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ADDENDUM 4 to NOTE

from: Presidency
to: Permanent Representatives Committee (part 2)/Council

No. Cion prop.: COM(2011) 615 final/2

Subject: Cohesion Policy legislative package
- Presidency compromise on the performance framework

Delegations will find attached a compromise text on the performance framework parts of the Common Provisions Regulation.

The modifications highlighted in bold are those in comparison to the revised versions (corrigendum) presented by the Commission on 14 March 2012.

Performance review¹

Article 19

Performance review

1. The Commission, in cooperation with the Member States, shall undertake a review of the performance of the programmes in each Member State in [...] 2019, with reference to the performance framework set out in the respective [...] programmes. The method for establishing the performance framework is set out in Annex I.
2. The review shall examine the achievement of the milestones of the programmes at the level of priorities, on the basis of the information and the assessments presented in the **annual implementation reports or progress report in accordance with Article 44(5)** submitted by the Member States in the **year** [...] 2019.

Article 20

Application of the performance framework

1. [...].
2. [On the basis of the review undertaken in 2019, the Commission shall **within two months of the receipt of the respective annual implementation reports in the year 2019** adopt a decision, by means of implementing acts, to determine for each CSF Fund and Member State the programmes and priorities which have attained their milestones. The Member State shall propose the attribution of the performance reserve for the programmes and priorities set out in that Commission decision **no later than three months after its adoption**. The Commission

¹ Any agreement on this block is without prejudice to discussions on the performance reserve in the negotiation box.

shall approve the amendment of the programmes concerned **within two months of receiving the proposal from the Member State**. Where a Member State fails to submit the information in accordance with Article **44(4)** and **(5)**, the performance reserve for the programmes or the priorities concerned shall not be allocated **to the programmes concerned**.¹

3. Where there is evidence resulting from a performance review that a priority has **seriously** failed to achieve the milestones **relating only to financial indicators, output indicators and key implementation steps** set out in the performance framework **due to clearly identified implementation weaknesses, which the Commission has previously communicated pursuant to Article 44 (7) following close consultations with the Member State concerned, and the Member State has failed to take the necessary corrective action to address such weaknesses**, the Commission may **not earlier than six months after its communication in accordance with Article 44(7)** suspend all or part of an interim payment of a priority of a programme in accordance with the procedure laid down in Fund-specific rules.

The Commission shall without delay lift the suspension of interim payments when the Member State has taken the necessary corrective action. Where the corrective action concerns the transfer of financial allocations to other programmes or priorities, which have attained their milestones, the Commission shall approve, by means of an implementing act, the amendment of the programmes concerned within two months.

4. Where the Commission, based on the examination of the final implementation report of the programme, establishes a serious failure to achieve the targets **relating only to financial indicators, output indicators and key implementation steps** set out in the performance framework **due to clearly identified implementation weaknesses, which the Commission has previously communicated pursuant to Article 44(7) following close consultations**

¹ Without prejudice to the MFF negotiations on the performance reserve, the content in brackets will constitute the Council's point of departure should negotiations on this issue resume at a later stage with a view to ensuring fastest possible attribution of a possible performance reserve.

with the Member State concerned, and the Member State has failed to take the necessary corrective action to address such weaknesses, the Commission may **notwithstanding Article 77** apply financial corrections in respect of the priorities concerned in accordance with Fund-specific rules.

When applying financial corrections, the Commission shall take into account - with due respect to the principle of proportionality - the absorption level, and external factors contributing to the failure.

Financial corrections shall not be applied where targets are not achieved because of significant socio-economic, environmental developments or implementation delays beyond the control of the Member State.

The Commission shall be empowered to adopt delegated acts in accordance with Article 142 to establish **detailed rules on** criteria [...] for determining the level of financial correction to be applied.

[The Commission shall adopt implementing acts in accordance with Article 143(3) with examination procedure concerning the methodology for determining financial, output and result indicator milestones for each priority.]¹

5. Paragraph 2 shall not apply to programmes under the European territorial cooperation goal and to Title V of the EMFF Regulation.

¹ The question of implementing acts for indicators and the preferred place to regulate that question can be reviewed at a later stage in connection with discussions concerning the provisions on indicators in the Fund-specific rules.

ANNEX I

Method for establishing the performance framework

1. The performance framework shall consist of milestones established for each priority, where appropriate, for the **year** [...] 2018 and targets established for 2022. The milestones and targets shall be presented in accordance with the format set out in table 1.

Table 1: Standard format for the performance framework

Priority	Indicator and measurement unit, where appropriate	[...]	Milestone for 2018	Target for 2022

2. Milestones are intermediate targets, **directly linked to** the achievement of the specific objective of a priority, where appropriate, expressing the intended progress towards the targets set for the end of the period. [...]. Milestones established for 2018 shall include financial indicators, output indicators and where appropriate, result indicators, **which are closely linked to the supported policy interventions. Result indicators shall not be taken into account for the purposes of Article 20(3) and Article 20(4).** Milestones may also be established for key implementation steps.
3. Milestones **and targets** shall be:
 - **realistic, achievable,** relevant, capturing essential information on the progress of a priority;
 - **consistent with the nature and character of the specific objectives of the priority;**
 - transparent, with objectively verifiable targets and the source data identified and, **where possible,** publicly available;

- verifiable, without imposing a disproportionate administrative burden;
- consistent across operational programmes, where appropriate.

4. In duly justified cases, such as a significant change in the economic, environmental and labour market conditions in a Member State or region, and in addition to amendments resulting from changes in allocations for a given priority, the Member State may propose the revision of milestones and targets in accordance with Article 26 of this Regulation.
