sector, group of farmers, area	Quantitative indicators as established in Regulation XXX (Performance regulation)		Output unit value				Unit value of commitment in the calculation of the average output value of agricultural actions	Indicative Timeline for achievement		Intervention field	
					Unit of measure	Output	Uniform or average	Type (Lump sum or top-up or other)	Min	Max		Quarter	Year		

Intervention

Name of the intervention as decided by the Member State. Use a short, clear and self-explanatory title.

Name of output

The name of the output is composed of various elements

1. The label of the output triggering the payment. The label derives from the list of outputs in Annex I to the Performance Regulation (except in duly justified cases).
2. The status of achievement of the output: claimed, determined, realised, etc.
3. The reference number of the output, which is a coded number regrouping
    1. the output indicator code from the performance regulation;
    2. the claim year of that output.
4. a number representing the status of the output (for example: 1= claimed; 2= determined). This number will be used to link the payment claims.

Targeted sector, group of farmers, area

Member States must split the planning by targeted sector, group of farmers and/or area, depending on their strategy, as Member States need to differentiate the income support based on income needs and must give a higher payment per hectare (ha) to young farmers. In addition, if Member States set different premium levels by range of hectares (e.g. for the first 30 hectares), the planning is to be split by range. This will allow assessing that on average DABIS

payment remains between 130 EUR/ha and 240 EUR/ha. A drop-down menu will be available in SFC.

- Sectors [no multiple choice]
    - crops: …, animals: …, processed plants, animal products, other sectors
- *Group of farmers* = "Targeted" group of farmers [*no multiple choice*]
    - All farmers, Women farmers, Young farmers, Small farms, Farms in areas with natural constraints, Mixed farms crops/livestock, Extensive livestock farmer, Farms in hotspots, Organic farm…
- Area [list, no multiple choice]:
    - Arable crops, Permanent crops, Permanent grassland, Other…

This column is not applicable for Home Affairs Interventions.

Quantitative indicators

- *Unit of measurement*: is directly linked to the output selected from Annex I to the Performance Regulation except in duly justified cases.
- *Output:* value associated to the unit of measurement of the output.

Output unit value

These are elements characterising the unit value.

- Uniform or average: Specify whether the unit cost set in Table 5 is uniform or an average. The unit cost is 'uniform' when all beneficiaries receive the same amount per unit of measurement (as e.g. for cotton), in other cases the unit cost is 'average' (e.g. possibly for AECA).
  In the case of Home Affairs interventions, the unit cost is always 'uniform'.
- Type (lump-sum or top ups or other): Specify whether the output unit value is a lump-sum, a top-up or another type. 'Top-up' when the amount complements a basic amount (e.g. for DABIS – young farmers coming on top of DABIS – basic payment), 'lump-sum' when the amount is set by beneficiary, 'other' otherwise.
- Min / Max: minimum and maximum amount per output that the beneficiary can be granted for a realised output. The realised unit cost may differ from the planned unit cost set in Table 5, without the need for Member States to justify the discrepancy, but beneficiaries must receive at least the minimum and not more than the maximum unit values per output set in Table 5.2. The minimum and maximum do not apply to the average unit cost at Member State level, but to the actual payment to the beneficiary.
  In the case of Home Affairs interventions, the minimum and maximum amount should be the same.

Unit value of commitment in calculation of the average output value of agricultural actions

This column is not applicable for Home Affairs Interventions.

Timeline for achievement

This timeline is indicative. Specify the indicative quarter and year in which the Member State expects to submit the payment application for the achievement of the output. The timeline should be indicative. There are no penalties/sanctions for missing the indicative timeline, but a balanced progress will be necessary in order to make sure that an appropriate level of payment claims are submitted by Member States to avoid decommitment.

For interventions in Article 35(1) (a) to (g) and (o) and (p), the first payment application for claim year N cannot be submitted by Member States before 1st December of year (n).

The last payment application can be submitted by the Member States to the Commission by 31 October 2035

- Quarter: indicative quarter by which Member States plan to issue the payment request to the Commission.
- Year: to indicate a specific year or "every year".

Intervention field

Selection of the corresponding intervention field assigned to the measure as listed in Annex I to the Performance Regulation.

Example: Planning of the degressive area payment for farmers' claims 2028, each targeted group is planned as a separate intervention

Seq.	Intervention	Name of output	Targeted sector, group of farmers, area	Quantitative indicators as established in Regulation XXX (Performance regulation)		Output unit value				Timeline for achievement		Total estimated cost		Intervention field
				Unit of measure	Output	Uniform or average	Type (Lump sum or top-up or other)	Min	Max	Quarter	Year	Union contribution	Member State contribution	
Other intervention 2	DABIS- basic payment	Number of hectares claimed	All farmers	hectares	2,000,000	Uniform	Other	135	165	Q4 (Dez)	2028	180,000,000 €	0	2- Targeted support to farmers income
Other intervention 2	DABIS- basic payment	Number of hectares paid	All farmers	hectares	2,000,000	Uniform	Other	135	165	Q3 (Sep)	2029	120,000,000 €	0	2- Targeted support to farmers income
Other intervention 3	DABIS - young and new farmers 0-30ha	Number of hectares claimed	Young farmers	hectares	500,000	Uniform	top-up	60	90	Q4 (Dez)	2028	22,500,000 €	0	2- Targeted support to farmers income
Other intervention 3	DABIS - young and new farmers 30-100ha	Number of hectares claimed	Young farmers	hectares	300,000	Uniform	top-up	20	30	Q4 (Dez)	2029	4,500,000 €	0	2- Targeted support to farmers income
Other intervention 3	DABIS - young and new farmers 0-30ha	Number of hectares paid	Young farmers	hectares	500,000	Uniform	top-up	60	90	Q3 (Sep)	2029	15,000,000 €	0	2- Targeted support to farmers income
Other intervention 3	DABIS - young and new farmers 30-100ha	Number of hectares claimed	Young farmers	hectares	300,000	Uniform	top-up	20	30	Q4 (Dez)	2029	4,500,000 €	0	2- Targeted support to farmers income
other intervention 5	DABIS - mixed crops and livestock	Number of farmers claimed	Mixed farms crops/livestock	farmers	2,000	Uniform	Lump sum	1600	2400	Q4 (Dez)	2028	2,400,000 €	0	2- Targeted support to farmers income
other intervention 5	DABIS - mixed crops and livestock	Number of farmers paid	Mixed farms crops/livestock	farmers	2,000	Uniform	Lump sum	1600	2400	Q3 (Sep)	2029	1,600,000 €	0	2- Targeted support to farmers income
other intervention 5	DABIS - mixed crops and livestock	Number of farmers claimed	Mixed farms crops/livestock	farmers	2,000	Uniform	Lump sum	1600	2400	Q4 (Dez)	2029	2,400,000 €	0	2- Targeted support to farmers income
other intervention 5	DABIS - mixed crops and livestock	Number of farmers paid	Mixed farms crops/livestock	farmers	2,000	Uniform	Lump sum	1600	2400	Q3 (Sep)	2030	1,600,000 €	0	2- Targeted support to farmers income
other intervention 6	AECA non productive areas	Number of hectares determined		hectares	50,000	Average	Other	150	1300	Q4 (Dez)	2028	9,048,000 €	4,872,000 €	12-Support for environment and climate practices, including climate resilience measures
other intervention 6	AECA non productive areas	Number of hectares paid		hectares	50,000	Average	Other	150	1300	Q3 (Sep)	2029	6,032,000 €	3,248,000 €	12-Support for environment and climate practices, including climate resilience measures

This section is not applicable to Interreg but where the same fields need to be developed based on Annex I ERDF/CF, it can provide guiding elements.

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Example: Council Implementing Decision that will be adopted in 2027 on the Union Resettlement and Humanitarian Admission Plan (2028-2029) pursuant to Regulation (EU) 2024/1350

Intervention	Name of output	Targeted sector, group of farmers, area	Quantitative indicators as established in Regulation XXX (Performance regulation)		Output unit value				Unit value of commitment in the calculation of the average output value of agricultural actions	Timeline for achievement		Total estimated cost	
			Unit of measure	Output	Uniform or average	Type (Lump sum or top-up or other)	Min	Max		Quarter	Year	Union contribution	Member State contribution
Resettlement under the **Union** Resettlement and Humanitarian Admission **Framework** established by Regulation (EU) 2024/1350 – **pledged for 2028-2029**	People resettled under the Union Resettlement Framework	not relevant	Number of people resettled - by gender	1 500	Uniform	Other	10 000	10 000	not relevant	Q4 (Oct)	2029	15 000 000 €	0
Humanitarian admission under the **Union** Resettlement and Humanitarian Admission **Framework** established by Regulation (EU) 2024/1350 – **pledged for 2028-2029**	People admitted through humanitarian admission under the Union Resettlement Framework	not relevant	Number of people admitted through humanitarian admission – by gender	700	Uniform	Other	6 000	6 000	not relevant	Q4 (Oct)	2029	4 200 000 €	0
Resettlement under a **national resettlement scheme** – **pledged for 2028-2029**	People resettled under national schemes	not relevant	Number of people resettled – by gender	1 000	Uniform	Other	6 000	6 000	not relevant	Q4 (Oct)	2029	6 000 000 €	0

3. Setting out milestones, targets and outputs

National and Regional Partnership Plans and the Interreg Plan chapters should be drafted in a consistent and coherent manner, so that progress in implementation can be measured in a comparable way across chapters and measures contributing to different objectives. To ensure such consistency, and to provide a level playing field across Plans, milestones, targets and outputs should follow the principles set out below.

3.1. Core principles for setting and drafting milestones, targets and outputs

When setting milestones, targets and outputs, Member States[13] should ensure that they are:

(i) clear, precise and focused on the deliverable:

they should be drafted in precise and unambiguous terms, focusing on what is to be delivered, how much is to be delivered, where relevant, and by when. Additional elements (e.g. how a certain result should be achieved) should not be included in the description of milestones, targets and outputs, unless in duly justified cases. The description of milestones and targets should be brief, precise and to the point (ideally, maximum of two to three sentences). They should capture the policy objective and provide a very specific outcome.

[13] Throughout this section, any reference to Member States should be read also as a reference to and managing authorities for Interreg Plan chapters

(ii) realistic and proportionate:

they must reflect the nature of the measure, its implementation timeframe, its complexity and the size of the Union contribution. They should set a level of ambition that is achievable within the implementation period, while capturing the key steps necessary to demonstrate material progress towards completion of the measure.

(iii) time-bound:

they must include indicative completion dates specified in quarters (Q) of the relevant year as indicated in Annex V. Completion dates of the milestones, targets and outputs should be realistic, and take into account the annual commitments and the requirements of the NRP Regulation which indicate that Member State can submit payment request up to ten times per calendar year.

(iv) verifiable:

they should be formulated in a way that allows their fulfilment to be assessed objectively. Member States should ensure that each milestone, target and output is supported by clear verification arrangements, including identifiable and accessible evidence that is known in advance and sufficiently robust to provide a clear audit trail.

(v) self-standing and meaningful:

they should constitute distinct deliverables that can be assessed independently. They should not reflect minor steps that do not constitute a material progress towards achieving the policy objective of the measure.

(vi) within the control of the Member State or the region:

they should be directly linked to the measure implemented and should not depend on external factors, such as macroeconomic developments or labour market trends, that could undermine the credibility and predictability of the assessment. They should also not include any element that depends on the decision of other authorities or entities.

(vii) based on appropriate indicators and quality data:

where targets and outputs are used, they should be based on a clearly identified baseline, dataset, and methodology for calculating both the baseline and the level to be reached. The description of a milestone or target should, where possible, correspond to the indicator used and to the evidence by which fulfilment will be demonstrated. Member States should explain how data quality will be ensured, identify the authority responsible for collecting and computing the data, specify how frequently the data will be collected, and keep all necessary records.

(viii) drafted in a simple way, with consistent language across the Plan:

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Member States should aim to ensure an appropriate and comparable level of granularity across similar measures. Details which are not necessary to assess the proper implementation of the measure, including with regard to fulfilment of the requirements laid down in the NRP Regulation, should be dealt with in national or regional implementing rules, if appropriate. Consistent wording should be used throughout the Plan and the Interreg Plan chapter.

(ix) drafted using appropriate legal terms:

for milestones and targets, the wording should clearly distinguish between obligatory and non-obligatory elements. Where an obligation is intended, terms such as "shall" should be used. Terms such as "will", "can" or "should" should be avoided where they weaken the binding nature of the commitment. The wording should also avoid vague formulations, such as "promote", "support" or "improve". Non-binding elements should not be included unless they are strictly necessary to interpret the obligatory elements.

(x) free from elements that are not appropriate for assessment under the Plan:

in the case of reforms, they should not refer solely to the mere transposition of Union law or to compliance with obligations already binding on the Member State under Union law. Accordingly, the transposition of a directive cannot, in itself, constitute a milestone. However, the Plan may support measures that reflect a national policy choice to go beyond the requirements of the relevant directive, with milestones and targets reflecting those measures.

The choice of milestones, targets and outputs, and their description in Table 6 of the NRP Plan and Table 2 of the Interreg Plan will be discussed between the Commission and the relevant Member State in the light of the design of each measure. The objective is to ensure that progress towards the underlying policy objective is appropriately tracked, while safeguarding Member State ownership of the measure.

3.2. Tracking achievement of reforms

3.2.1. How should milestones for reforms be set?

For reforms, it is generally best to use milestones, given their qualitative nature. As a general rule, a reform should be captured by a single milestone.

The use of a single milestone does not mean that the reform itself must be simple. Rather, it means that the milestone should reflect the key legal or administrative step that ensures that the reform is in place, legally binding and can produce its intended effects.

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3.2.2. Design and drafting of reform milestones

A reform milestone should reflect the key legal or administrative step necessary for the reform to become effective. As a rule, it should correspond to the step by which the reform is adopted and becomes operational, typically its entry into force.

In designing and drafting reform milestones, Member States should ensure that the milestone:

- reflects the nature of the reform, including whether it is legal or administrative, and whether it applies at national or regional level;
- is precise and linked to the key final step, typically the entry into force of legislation or of an administrative framework;
- includes the elements of the reform that are necessary to achieve the policy objective (the crucial elements of the reform);
- is self-standing, so that it can be assessed independently.

When drafting reform milestones, Member States should also ensure that:

- where the name of the milestone refers to legislation, the milestone description should specify the essential elements of the reform from which it is clear that the reform has been adopted, is in force, and is ready for implementation;
- for entry-into-force milestones, the wording avoids references to specific types of legal acts (e.g. Government Ordinances, Laws, Decrees) and instead uses a general formulation such as “entry into force of legal acts on” or “entry into force of legal acts providing for”; and
- avoids vague or subjective wording.

3.2.3. Reforms requiring more than one milestone

In certain cases, a reform may call for more than one milestone. This may be the case, in particular, where a primary legal act contains provisions that enter into force or apply at different moments, or where the reform requires preparatory steps (e.g. an impact assessment) or the subsequent adoption of implementing or secondary legislation in order to become fully operational.

Where the core elements of the reform enter into application upon adoption or entry into force of the primary act, and the remaining provisions are technical or ancillary in nature, these elements may be captured under a single milestone, provided that the milestone clearly specifies both the entry into force of the primary legislation and the adoption of the necessary implementing acts. By contrast, where the adoption of implementing measures constitutes a substantive condition for the reform to produce its intended effects, or where their timing is materially distinct, Member State should consider using separate milestones reflecting:

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- the entry into force of the primary legislation containing the essential provisions; and
- the entry into force of the required implementing measures.

In all cases, the milestone structure should ensure that the reform is considered fulfilled only once all essential legal and operational conditions for its effective implementation are in place.

Illustrative example of a reform milestone (reform at the national level):

Related Measure	M/T	Name	Qualitative indicator	Description of each M/T
Social welfare and healthcare reform.	Milestone	Entry into force of the legal act(s) establishing welfare areas and reforming social, healthcare and rescue services	Provisions in the legal acts indicating their entry into force	Entry into force of legal acts on the establishment of welfare areas and the reform of the social, healthcare and rescue services, which shall include: • Establishing 22 welfare areas, entrusted with the health, social and rescue services duties that were before the responsibility of municipalities and joint municipal authorities; • Transferring to those welfare areas the legal responsibility previously exercised by municipalities and joint municipal authorities for organising those services.

Illustrative example of reform milestones (reform at the regional level):

Related Measure	M/T	Name	Qualitative indicator	Description of each M/T
Development of regional economic policy to reduce territorial disparities	Milestone	Entry into force of the legal act(s) establishing Special Investment Zones (SIZs) in less-developed areas	Provisions in the legal acts indicating their entry into force	Entry into force of legal acts establishing Special Investment Zones in designated less-developed areas, which shall include: • Defining geographic boundaries of the zones based on socio-economic criteria; • Introducing incentives and financial support schemes for businesses operating within the zones;

				• Simplifying administrative procedures for business registration, licensing and permitting in the zones; • Assigning responsibility for management and oversight of the zones to regional development authorities.
Development of regional economic policy to reduce territorial disparities	Milestone	Entry into force of the implementing acts establishing the operational framework of the Special Investment Zones (SIZs) in less-developed areas		Entry into force of implementing acts establishing: • Operational guidelines for investment eligibility and approval processes; • Governance structures, including coordination between national and regional authorities; Monitoring and evaluation mechanisms to assess economic impact, job creation and regional development outcomes.

3.3. Tracking achievement of investments

3.3.1. How should milestones and targets be set for investments?

Investments should be monitored primarily through targets, and through milestones where relevant. Their fulfilment should be measured through output indicators. Relevant output indicators are specified in Annex I to the Performance Regulation and should, as a rule, be used as final milestones or targets, unless duly justified otherwise.

Milestones and targets should reflect material progress towards completion of the investment.

3.3.2. Design and drafting of investment milestones and targets

In designing and drafting milestones and targets for investments, Member States should ensure that they:

- capture steps which demonstrate material progress towards completion of the investment;
- are proportionate to the complexity, duration and total cost of the measure (for investments with a shorter implementation timeline and limited financial volume,

preference should be given to a simple structure and limited number of milestones and targets);
- are self-standing and capable of being assessed independently, in particular by reference to available evidence generally available upon its fulfilment;
- the final milestones and targets, are linked, as a rule, to the relevant output indicators chosen from those set out in Annex I to the Performance Regulation; and
- ensure a consistent level of granularity across comparable investments within the Plan.

The appropriate number of milestones and targets depends on the substance and structure of the measure. Two approaches may be used in practice: (i) a tracker approach and (ii) a global approach.

(i) Tracker approach

A tracker approach is appropriate where the investment can be sensibly divided into self-standing deliverables, each of which reflects a self-standing achievement within the policy objective envisaged. Under this approach, milestones and targets should reflect a life-cycle logic to ensure that the final milestone/target allows to verify that the relevant measure's intended objectives have been achieved, while previous milestones and targets cover the key steps towards such achievement. In general, this should include:

- an **initial Milestone** proving that framework conditions for the investment are in place so that the investment can start (e.g. launch of a call for tender, with the milestone specifying the exact conditions that should be included in the call);
- **a limited number of intermediate/interim milestones/targets** covering the main steps in the implementation of the measure;
- a **final milestone/target** that is output-oriented with the aim to ensure that the objectives/goals of the investment have effectively been attained. Therefore, the final milestone/target should prove completion of the investment. Requirements which can only be checked at the end of a measure should only be included in the last milestone/target. The final milestone/target should as a rule check that the agreed operations have been completed and/or the objectives have been achieved.

Where this approach is used, the number of milestones and targets should remain proportionate to the size and importance of the investment, taking into account, among others, the implementation period, the overall financial volume, the type of investment concerned. In determining the appropriate number, Member States should take into account in particular:

- **administrative capacity**, since an excessive number of milestones and targets creates unnecessary burden and complexity;

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- the **complexity and duration of implementation,** since longer and more complex investments may justify an initial milestone and a greater number of intermediate targets; and
- **liquidity needs,** since initial milestones and intermediate targets may help provide sufficient liquidity for implementation and contribute to meeting annual commitment targets.

As a general principle, simpler (and shorter) investments should be divided into one milestone and no more than two targets reflecting the output indicator appropriate for the activity. For more complex or longer investments, a proportionate number of additional intermediate targets can be added, insofar as they constitute significant steps towards achieving its policy objective.

In the case of the tracker approach, cumulating targets reflects the progressive nature of the investment. In such cases, each target builds on the previous one. This means that the baseline of a later target should correspond to the value achieved under the preceding one. Where an intermediate target is amended under the simplified procedure (amendment as per Article 24(6)(a) of the NRP Regulation), the baseline of the following target should be adjusted accordingly. If that change is not fully offset in the following target, the final value of that following target should also be adjusted. The same applies, where relevant, to any later target.

Illustrative example of a tracker approach (extract of Table 6 of the NRP Plan):

Related Measure	M/T	Indicator	Quantitative indicator (targets) as established in Regulation XXXX (Performance Regulation			Description of each milestone and target
			Unit of measure	Baseline	Target	
Development of sustainable road infrastructure on TEN-T network, road charging, traffic management and road safety	Milestone	Signature of all contracts for the works				Signature of all the contracts for the construction of the motorway sections to be built under the measure
Development of sustainable road infrastructure on TEN-T network, road charging, traffic management and road safety	Target	Number of km (- by TEN-T)	Km	0	50	Completion of at least 50 km of road infrastructure built of the section XXX located on the TEN-T network

Development of sustainable road infrastructure on TEN-T network, road charging, traffic management and road safety	Target	Number of km (- by TEN-T)	Km	50	100	Completion of 100 km of road infrastructure built covering the section XXX, located on the TEN-T network

(ii) Global approach

A global approach is appropriate where the policy objective is unitary and indivisible, and intermediate implementation steps do not constitute self-standing policy deliverables. This approach does not need to follow a fixed "step-wise" template; the appropriate structure should follow the substance and logic of the measure. A global approach may be particularly appropriate where the investment is relatively simple, has a short implementation period, or where the final output provides the most meaningful basis for assessment.

Illustrative example of a global approach (extract of Table 5 of the NRP Plan):

Related Measure	M/T	Indicator	Quantitative indicator (targets) as established in Regulation XXXX (Performance Regulation			Description of each milestone and target
			Unit of measure	Baseline	Target	
Investment: Supporting sustainable growth in healthcare	Milestone	Publication of the call for applications for research projects in novel healthcare technologies				The call for applications for funding in healthcare shall be published, targeting research, experimentation, and development projects in universities and other academic centres.
Investment: Supporting sustainable growth in healthcare	Target	Number of peer-reviewed research outputs (publications, conference proceedings, etc.)	Number		20	20 research, experimentation, and development projects in universities and other academic centres projects supported under the calls for applications completed.

4. Regional considerations for drafting milestones, targets, and outputs

Where regional aspects are relevant for the assessment of the milestones, targets or outputs, the milestone/target description should also reflect the territorial requirement in a binding way (e.g. implementation in specified region(s)), rather than as a mere indication.

The drafting formulations that can be used when describing the milestones and targets potentially could be as follows:

- "covering all [category] regions";
- "implemented in the following regions: […]";
- "with participation from at least [X] regions";
- "ensuring allocation of at least [X]% of funding to [category] regions";
- "completed in each of the following regions: […]";
- "applicable exclusively to [category] regions".

The chosen approach needs to be reflected in form of structured information in the Plan template which is required to make sure the legislative requirements in terms of territorial/regional concentration of resources are complied with.

4.1. Community-Led Local Development milestones

Community-Led Local Development (CLLD), including LEADER (intervention field 335 and territorial tag in Part 3 of Annex II to the Performance Regulation) have specific operational and financial characteristics:

- *Upfront cashflow needs:* CLLD initiatives often require significant initial funding to cover administrative and start-up costs (e.g. strategy development, capacity-building, and local governance set-up).
- *Variable project timelines*: Given the long-term nature of CLLD measures and their characteristic of being local and bottom-up instrument, strict pre-defined planning does not work. Nevertheless, maintaining a steady cashflow remains critical to ensuring successful implementation.

Given these factors, milestones for CLLD/LEADER must reflect the process of implementation. Milestones and targets need to be designed with this view.

Illustrative example of a CLLD/LEADER measure:

The planned targets of the LEADER measure correspond to some level of process:

- Selection of the strategies;

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- Implementation of preparatory projects;
- Conclusion of funding agreements;
- Support provided to local groups.

The final number of the implemented strategies.

4.2. CAP, CFP and Home Affairs specificities for output-based interventions

For output-based interventions, payments are not linked to milestones or targets but are instead determined by the number of outputs achieved, multiplied by a fixed or unit value established in Union law, Member States' National Recovery and Resilience Plans, or national legislation. Member States may submit the first payment application before beneficiaries receive any Union contribution, provided that outputs are planned and reported in full from the outset.

When structuring payment applications, Member States must define the status of output achievement in accordance with the payment cycle.

For **Home Affairs interventions**, outputs are considered realised once the resettlement, humanitarian admission, or relocation of individuals to the Member State has been completed.

Pursuant to the Asylum, Migration and Integration Regulation (AMI), Member States are entitled to payments of pre-determined amounts for each third-country national effectively resettled, admitted under humanitarian admission or relocated. Member States that bear the costs of transfers may also receive a pre-determined amount for each person transferred from one Member State to another.

Resettlement and humanitarian admission interventions are implemented on the basis of voluntary pledges submitted by Member States every two years. Relocation interventions form part of the mandatory solidarity mechanism and are planned annually on the basis of binding figures established in a Council implementing decision.

As the Union support associated with these interventions will be progressively incorporated into the Plans through the EU Facility rather than allocated in full at the outset of the programming period, Member States shall update, on a cumulative basis, the number of planned and realised outputs and the corresponding Union contribution amounts reported in Table 6 of Annex V to the NRP Regulation, as additional allocations are integrated into their Plans.

For **CAP interventions**, the payment cycle and output status depend on the type of intervention:

- **Annual interventions listed in Article 35(1), points (a) to (g)**—such as area-based income support, coupled income support, and agri-environmental climate actions—follow

a payment cycle based on geo-spatial aid applications (GSAA). The status of outputs may be classified as:
    - *Outputs claimed*: outputs declared by beneficiaries in their aid applications.
    - *Outputs determined*: outputs validated by Member States following administrative checks, Area Monitoring System (AMS) verification, or on-the-spot controls where necessary.
- **Other output-based CAP interventions** may follow annual or multi-annual payment cycles. Member States may trigger an initial payment based on:
    - *Outputs selected*: the number of operations chosen by the Member State from a call for applications.

Member States may use additional output status categories beyond those listed above, provided they are clearly defined and justified.

The final status, *outputs realised*, corresponds to the actual number of outputs finalised and paid by the Member State to the beneficiaries.

The amounts requested in payment applications for outputs determined, or selected do not need to correspond to advances previously disbursed to beneficiaries. However, the amount requested for *outputs realised* must reflect the balance of actual expenditure incurred by the Member State, net of any previous Union disbursements for the same outputs.

For CFP interventions, permanent and temporary cessation as well as crises compensations are considered as output-based interventions.

To minimise the risk of recoveries, Member States are advised to set the Union contribution for the first payment at a level proportionate to the number of planned outputs, drawing on historical data where available, such as average partial payments under similar interventions.

Member States must ensure consistency between the output status reported in payment applications and the status applied in their internal systems, including submissions via Annex IX.

Member States are reminded that, under the CAP 2023–2027 framework, outputs must be planned and reported in full from the first payment application. This requirement will continue to apply in the 2028–2034 period. Careful planning of output status and payment cycles will facilitate efficient disbursements and reduce administrative burdens.

5. Assessment of fulfilment of milestones ,targets and outputs

Article 65(3): In assessing the fulfilment of milestones and targets, the Member State shall evaluate each milestone and target in its entirety, taking into account its wording, underlying purpose, and context, pursuant to Annex VIII [Assessment guidelines on the satisfactory fulfilment of milestones and targets under the Fund].

5.1. General principle for the assessment of fulfilment of milestones, targets and outputs

The assessment of the fulfilment of milestones and targets should focus on the expected deliverable and purpose, taking into account also the broader context of the measure within the Plan. The relevant managing authority must verify that all individual requirements of the milestone or target have been met.

Where relevant, the assessment may also draw on other data or information sources that help clarify qualitative or quantitative aspects linked to fulfilment, and may consider alternative methods or procedures used to achieve the milestone, target or output.

Where there is any deviation from the wording of the milestone or target description, the assessment must determine whether this affects the fulfilment.

More information is provided in Annex VIII setting out the criteria for the assessment of the fulfilment of milestones and targets as listed in Article 65(3) of the NRP Regulation and in the "the key requirement (KR) documents" prepared following Annex IV of the NRP Plan which covers the Member States' management and control systems (see especially KR4 is on conditions for payments).

5.2. Verification requirements are set in Annex V, Table 7 NRP Regulation and in Table xx. Annex I of ERDF/CF for the Interreg Plan chapters

Measure ID	Measure title	Milestones/ targets/outputs	describe what document(s)/system will be used to verify the fulfillment describe how management verifications (including on-the-spot) will be carried out; describe what arrangements will be made to collect and store relevant data/documents. [2 000]	Arrangements to ensure the audit trail Please list the body(ies) responsible for these arrangements. [1 000]

In Table 7 of Annex V, Member States should set out the verification requirements for milestones, targets and outputs. Similar requirements apply for managing authorities of Interreg Plan chapters in accordance with Table xx of Annex I ERDF/CF Regulation.

Managing authorities are responsible for ensuring that progress can be reliably demonstrated and audited. The responsible body/ies should specify:

- the types of evidence needed to demonstrate satisfactory fulfilment;
- the verification system to confirm that the required result/condition has been achieved (and, where relevant, any intermediate deliverables);
- how management verifications, including on-the-spot checks, will be organised; and
- the arrangements for collecting, storing and retaining the relevant data and documents including personal data (special categories of data where relevant).

5.3. Acceptable type of evidence for the assessment of fulfilment of milestones, targets and outputs

To ensure a robust assessment of the fulfilment of milestones, targets and outputs, evidence is generally considered acceptable if it is reliable. In practice, this means the evidence should be original, primary and provide clear, conclusive proof that the requirements of the relevant milestone, target or outputs have been fulfilled. Primary evidence refers to first-hand, stand-alone and unaltered documentation or direct proof that is legally valid or authentic, and which can directly demonstrate the fulfilment of a milestone or target.

When designing milestones and targets, Member States and managing authorities for Interreg Plan chapters should bear in mind the type of evidence that will be available to assess their fulfilment. To facilitate assessment, in certain cases the reference to specific types of evidence can be envisaged, if the type of evidence that will be available is already reasonably certain at the time of drafting the milestones and targets.

Evidence can take different forms, including:

- legal or regulatory documents (e.g. laws, decrees, decisions, grant decisions);
- financial and contractual documents (e.g. contracts, invoices, delivery slips, completion certificates, supporting documents for the balance payment of output-based interventions);
- technical, digital or operational evidence for targets and milestones, and of the progress of achievement of outputs (e.g. reports, system outputs, logs, Integrated Administration and Control System (IACS) information);
- official statistics.

5.3.1. Legal and regulatory evidence

Legal and regulatory evidence should be considered as the foundation for the assessment of milestones related to reforms.

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Examples include officially adopted documents such as laws (published), regulations, ministerial decrees, decisions, or any legal documents that may be relevant. For such evidence to be valid, legal acts must be officially adopted and published in accordance with national legal procedures. Unadopted proposals, draft laws, and informal agreements do not qualify as valid evidence.

5.3.2. Contractual evidence

Financial and contractual evidence provide proof that is related to the implementation of the milestone or target. Such evidence may be particularly relevant for investment measures, including infrastructure projects, grant schemes, or financial allocations.

Examples of this type of evidence include signed contracts, grant agreements, contract awards, invoices issued by the supplier of goods and services, or delivery slips, completion certificates countersigned by the contractor and the authority accepting the delivery of goods/service. It is important to note that contracts and agreements should clearly spell out the terms and conditions of funding, and that all evidence should be signed and dated.

5.3.3. Technical and operational evidence

Technical and operational evidence, including digital evidence, can provide reasonable assurance for the completion of infrastructure projects, service deliveries, technical implementations, digital transformations, and delivery of IT systems. Examples of such types of evidence include certificates of compliance issued by authorised bodies, reports or technical specifications that outline the delivered outputs, and digital extracts. To ensure that the evidence is valid, it must be dated, signed, and issued by the competent entity. As a matter of principle, declarations or certificates that are issued by the same authority of the Member State which is responsible for the assessment of fulfilment of a requirement are considered self-certifications and do not provide sufficient assurance about the status of the measures they underpin – unless specific circumstances justify this course of action. Focus should be on ensuring the beneficiary can provide a rigorous and reliable audit trail.

5.3.4. Official statistics

Official statistics may provide quantitative information for outputs, such as in the form of data from national statistical offices or Eurostat.

6. Pay-out values

Article 23(7)(a): …the Commission shall adopt a financing decision …including the following: the milestones and targets in relation to the implementation of measures contained in the NRP Plan, and for each of them, the corresponding pay-out value.

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Article 65(2): … The amounts included in a payment application shall correspond to the amounts justified by the fulfilment of milestones and targets or corresponding outputs for other interventions, in accordance with the decision approving the Plan and based on the evidence collected and verified by the Member State.

6.1. Common principles for setting pay-out values of milestones and targets

Pay-out values, as defined in Article 4(13) of the NRP Regulation, are set out at the level of milestones, and targets. The amount paid by the Commission to the relevant Member State upon fulfilment of milestones, and targets corresponds to the pay-out values assigned *ex ante* to each of them.

Member States[14] should assign pay-out values to the milestones and targets in Table 6 of Annex V to the NRP Regulation and Table xx of Annex I to the ERDF/CF for Interreg Plan chapters, respectively. The proposed pay-out values are subject to the Commission's assessment of the Plan and will be agreed as part of the approval process, with the final values reflected in the financing decisions referred to in Article 23(7) of the NRP Regulation.

The amount disbursed to a Member State for each payment application under the Plan corresponds to the sum of the pay-out values attached to the milestones and targets that have been declared as fulfilled and the pay-out values for the number of outputs achieved. The sum of all pay-out values in the Plan or the Interreg Plan chapter must equal the Union financial contribution allocated for the Plan or the Interreg Plan chapter. Within a measure, the Union contribution is distributed across milestones and/or targets in a way that reflects the progress in implementation of that measure.

For investments, the Union contribution provides an orientation for setting their total pay-out values

Although payments are not cost-based, providing reasonable and plausible cost estimates of investments and the relevant Union contribution plays a central role in structuring the Plan and determining the total pay-out value for each investment. For each costed measure, the Union contribution is equivalent to the estimated costs once the national contribution has been subtracted. The total pay-out value for an investment is derived from its Union contribution, after subtracting any amounts set aside for reforms.

For reforms, their pay-out values are a function of their relevance

Reforms are a mandatory part of NRP Plans and should be included as measures in their own right. As a rule, reforms are rewarded through pre-defined pay-out values linked to the

[14] Throughout this section, any reference to Member States should be read also as a reference to and managing authorities for Interreg Plan chapters, unless not relevant

fulfilment of clearly defined milestones reflecting the key legal, policy or administrative steps to be achieved.

The total pay-out value of each reform under the NRP Plans should reflect their relative importance in fulfilling the requirements of the Plan set out in Article 22 of the NRP Regulation and, in particular, the extent to which each of them contributes to supporting the objectives laid down in Articles 2 and 3 (Article 22(2)(a)) and responding to structural challenges as identified in the policy reference framework governing the NRP Regulation (Article 22(2)(b) and 22(2a) and 22(2b)(a) and (b)).

In Interreg, reforms are not mandatory, but if included will be treated in the same manner as those under the NRP Plan. While Interreg reforms can be zero-costed, they are more likely to be project-based, i.e. implemented by stakeholders that incur costs. For the calculation of the pay-out value in the Interreg Plan chapter, the same principles as applicable to the NRP Plan will apply, i.e. the Union contribution should be topped up by other amounts set aside, depending on the importance of the reform and its relative implementation costs.

Pay-out values of milestones and targets should reflect the importance and progress in implementation of the measure

Within a measure, pay-out values should be assigned in a way that appropriately reflects the importance of each milestone/target, their sequencing, and the level of implementation progress represented by each of them.

In practice, individual milestones and targets within the given measure should be attributed higher values where they represent more substantial implementation steps or deliver a larger share of the expected outputs/results or where additional liquidity is needed to support the next phases of implementation. Such approach ensures that the pay-out values assigned to milestones and targets remain predictable, proportionate, and internally consistent.

The distribution of pay-out values should be in line with the annual commitments

While the timeline for implementation set per measure are not binding on the Member States, they must also ensure that distribution of pay-out values is consistent with the annual Union commitment profile laid down in Article 14(1) of the NRP Regulation for the period 1 January 2028 to 31 December 2034 in order to avoid decommitments.

When determining the pay-out value and indicative completion date of each milestone and target due consideration should be given to the total amounts of pay-out values of milestones and targets, as well as to the total amount for outputs to be included in each years' payment applications to cover appropriations reserved in the applicable annual ceilings taking into account decommitment rules. The structuring of the Plan should avoid an undue concentration of pay-out values and ensure a broadly balanced and realistic disbursement profile over the

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years. The planning should consider the different implementation cycles of the different types of measures as well as risks linked to their implementation (e.g. very different for trainings vs large infrastructure projects) and present accordingly a mix of measures with planned payments for each year ensuring a reasonable balance.

Distinction between "amount due to the managing authority" and "pay-out value" in the context of the NRP Plans (not applicable to Interreg Plan chapters)

Member States in the NRP Plan should distinguish between:

- the amount due to the managing authority; and
- the pay-out value.

The amount due to the managing authority reflects the amount of the Union contribution the managing authority will receive from the Member State upon achieving each of the milestones, targets, and outputs under that measure.

The pay-out value, by contrast, is the amount paid by the Commission to the Member State upon the fulfilment of the corresponding milestone/target/output, as set out ex ante in the Commission decision.

These two amounts will differ where a share of the Union contribution is set aside for reforms for whose implementation the relevant managing authority is not responsible: in such cases, the pay-out values for investment milestones and targets will be lower than the amounts due to the managing authority. Amounts set aside for reforms, once aggregated, will constitute the amounts available for the pay-out values for reform milestones. This difference is to ensure that managing authorities are not deprived of funding due to the non-implementation of measures that are outside of their control (i.e. a reform implemented by a different entity).

Illustrative example:

A NRP Plan may include an investment implemented by a managing authority with a total Union contribution of EUR 100 million. Of that amount, EUR 15 million may be set aside to finance a reform for which that managing authority is not responsible. In such a case, the amount due to the managing authority by the Member State upon completion of the investment remains EUR 100 million. By contrast, the pay-out values linked to the milestones and targets of that investment would total EUR 85 million, i.e. the amount the Commission will disburse to the Member State for the fulfilment of those investment milestones and targets. The remaining EUR 15 million would be allocated to the pay-out values of the reform milestones. This ensures that the managing authority is not deprived of funding due to the non-implementation of a reform outside its control.

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6.2. Methodology for setting the pay-out values for milestones and targets

Member States propose the pay-out values in the Plan. This section sets out the methodology that Member States should follow when proposing pay-out values while respecting the general principles and guidelines explained in Section 6.1. above.

Step 1: Establish the union contribution available for pay-out values under the Plan

Member States should first determine the Union contribution available for pay-out values under the Plan.

To do so, they should identify the total Union contribution, composed of the allocation under Annex I, the Social Climate Fund resources, and any loans requested. From the total Union contribution, Member States should deduct an amount corresponding to up to [2.91%] of the total Union contribution, constituting the flat-rate technical assistance. The amount remaining after this deduction constitutes the Union contribution available to be allocated to pay-out values under the Plan.

Union contribution available for pay-out values = Total Union contribution – Technical assistance [2.91%]

As outlined in the Chapter on costing and financing, the aggregated ex ante estimated cost of all measures included in the Plan should be consistent with the overall financing structure of the Plan and, in aggregate, should equal the sum of: (i) the Union contribution available for pay-out values, and (ii) the aggregated national contribution for all measures.

Step 2: Determine the pay-out value of each reform

Next, Member States assign a specific pay-out value in EUR to each of the reforms included in the Plan. In practice, this means that, once the list of reforms under the Plan has been established, Member States should assess the relative importance of each reform. In doing so, they should take into account, in particular:

- the scope of the reform, including whether it is national or regional;
- its policy relevance, including the extent to which it contributes to supporting the objectives laid down in Articles 2 and 3 of the NRP Regulation and to addressing key challenges identified in the reference framework;
- its structural significance, including whether it introduces legally binding and mandatory changes; and

- its expected impact, in particular whether it is likely to produce significant and lasting change in practice.

Reforms of wider systemic relevance and broader structural impact should be assigned a higher pay-out value than reforms of a more limited, sector-specific or technical nature. For example, major structural reforms like healthcare reform, long-term care reform or public administration reform would normally justify a relatively higher pay-out value. By contrast, a more limited reform, such as a technical amendment to implementing rules or administrative procedures in a narrow sector, would normally justify a lower pay-out value.

1st intermediary check: The pay-out value attributed to each reform should remain proportionate to the relative importance of that reform within the Plan.

Step 3: Identifying financing for pay-out values of reforms

Once the pay-out value of each reform has been determined, Member States should decide how that reform will be financed for the purposes of setting pay-out values.

A reform may be financed:

- *from the entire Plan*; the pay-out value of the reform is financed by setting aside amounts from the pay-out values of costed measures across the Plan as a whole;
- *from costed measures across several chapters;* the pay-out value of the reform is financed by setting aside amounts from the pay-out values of several costed measures spread across several chapters; or
- *from costed measures within a chapter;* the pay-out value of the reform is financed by setting aside amount(s) from the pay-out value(s) of one or several costed measures included in a given chapter.

In all cases above, the financing of reforms is ensured by setting aside amounts from the pay-out values otherwise available for the relevant costed measures either by:

- deducting a fixed amount; or
- deducting a percentage of their Union contribution.

Member States enjoy full discretion on how to set aside reform pay-out values and with regard to the costed measures to which they intend to apply fixed-amount or percentage deductions.

The Regulation does neither prescribe that reforms should be linked to costed measures for the purposes of financing their pay-out values, nor lay down detailed conditions for setting out the pay-out value of reforms. Member States therefore enjoy flexibility also in this respect. In

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particular, there is no need for a one-to-one link between a reform and an investment, nor is it necessary for a reform to be financed only from measures in the same policy area. More in general, the fact that a reform is financed from one or several identified costed measures does not establish a substantive connection between the reform and these costed measures. For example, a reform on digitalisation of healthcare systems does not necessarily need to draw its pay-out value from an investment on modernisation of outpatient care, or similar investments in the same policy area. If more appropriate and convenient for the Member State, such a reform can draw its pay-out value from a larger sized investment in a completely different policy domain. Likewise, not every investment needs to contribute to the financing of reforms.

At the same time, Member States might want to select the costed measures from which a reform is to be financed in a coherent manner. In particular, where a reform is clearly linked to a given chapter or level of governance, it will often be more natural to finance it from the investments included in that chapter. For example, a regional reform included in a regional chapter could be financed from the investments in that regional chapter, rather than from investments in an unrelated chapter. This also ensures responsibility for the achievement of the reform (for example, if a regional reform under the competence of a federated entity) is then linked to the correct level of implementation of the respective investment which sources the pay-out value (for example, the same managing authority could be compensated for the successful achievement of the reform as for the investments under its responsibility).

Costed reforms

Where a reform includes a costed element, Member States should apply a hybrid approach.

For the costed part of the reform, the starting point for determining the pay-out value should be the Union contribution attributed to that costed element.

However, Member States should also determine an additional element of the pay-out value for the non-costed element of the reform, in order to ensure that the reform dimension is adequately reflected and incentivised by its pay-out value. That additional pay-out value element should be determined in accordance with the same approach as for other reforms. The total pay-out value of such reform should therefore reflect both:

- the amount corresponding to its costed component; and
- the additional amount attributed to its non-costed reform dimension.

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Following the designation of those sources of pay-out value for reforms, the Member State should cross-check that the amount attributed to each reform is still in line with its importance, and therefore, still respects the first intermediary check. At this stage, the Member States should also apply a global check to ensure the Union contribution is correctly split up between reforms and investments.

2nd intermediary check:

The Union contribution available for pay-out values under the Plan should equal:

(i) the sum of the amounts set aside for reforms; and
(ii) the sum of the amounts remaining available for investments.

Member States should also cross-check that the amounts set aside for reforms are sufficient to cover the pay-out values attributed to those reforms (first intermediary check). Where this is not the case, the amounts deducted from the relevant investment or investments should be adjusted accordingly.

Exception for certain CAP and CFP interventions

An exception applies to certain CAP and CFP interventions. The Union contribution assigned to the CAP interventions listed in Article 35(1)(a) to (h), (j), (k) and (r), as well as to the relevant CFP interventions referred to in Article 35b((a) to (d), cannot be used to finance reforms. Accordingly, amounts corresponding to the pay-out values of reforms cannot be set aside from those interventions.

Where the Plan includes such interventions, Member States should therefore exclude them from the set of measures from which reform pay-out values are financed. The financing of reforms must instead be sourced from other eligible parts of the Plan.

Adjusting the pay-out-values in case of amending the Plan

Any subsequent amendment of the Plan should preserve the logic and principles on the basis of which the initial pay-out values were attributed. In particular, where the amendment affects reforms, Member States should ensure that the revised pay-out values continue to reflect the relative importance, scope, expected impact and structural significance of the reforms, and remain consistent with the initial methodology for calculating pay-out values under the Plan. In doing so, Member States may revise the way in which reforms' pay-out values are financed from costed measures. For further information see also Section 1.2.(iv) of the Chapter on costing and financing.

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Step 4: Distribute the pay-out values across the milestones and targets of each measures

Once the pay-out values of reforms have been determined and the corresponding amounts have been set aside from the relevant costed measures, Member States should distribute those pay-out values across the milestones and targets of the relevant measures.

Reforms

In cases where a reform has only one milestone, typically corresponding to the entry into force of the relevant legal, regulatory or administrative measure, the full pay-out value of the reform should be attributed to that milestone.

Where a reform includes more than one milestone, or also includes a target, the pay-out value should be distributed across those milestones and targets in a meaningful and proportionate manner across the reform cycle. In doing so, Member States should attribute the largest share to the milestone or target that best reflects the core structural change brought about by the reform.

Investments

For each investment, the total pay-out value should correspond to the Union contribution of that investment under the Plan after deduction of any amount set aside to finance reforms under Step 3.

That amount should then be distributed across the milestones and targets of the investment set out in Table 6. The distribution should reflect the substantive progress represented by each milestone or target in the implementation of the investment.

In particular:

- relatively higher shares as a general rule, should be attributed to early milestones and targets, in line with the frontloaded commitment profile and with a view to reducing the build-up of outstanding commitments; and
- the distribution across the remaining milestones and targets within a measure should remain proportionate to the progress in implementation represented by each of them.

For targets, this means that pay-out values should be proportionate to the progress in implementation represented by each target.

Illustrative example: Setting pay-out values for reforms and investments

Reforms:

- A labour market reform with economy-wide structural effects would normally justify a relatively higher pay-out value.

- A national reform of building permit procedures, designed to unlock a broader set of investments, could justify a medium to high pay-out value.
- A health governance reform limited to a restricted part of the health system (e.g. limited to hospital care) would normally justify a more moderate pay-out value.
- A technical administrative simplification reform with narrower scope would normally justify a lower pay-out value.

Investments:

- A large-scale railway infrastructure investment with a high financial allocation, a long implementation timeline and broad expected impact would normally justify a relatively higher starting amount for pay-out values.
- An investment in digital public services with a relatively long implementation timeline would normally justify a medium to high starting amount.
- An investment in hospital equipment would normally justify a moderate starting amount.
- An investment in social and affordable housing with a long implementation timeline would normally justify a medium to high starting amount.

Step 1: Establish the Union contribution available for pay-out values under the Plan

- Assume that the total Union contribution amounts to EUR 1.03 billion.
- After deducting the flat-rate technical assistance, the Union contribution available for pay-out values under the Plan is EUR 1 billion (corresponding to EUR 1.03 billion / 1.03 of overall Union contribution)

Step 2: Determine the pay-out value of each reform

The Member State assigns a specific pay-out value in EUR to each reform, taking into account its scope, policy relevance, expected impact and structural significance. For example:

- labour market reform: EUR 100 million;
- reform of building permit procedures: EUR 40 million;
- health governance reform: EUR 30 million;
- technical administrative simplification reform: EUR 10 million.

The total pay-out value attributed to reforms is therefore EUR 180 million.

Step 3: Identifying the financing for reforms' pay-out values

For each investment, the starting point is the estimated costs of the measure, which must be equal to the sum of the national contribution and the Union contribution. From the Union contribution, certain amounts may be set aside to finance reforms. Assume that the Plan includes the following investments:

- railway infrastructure investment with total estimated costs of EUR 400 million, of which EUR 100 million national contribution and EUR 300 million Union contribution;
- digital public services investment with total estimated costs of EUR 450 million, of which EUR 200 million national contribution and EUR 250 million Union contribution;
- hospital equipment investment with total estimated costs of EUR 230 million, of which EUR 30 million national contribution and EUR 200 million Union contribution;
- social and affordable housing investment with total estimated costs of EUR 340 million, of which EUR 90 million national contribution and EUR 250 million Union contribution.

The Member State then decides how the reform pay-out values will be financed:

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1. the labour market reform (EUR 100 million) is financed from the entire Plan, by setting aside amounts proportionately from all four investments;
2. the reform of building permit procedures (EUR 40 million) is financed from two investments, namely the railway infrastructure investment and the social and affordable housing investment;
3. the health governance reform (EUR 30 million) is financed from the hospital equipment investment; and
4. the technical administrative simplification reform (EUR 10 million) is financed from the digital public services investment.

Assume that, after the relevant amounts are set aside to finance reforms, the remaining pay-out values of the investments are:

1. railway infrastructure investment: EUR 250 million;
2. digital public services investment: EUR 215 million;
3. hospital equipment investment: EUR 170 million;
4. social and affordable housing investment: EUR 185 million.

The total remaining pay-out value for investments is therefore EUR 820 million.

The sum of (i) the pay-out values attributed to reforms (EUR 180 million), and (ii) the pay-out values remaining for investments (EUR 820 million) equals the total Union contribution available for pay-out values under the Plan (EUR 1 billion).

Step 4: Distribute the pay-out values across the milestones and targets of each measure

Reforms

Labour market reform – total pay-out value: EUR 100 million

- Milestone 1: entry into force of the labour market reform law – EUR 100 million

Reform of building permit procedures – total pay-out value: EUR 40 million

- Milestone 1: adoption of the law establishing the new permit system – EUR 20 million
- Milestone 2: adoption of implementing rules – EUR 12 million
- Milestone 3: the digital permitting system is accessible online – EUR 8 million

Health governance reform – total pay-out value: EUR 30 million

- Milestone 1: entry into force of the legal framework reforming hospital governance – EUR 18 million
- Milestone 2: adoption of implementing rules on governance, reporting and oversight – EUR 12 million

Technical administrative simplification reform – total pay-out value: EUR 10 million

- Milestone 1: entry into force of the administrative simplification package – EUR 10 million

Investments

The remaining pay-out values of the investments (calculated under Step 3 above) are then distributed across their milestones and targets Railway infrastructure investment –pay-out value: EUR 250 million

- Milestone 1: award of contracts for the works – EUR 90 million

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- Target 1: completion of renovation works of 100 km of tracks – EUR 70 million
- Target 2: completion of renovation works of 35 km of tracks – EUR 50 million
- Target 3: completion of renovation works of 28 km of tracks – EUR 40 million

Digital public services investment –pay-out value: EUR 215 million

- Milestone 1: award of contracts for the digital platform – EUR 70 million
- Milestone 2: first operational deployment of the platform – EUR 60 million
- Milestone 3: roll-out to all central government bodies – EUR 45 million
- Milestone 4: full operational deployment nationwide – EUR 40 million

Hospital equipment investment –pay-out value: EUR 170 million

- Milestone 1: completion of procurement and signature of supply contracts – EUR 40 million
- Target 1: 6 hospitals equipped – EUR 40 million
- Target 2: 21 hospitals equipped – EUR 90 million

Social and affordable housing investment –pay-out value: EUR 185 million

- Milestone 1: signature of contracts for the first wave of housing projects – EUR 65 million
- Target 1: completion of 7 housing units – EUR 28 million
- Target 2: completion of 18 housing units – EUR 44 million
- Target 3: completion of 30 housing units – EUR 48 million

6.3. Methodology for setting out output unit values for output-based interventions

As for milestones and target-based interventions, the amount request for the corresponding outputs for output-based intervention should correspond to a share of EU financial contribution (see Table 6).

In the case of Home Affairs output-based interventions, the pay-out value for each unit of realised output is pre-defined in the Union law, specifically the AMI Regulation (Article 5 for resettlement and humanitarian admission and Article 6 for relocation). As is the general rule for output-based interventions, Member States may claim payments only for outputs that have actually been realised under Home Affairs.

6.3.1. Guidelines for payment applications for output-based interventions and CAP-related measures

Member States may plan a claim for a first payment, that can be triggered by achieved outputs based on the number of outputs determined or selected. There is no need for Member States to effectuate payments to the beneficiaries before submitting their first payment application. The final payment claim of the year will always be triggered by realised outputs and must correspond to the balance payment. To avoid recoveries, Member States are encouraged to

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appropriately submit the first payment application of the year, setting the pay-out value for outputs in a realistic and plausible manner.

Based on the experience of the programming period 2021-2027, indicatively, for annual interventions, Member States are advised to consider the following approach for annual interventions: the first payment application should generally remain below 70 per cent of the annual Union contribution to the total estimated costs. For certain targeted interventions, such as sectoral programmes, a first payment of up to 90 per cent of the total Union contribution may be applied, where appropriate.

It should be noted that some output-based interventions may also support pay-out values of reforms. In such instances, the payment procedures described would remain applicable to those outputs, while the reform would follow the general scheduling.

Timeline for specific annual CAP interventions

When planning the implementation of interventions falling under Articles 35(1)(a) to (g) and (o), and (p), Member States must ensure compliance with the legal payment timeline, which requires disbursements to beneficiaries to be completed by 30 June of the year following the year of the claim. The following procedural steps outline the key deadlines and requirements for processing payments in relation to claims submitted by beneficiaries.

Member States should note that beneficiaries will submit claims for interventions carried out in year N-1. While Member States may commence payments to beneficiaries at their earliest convenience during year N-1, all such disbursements must be finalised no later than 30 June of year N for claims relating to the preceding year.

For interventions under Articles 35(1)(a) to (g) and (o) to (p), Member States are required to wait until 1 December of year N-1 before submitting payment applications to the European Commission. The submission period for these applications remains open until 31 October of year N. It is important to highlight that, for interventions under Article 35(1)(r), Member States may submit payment requests to the Commission at an earlier stage, where applicable, in accordance with the specific provisions governing this Article.

Once a valid payment application is received, the Commission will process and disburse the corresponding funds within 60 days. As a result, all payments from the Commission for claims relating to year N-1 will be executed by year N. Member States are advised to align their internal processes with these timelines to ensure the efficient and timely disbursement of funds to beneficiaries while maintaining compliance with the regulatory framework.

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Illustrative example: Area with natural constraints (ANC)

- It planned to cover 550 000 outputs (in hectares).
- The Member State decided to allocate EUR 19 157 600 for this ANC for the whole first year of implementation, among which EUR 17 864 000 from Union contribution.
- The Member State planned to submit two payment applications for this amounts (Q4 2028 and Q3 2029), with 60% of the sum (EUR 10 718 400) in Q4 2028 and 40% (EUR 7 145 600) in Q3 2029.
- The pay-out value (total estimated cost in union contribution) is thus 60% of EUR 17 864 000 for Q4 2028 and 40% of EUR 17 864 000 for Q3 2029.
- The planned outputs to trigger the planned disbursement are for Q4 2028 550 000 determined hectares (see above), and for Q3 2029 550 000 hectares that the Member State actually planned on paying (see above).

This section is not relevant for Interreg Plan chapters.

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