2021-27 mid-term review

CPR Expert Group

03/05/2024

1. Mid-term review regulatory framework

- Article 18(1): MSs shall review each programme and decide about the flexibility amount (including analytical background work, targeted discussions).

- Flexibility amounts are included in the programmes (proportionally)
  - can only be definitively allocated after the MTR – **Article 86 CPR;**
  - not available for selection of operations **Article 18(5) CPR,** “frozen”.

- Article 18(2): Member States to submit by 31/03/2025 latest:
  - an assessment for each programme on the **outcome** of the MTR;
  - a proposal to **definitively** allocate the flexibility amount;
  - if deemed necessary submit amended programme(s);
  - if the MTR concludes that no amendment is needed, the Commission can confirm this, or request the MS to submit a programme amendment in accordance with **Art. 24 CPR**.

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2. Comparison with 2019 performance review

Mid-term review	Performance review
• **Gives consideration to data but also qualitative in nature**	• Entirely quantitative
• **About 15% of the total allocations are impacted by it – flexibility amounts**	• Mechanical, automatic effect on 6% of the allocation - performance reserve
• **Member States are in the lead**	• Commission-led automatic exercise
• **Clarity of CPR concerning the scope of the exercise**	• Commission implementing act 215/2014

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3. Article 86 – flexibility amounts

- **Article 86(1)** CPR: allocation of the flexibility amount is based on the MTR outcome.
- The end of the MTR represents the definitive allocation of the flexibility amount, which can only occur through a formal decision adopted by the Commission:
  - either a self-standing decision for cases covered by **Article 18(4) (a)**, or
  - within a program amendment decision according to **Article 24(4)** for cases covered by **Article 18(3) third subparagraph**, including cases of **Article 18(4) (b)**.
- **Flexibility amount is not available for selection of operations** (Article 18(5) CPR);
  - Flexibility amount to left untouched until the MTR is completed (exception STEP).
  - Currently, the flexibility amount is spread proportionally across all priorities in most programmes (Table 11, Annex V CPR).

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4. Mid-term review approach

- **Article 18 provides elements for the MTR**. No procedural guidance is necessary to operationalise this article→ no template is needed.
- Continuation of practices started with the programme negotiation.
- Interpretation questions → well-established **Q&A process**. The Commission will also organise webinars to communicate about the MTR and to answer questions directly, the CPR Expert Group will also be used for this purpose.
- Building on Article 18(1)(a) CPR, the European Semester was identified early as the most effective tool to provide **orientation for the mid-term review assessment of** MSs.
- Importance of upstream consultation.

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5. 2024 European Semester's contribution to MTR

- Art. 18 CPR: "1. For programmes supported by the ERDF, the ESF+, the Cohesion Fund and the JTF, the Member State shall review each programme, taking into account the following elements:
  - (a) The new challenges identified in relevant **country-specific recommendations** adopted in 2024;
  - (b) The progress in implementing the integrated **national energy and climate plan**, if relevant;
  - (c) The progress in implementing the principles of the **European Pillar of Social Rights**;
  - (d) The **socioeconomic situation** of the Member State or region concerned, with **special emphasis on territorial needs**, taking into account any major negative financial, economic, or social development."
- **In addition to Country Specific Recommendations**, which will be adopted as part of the Spring Package of the 2024 European Semester cycle, Country Reports will address - to an extent - also the remaining three elements.

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6. The 2024 Spring Package

- Proposals for Country Specific Recommendations (CSRs).

- **Country Reports**: main body + 21 annexes, including:
  - Annex 8 “Fair transition to climate neutrality” and Annex 14 “Employment, skills and social policy challenges in light of the European Pillar of Social Rights”;
  - Annex 4 "Other EU instruments for recovery and growth" and Annex 17 "Economic and social performance at regional level";
  - Other thematic annexes, which include those covering climate and energy issues.

- The Spring Package will be adopted in **June 2024**.

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7. Focus on the Country Report – approach

- The Country Reports will include the Commission's **orientation** for the mid-term review and draw attention to the **key challenges and priorities** in the MS. The content will be country-specific.
- Draft Country Reports will be shared with Member States in April, for comments.
- Country Specific Recommendations: *under discussion*.

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8. Focus on Annex 14

- The **European Pillar of Social Rights** is the compass for upward convergence towards better working and living conditions in the EU.
- Annex 14 “Employment, skills and social policy challenges in light of the European Pillar of Social Rights" will provide a **country-specific overview of progress**:
  - in implementing the Pillar’s 20 principles; and
  - the EU headline and national targets for 2030 on employment, skills and poverty reduction.
- The analysis relies in particular on the Social Scoreboard accompanying the Pillar, which points at key challenges in EU Member states across the three areas of:
  - ‘equal opportunities and access to the labour market’;
  - ‘fair working conditions’; and
  - ‘social protection and inclusion’.

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9. Focus on Annex 17

- Annex 17 “Economic and social performance at regional level" will:
  - Analyse the **socio-economic regional disparities within each MS.**
  - Identify some key **investment needs**, and for some Member States, some **reform needs.**
- Annex 17 brings the regional and territorial perspective to the European Semester.
- The mid-term review will be the relevant mechanism to address some of the challenges identified in Annex 17.
- The aim has been to discuss with the Member States the first findings emerging from Annex 17’s analysis.

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10. Provisions for MTR timing in the CPR

- Mid-term review has a **broad scope** therefore its preparation will require sufficient time.
- Article 18(2) CPR – **clear deadline**: Submission of assessments on the outcome of the mid-term review for each programme, with proposed allocation(s) of the flexibility amount, to the Commission by **31st March 2025**.
- Article 18(a) CPR: Publication of CSRs in **June 2024** (Article 18(1)(a) CPR).
- Article 18(f) CPR: Progress in achieving milestones;
    - Pertaining to output indicators that have milestones set to be achieved by the end of 2024 - Article 16(1)(b) CPR.

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11. Article 18(1)(b) the progress in implementing the integrated national energy and climate plan

- Article 18(1)(b): where relevant, MS should factor in the **progress in implementing the integrated NECP**. What needs to be considered:
  - Updated NECPs (drafts submitted Q3 2023 – Q1 2024, final NECPs to be submitted by end June 2024);
  - The available Commission assessment of the updated NECPs;
  - Country-specific recommendations on the updated NECPs.
- In addition, the MTR should give due consideration to Article 6(4): “Where there is insufficient progress towards reaching the climate contribution target at national level by 31/12/2024, MSs shall take this into account in its mid-term review in accordance with Article 18(1).”

12. Article 18 (1)(c) the progress in implementing the principles of the European Pillar of Social Rights

Art. 18(1)(d): the progress in implementing the principles of the European Pillar of Social Rights

- To be based on Annex 14 information and data taking into account the Social scoreboard (traffic lights system).
- Identify and refer to the principles whose implementation is lagging behind, including current and planned investments.
- Ensure coherence with EPSR reporting in other places.

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13. Article 18 (1)(d) socioeconomic situation of the Member State or region

- The MTR exercise needs to assess the socioeconomic situation, national and regional development needs, to preserve the programmes' ability to significantly contribute to EU objectives and meet emerging, specific challenges at all levels:
  - Many are identified through the 2024 European Semester cycle;
  - Further elements for the socioeconomic analysis, where necessary, should be included in the MTR.
- Together with the orientation of the European Semester, the analysis of the socioeconomic situation will be the basis of the programming decision.
- This analysis will provide an opportunity to also assess the situation of regions facing a talent development trap and, where appropriate, align the programming.

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14. Article 18 (1)(e) main results of relevant evaluations

Considering the main results of relevant evaluations, wherever available and useful for the exercise:

- Early 2021-2027 evaluations;
- 2014-2020 *ex post* evaluations;
- Implementation evaluations;
- Programme level, national or EU level evaluations with valid conclusions relevant for the given programme.

MSs are not obligated to conduct specific mid-term evaluations.

15. Article 18(1)(f) milestones

Article 18(1)(f) the progress in achieving the milestones, taking into account major difficulties encountered in the implementation of the programme.

- Performance framework: MTR includes an assessment of the achievement of output indicator milestones (end of 2024) (Article 16(1) CPR);
- Milestones relate to each specific objective within a programme;
- Factors influencing the achievement of milestones already considered in the performance framework methodology.

Important: Not reaching milestones has no automatic consequence.

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16. Article 18 (1)(g) for programmes supported by the JTF, the assessment carried out by the Commission

- Article 18(1)(e) → assessment of progress based on NECPs.
- Like all programmes subject to MTR, JTF programmes will have to consider:
  - Socioeconomic context and challenges;
  - Orientation stemming from the European Semester;
  - Progress towards the achievement of milestones.
- In addition, JTF programmes will have to comply with Article 18(1)(g). In this framework, **MS are invited to avoid any backtracking/misalignment of commitments between TJTPs and revised NECPs**, where this has been identified in the revised NECP Commission recommendations.

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17. Possible outcomes

State of play

- Late programme adoptions – negotiations finalised for many programmes end 2022
- Late start implementation impacting payment profiles
- Short period for shifts in socio-economic state of play

It is for the Member States to decide whether to amend the programmes and reallocate the flexibility amount, or confirm the current allocation, depending on the conclusions of the mid-term review.

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18. Mid-term review process (1/2)

Submission of the assessment of the MTR outcome by 31 March 2025

Procedure 1

Confirmation of flexibility amounts without amendment

Article 18(4) CPR

- **Required documents**: assessment of the MTR outcome, including a request for the confirmation of the FA
- **Scope of changes:** no changes allowed!
- **Deadlines:**
  - (1) three months to adopt decision **or**
  - (2) two months to send a request for MS to submit programme amendement in case of disagreement.

Procedure 2

Request for programme amendment

Article 18(3) CPR

- **Required documents**: assessment of the MTR outcome, including a proposal for the definitive allocation of the FA, and amended programme
- **Scope of changes**: amendments resulting from MTR and/or reallocation of the FA and related changes (e.g., revised targets), changes exceeding MTR elements should be clearly explained in MS' request
- **Deadlines:** Four months to adopt decision

19. Mid-term review process (2/2)

Expedited decision adoption relies on efficient upstream consultations

before examination of MTR assessment (and approval of potential programme amendment) by MC and their formal submission

MS should pick up the right procedure when uploading MTR assessment in SFC

The file will have to be submitted in SFC following one of the specified procedures. Technical returns by COM are possible in case the file is incomplete, or if the wrong procedure is chosen. MS will also be able to withdraw the file from SFC at any time.

In both procedures, COM may ask for clarifications using an observation letter

If COM sends an observation letter, the regulatory timeline for adoption gets paused.

Informal consultations are strongly recommended prior to resubmission of MTR file.

MS cannot use FA for project selection until COM decision is adopted (article 18(5) CPR)!

If the programme is amended following MTR, MS can **reallocate FA within programme's priorities,** or it can **request transfers to priorities of another programme** (following rules on transfers based on Articles 26 and 111 CPR) or contributions to InvestEU (in line with Article 14 CPR)

By 31 March 2025, MS may request an amendment of Partnership Agreement, considering the results of MTR

It is not an obligation under CPR!

20. STEP and mid-term review

- Programmes opting for a STEP amendment, using the resources already allocated to them, **are exempt from the MTR, if**:
  - The amendment request is submitted by 31st August 2024;
  - The full flexibility amount is allocated to STEP objectives.
- The **MTR must still take place, if**:
  - The flexibility amount is only partially reallocated to STEP objectives;
  - The new STEP priority uses resources from outside of the programme.
- Timeline: **2-month Commission adoption IF** the programme amendment exclusively concerns investments aligned with STEP objectives.
- Further information: **STEP webinar** (25th April 2024).

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Next steps

- Submission of interpretation questions through formal Q&A process: continuous
- STEP Webinar on 25 April (9.30 - 12.30); invitation was sent on 23rd February.
- Publication of the European Semester Spring package (incl. country reports and country specific recommendations): June 2024, after the European elections.
- Mid-term review webinar planned: end of June.

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Thank you

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