

Proposals on the National and Regional Partnership Plans and governance

The regulation on the National and Regional Partnership Plans (NRP Regulation) has been proposed to create a more coherent, simpler and impactful programming framework for Member States and regions. Relying on shared management and a multi-layer governance structure, the NRP Regulation includes key European programmes. To further support their identity, this document outlines proposals in the legal texts to set-up a rural target, to reinforce the common character of the Common Agricultural Policy, to further strengthen the role of regions and the predictability of their allocations and to clearly identify the minimum allocation for the common fisheries policy. This document also provides for more details on the steering mechanism, the tool that will identify the key priorities for the Union to be reflected in the annual budget, ensuring a stronger role of the budgetary authority – the European Parliament and the Council – in the annual budgetary procedure, as well as increased oversight by the European Parliament in the context of the discharge.

1. Rural target

The Commission proposals provide for minimum amount for the Common Agricultural Policy (EUR 300 billion, including 6.3 billion for Unity Safety Net). This minimum amount **must** be complemented from the non-allocated resources to finance additional measures such as LEADER, local cooperation initiatives or support for outermost regions. The MFF proposals allow the Member States to also provide additional support for the measures such as agri-environmental and climate actions or investments for farmers and forest holders. Overall, this will lead to resources allocated to CAP interventions that will exceed the minimum ringfenced amount, to ensure that the rural areas thrive economically and socially.

To ensure that the objective *‘to improve the attractiveness and living standards, including access to healthcare, in rural areas’* (Article 3 on the specific objective, point 1-d-iii) and also to *‘foster the attractiveness of territories to support the right to stay including by supporting strategies for the integrated development of urban and rural areas, including support for territorial services and infrastructure’* (Article 3 on the specific objectives, point 1-a-i) is sufficiently resourced, a **‘rural target’ expressed as a minimum percentage of the NRP Plans’ envelope** outside of the earmarked amounts for the CAP and CFP can be set.

To meet the rural target, Member States and regions would be expected to build a consistent agenda of measures addressing rural areas’ specific needs and challenges, building on synergies across all policy areas (encompassing for example connectivity, skills, health, energy and transport infrastructures), to also support the right to stay principle.

Such additional requirement for a rural target would build on the proposed system of tracking expenditure in the performance regulation that already includes a specific category for rural areas (Annex II of the Performance Regulation). Like the social target, the rural target would apply to the NRP financial envelope (excluding the CAP and CFP ringfenced amount for income support for farmers and fishermen, the Social Climate Fund and the EU Facility) and to the loans. The two targets will reinforce each other and work together towards ensuring coherence of the economic, social and territorial development of rural areas.

Article 10(5) could be amended with the additional subparagraph below:

‘At least 10% of the financial envelope referred to in paragraph 2(a) and of the amount referred to in paragraph 4 shall be dedicated to rural areas, calculated by using the code 02 referred to in Part I of Annex II of Regulation (EU) [Performance Regulation]. The amount set out in paragraph 2, point (a) letter (ii), as well as the external assigned revenue from the Social Climate Fund, shall be excluded from the basis for the calculation of this minimum allocation.’

The NRP Plans will promote projects in an integrated way that meet several objectives thus resulting in synergies. LEADER and locally led strategies are an example of leveraging resources across policy areas, combining several objectives and supporting projects that contribute towards more than one target, relevant to the development of rural areas, economic, social and territorial cohesion.

To reinforce this point, Article 22(2) letter (n) could be modified as follows:

(n) justify the coherence of the Plan and the synergies and complementarities between measures supporting the objectives as referred to in Articles 2 and 3, with a description of how the needs of more than one target group will be addressed, including the needs of rural and coastal communities, and the arrangements in place to capitalise on such synergies. **Member States shall promote integrated projects such as LEADER and locally-led strategies, contributing to several objectives thus resulting in synergies across different specific and general objectives.**

And to ensure that rural areas benefit from reinforced synergies, it can be clarified that LEADER local action groups can benefit from wider funding availabilities. The following change could be made in Article 76:

‘5. LEADER local action groups can benefit from support under this article for activities not covered by article 18 of Regulation (EU) 202X/XXXX (CAP Regulation) under the conditions set out in this article.’

2. Common Agricultural Policy and NRP Plans

To reinforce the identity and facilitate the reading of the provisions applicable to the CAP, some articles currently included in the NRP Regulation could be moved to the CAP Regulation, while maintaining the integrated programming in the NRP Regulation based on the general and specific objectives, the requirements applying to the NRP Plans, the provisions on the EU Facility, as well as a common set of rules on the governance of the NRP Plan and the assurance framework. The articles concerned are listed in the table below.

Topics	Article concerned
Definitions	Article 4
- Agriculture Knowledge and Information System’ or ‘AKIS’	- Point 14
- Organic farming	- Point 15

- The smaller Aegean Islands - Agricultural activity, agriculture area, eligible hectare, young farmer - New farmer	- Point 17 - Point 22 - Point 23 - Article 35
CAP interventions	Paragraphs 3, 5, 7, 9
Specific requirements for CAP interventions	- Article 36
Monitoring of agricultural resources	- Article 37
Crisis payments to farmers following natural disasters, adverse climatic events and catastrophic events	- Article 38
Crop-specific payment for cotton	- Article 39
Chapter II on International Obligations	- Article 40 and 41
Chapter III on Support for the smaller Aegean islands	- Article 42, 43, 44, 45
European and national CAP network	- Article 57
Territorial and local cooperation initiatives	- Article 74, paragraph 3

Further definitions could also be provided in the CAP Regulation (for example on **active farmer**) if deemed instrumental for ensuring a level-playing field and/or the implementation of the CAP.

‘An ‘active farmer’ shall be determined in such a way as to comprise primarily farmers who exercise an agricultural activity on their holding and actively contribute to food security. Small farmers, whose principal activity is not agricultural activity, but who are engaged in at least a minimum level of agricultural activity, as set out by Member States, shall be considered active farmers as well.’

3. Common Fisheries Policy

The Common Fisheries Policy will benefit from synergies and additional support within the NRP Plans to the benefit of coastal communities, fisher and the aquaculture and maritime sector. To clearly identify the amount ringfenced for the Common Fisheries Policy, an additional subparagraph (iii) can be introduced in Article 10(2)(a):

- (ii) At least EUR 293 700 000 000 for CAP interventions referred to in Article 35(1) [types of support], paragraph 1, points (a) to (k) and (r) and paragraph 10;
- (iii) ***At least EUR 2 000 000 000 for interventions listed in article 35 [types of support], paragraph 11;***

4. Partnership principle and allocations to regions

a) Partnership principle and regional check

The implementation model of the NRP Plans has been designed as a continuation of today's partnership principle, multi-level governance and regional dimension. This is reflected in the

articles 6 (partnership principle), 21 and 22 (preparation of the NRP Plan) and Title VII (governance arrangements). The proposed NRP regulation also takes a step further compared to today's rules to strengthen the regional dimension and the partnership principle, for instance:

- The proposed article 6 in the NRP Regulation builds on the current rules set out in article 8 of the Common Provisions Regulation, which establish the list of partners to be involved in the preparation, implementation and evaluation of cohesion policy programmes. In the NRP Regulation, the list of partners is extended to also cover farmers, fishermen and their organisation, in line with the scope of the NRP Plan.
- Member States are required (article 55) to ensure that all authorities concerned by the relevant chapters of the Plan are appropriately represented in the monitoring committee in accordance with the corresponding territorial level and the geographical coverage of the chapter. This could include authorities representing a region, the involved cities, other local bodies as well as the local trade unions, NGOs, youth organisations or research institutions involved in the preparation and implementation of the given regional chapter.
- The provisions explicitly cater for the possibility to have regional chapters (article 21) and foresee that **all authorities 'shall have the possibility to exchange with the Commission' (article 49)**, which is not provided for in today's CPR rules. This means that regions have direct access to the Commission.

To further guarantee access by regional authorities to the Commission, the following **paragraph 2 could be added in Article 49**. The **paragraph 3 could also be modified** to specify that the coordinating function should not necessarily be performed by a new authority (coordinating authority) but by an existing managing authority taking over such responsibility. The annual review meetings in paragraph 10 can also specify that regions shall be involved.

[Article 49]

*2. All authorities identified for the purposes of this Article shall have the possibility for exchanges with the Commission. **When the Plan consists of regional and territorial chapters pursuant to Article 21(2), the relevant (regional) managing authorities responsible for their design, programming, management and implementation shall be able to interact directly with the Commission.***

*'3. Where a Member State identifies more than one managing authority, it shall establish a **coordinating function set up a coordinating authority**. A managing authority may be entrusted with carrying **out the tasks of the coordinating function**. Arrangements to establish the coordination function shall be recorded in writing.'*

*'10. Annual review meetings shall be organised once a year between the Commission and each Member State to examine the performance of the Plan or its chapters. The relevant authorities, **including the relevant regional authorities and the authority in charge of the coordination function** shall participate in the review meetings. The outcome of the review meeting shall be recorded in writing. The Member State shall follow up issues raised during the review meeting which affect the implementation of the plan or one or more chapters and shall inform the Commission within three months of the measures taken.'*

In addition, the partnership principle set out in Article 6 could become another horizontal principle in **Article 7 by inserting the below letter c under paragraph 1:**

'(c) the principles of partnership and multi-level governance set out in Article 6.'

The paragraph 2 in Article 21 could also include a strengthening of the provision on the involvement of regional and local authorities.

*'Each Member State shall prepare and implement the Plan in partnership with partners as set out in Article 6 [Partnership], ~~including regional and local authorities~~, and in accordance with their institutional, legal and financial framework. **Regional and local authorities shall be fully involved in the preparation, implementation and evaluation of the NRP Plan.** The Plan shall include national, sectoral and, where relevant, regional and territorial chapters.'*

Furthermore, a '**regional check**' could be included in the requirements of the NRP Plan, and the functioning of the monitoring committees could be made more transparent by requiring making the votes public.

Article 22(2)(i)(i) (Requirements of the Plan) could then be amended by replacing it with the following new paragraph:

'(x) ensure a comprehensive regional check of the NRP Plan by involving regional, local, urban, rural and other public authorities or associations representing such authorities in the design of the NRP Plan and by setting out which authorities have been consulted, how these were selected, how their representativeness has been ensured and how their input is reflected in the NRP Plan in line with the code of conduct on partnership, and by including a summary of the consultation process conducted for the preparation of the Plan and each chapter.'

This regional check will be complementary to the proposed requirements already set out in Articles 22:

'(e) set out clear arrangements for the effective monitoring and implementation of the Plan by the Member State concerned, including the responsible authorities and monitoring committees reflecting the objective of establishing a robust multi governance system based on the partnership principle, the envisaged approach to communication and visibility, an identification of potential technical support needs, as well as clear and effective arrangements between the national and regional authorities in terms of responsibilities for programming, implementation, financial management, monitoring and evaluation, in accordance with the institutional and legal framework of the Member State;

To increase the transparency of the proceedings of the monitoring and coordinating committee and to ensure that regional and local authorities are adequately represented, new provisions could be added to **Article 55(1)** on the composition of the monitoring committee:

*'Each Member State shall [...], ensuring a balanced representation of the relevant Member State authorities, **including regional and local authorities**, [...]*

*'Each member of the monitoring committee shall have a vote. **The results of the vote shall be published on the website referred to in paragraph 1 of Article 64.***

b) Allocations to regions

The NRP Plans must reduce economic, social and territorial disparities in less developed, transition and more developed regions by allocating resources to these three categories of regions according to their specific challenges (Article 22(2)(f)). The NRP Regulation includes

an additional requirement that at least EUR 218 billion should be allocated to less developed regions (article 10).

To ensure a minimum level of predictability and continuity, a provision could be added for the allocations to transition and more developed regions in **Article 22(2)(f)**:

‘If the allocation of resources, as reported in Annex V, to transition and more developed regions 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 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.’

5. Governance

a) Steering mechanism

With greater flexibility in the budget, there is a need for the EU Institutions to identify on an annual basis the key priorities to be financed, which will then inform the annual budgetary procedure and therefore support the discussions by the European Parliament and the Council on the financing under the different programmes in the general budget of the Union. This will keep the budget more closely aligned with the Union’s priorities and allow it to respond more flexibly to a fast-changing reality.

The tool that will identify the key priorities for the Union on an annual basis is the **Steering mechanism**. It will be supported by an integrated **strategic report** structured by major policy areas, in accordance with the following characteristics:

- Prepared every year in autumn by the Commission, building on existing sectoral processes and reports such as the European Semester, the new Competitiveness Coordination Tool, the State of the Energy Union, the National Energy and Climate Plans, the Environmental Implementation review, and the Single Market and Competitiveness Report.
- Guide a **structured discussion between the European Parliament, the Council** and the Commission **on the priorities** to be funded in the proposal for the draft budget. The structured discussions should also guide the programming under the National and Regional Partnership Plans. In line with their respective internal procedures, the European Parliament and the Council will deliberate on their orientations and priorities.
- This means that a strategic report prepared by the Commission in autumn of year ‘n’ (e.g. 2026) would be subject to the orientation by the Council in the form of Council’s guidelines – typically adopted in February year ‘n+1’ (e.g. 2027) – and the European Parliament guidelines – usually adopted in March of the year ‘n+1’ (e.g. 2027) – for the budget of the year n+2 (e.g. 2028) presented in spring n+1 (e.g. 2027).
- In line with the **Interinstitutional Agreement proposed by the Commission**, a **budgetary trilogue** would be held before the Commission adopts the draft budget – usually March/April of the year n+1 (e.g. 2027). The **trilogue would be devoted to discussing the European Parliament’s and the Council’s guidelines for the budget** for the year n+2 (e.g. 2028), reflecting the discussion on the policy priorities.

- The annual budgetary negotiations will proceed in accordance with established rules based on the Commission's draft budget and the respective readings in the European Parliament and Council, followed by a conciliation period.

To reflect the above steps of the Steering mechanism, **the Interinstitutional Agreement** could include a separate Annex to specify the modalities of the new Steering Mechanism and adjustments to the existing IIA text:

“ANNEX 2

Steering Mechanism

‘In the autumn preceding the adoption of the draft budget, the Commission shall adopt a strategic report outlining the key policy priorities for the Union, to guide a structured discussion between the Institutions on the priorities to be funded by the general budget of the Union.

The strategic report at the beginning of the MFF and before the mid-term shall reflect the priorities to be addressed by Member States and regions as part of their National and Regional Partnership Plans in line with Regulation [XX] on the National and Regional Partnership Plans.

Based on the strategic report, the European Parliament and the Council will seek to reach an agreement on those priorities ahead of the presentation of the draft budget by the Commission.

The Commission will explain how it integrated the priorities identified by the Institutions as part of the draft budget; and, at the beginning and before the mid-term review of the National and Regional Partnership Plans, as part of the policy reference framework to be used for preparing the National and Regional Partnership Plans.’

Existing Annex to the IIA

The steering mechanism would be cross referenced in Annex I, point B.

In due time before the adoption of the draft budget by the Commission, a budgetary trilogue shall be convened to discuss the funding priorities for the budget of the coming financial year. In the context of the steering mechanism enshrined in Annex 2 the discussions will take into account the Union's policy priorities identified by the Institutions in relevant documents and will aim to inform the budgetary procedure and explore how the priorities can best be reflected in the next budget.

The trilogue will also discuss any questions arising from the implementation of the budget of the current financial year on the basis of information provided by the Commission in accordance with point 19 of this Agreement.

Sectoral acts

The regulations for the individual programmes could include an additional recital to specify the steering mechanism.

‘When deciding on the annual budget allocation for the ... [programme in question], the budgetary authority should be guided by the structured discussion between the Institutions on the priorities to be funded by the general budget of the Union as laid down in the Interinstitutional Agreement.’

Given the shared management nature of the instrument, the regulation on the National and Regional Partnership Plans could include two recitals:

‘When deciding on the annual budget allocation for the Union actions in the EU Facility, the budgetary authority should be guided by the structured discussion between the Institutions on the priorities to be funded by the general budget of the Union as laid down in the Interinstitutional Agreement.’

‘When preparing the documents related to the policy reference framework to be used by Member States and regions to program their NRP Plan, the Commission should be guided by the structured discussion between the Institutions on the priorities to be funded as laid down in the Interinstitutional Agreement.’

b) Budget nomenclature

With a view to ensuring transparency and in line with the principle of specification, the Commission when proposing the draft budget for 2028 will present a budget nomenclature, which provides a sufficient level of detail and specification to enable the budgetary authority to fully exercise its powers.

c) Discharge procedure

To provide for full transparency and accountability for the implementation of the NRP Regulation, the below paragraph could be added in article 64 on transparency.

“Within the framework of the discharge procedure to the Commission, in accordance with Article 319 TFEU, the Fund shall be subject to reporting under the integrated financial and accountability reporting referred to in Article 253 of the Financial Regulation, and, in particular, separately in the Annual Management and Performance Report.”