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COMMISSION NOTICE

Guidelines on the closure of operational programmes adopted for assistance from the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and cross-border cooperation programmes under the Instrument for Pre-accession Assistance (IPA II) (2014-2020)

(C/2024/6126)

This Commission notice replaces the Commission notice previously published in the *Official Journal of the European Union* C 474 of 14 December 2022.

Taking into account the importance of timely and efficient closure of the operational programmes approved for assistance from the European Regional Development Fund (including the cooperation programmes under the European territorial cooperation goal), the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund for the programming period from 1 January 2014 to 31 December 2020, including those benefiting from the REACT-EU resources, it is necessary to provide proper guidance on the closing of those programmes in accordance with Regulation (EU) No 1303/2013 of the European Parliament and of the Council⁽¹⁾ ('CPR') and the legal acts of general application adopted on its basis.

These guidelines also cover the cross-border cooperation programmes under IPA II. Commission Implementing Regulation (EU) No 447/2014⁽²⁾ ('IPA II Implementing Regulation') refers generally to the CPR or specifically to certain provisions of the CPR. These guidelines therefore also apply to IPA II cross-border cooperation programmes, unless specified otherwise.

Given the experience with closing the 2000-2006 and 2007-2013 programming periods, the guidelines propose simplified procedures to build on the best practices identified during the closure of these previous periods.

The guidelines acknowledge the impact on programme implementation resulting from the unprecedented COVID-19 crisis in 2020 and 2021 as well as the military aggression by the Russian Federation against Ukraine on 24 February 2022. The guidelines also acknowledge the need to reduce the administrative burden on programme authorities to prevent possible loss of funds at closure due to purely administrative reasons.

The purpose of the guidelines is to facilitate the closure process by providing the methodological framework under which the closure exercise should take place for the financial settlement of the EU's outstanding budgetary commitments through: (i) payment of any final balance to the Member State in respect of a programme; and/or (ii) decommitment or recovery of the sums unduly paid by the Commission to the Member State.

⁽¹⁾ Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006 (OJ L 347, 20.12.2013, p. 320).

⁽²⁾ Commission Implementing Regulation (EU) No 447/2014 of 2 May 2014 on the specific rules for implementing Regulation (EU) No 231/2014 of the European Parliament and of the Council establishing an Instrument for Pre-accession assistance (IPA II) (OJ L 132, 3.5.2014, p. 32).

The system of annual examination and acceptance of accounts has introduced a significant simplification of the closure procedure. The closure of the programme should therefore be based only on the documents relating to the final accounting year and the final implementation report or the last annual implementation report.

DISCLAIMER:

This is a working document prepared by the European Commission. On the basis of applicable EU law, it provides technical guidance for colleagues and bodies involved in the closure of the European Regional Development Fund, the European Social Fund, the Cohesion Fund, and the European Maritime and Fisheries Fund. This guidance is without prejudice to the interpretation of the Court of Justice and the General Court.

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1. GENERAL PRINCIPLES

The following operational programmes are to be closed in accordance with the present guidelines:

- operational programmes under the European Regional Development Fund (ERDF) ⁽³⁾ (including the cooperation programmes under the European territorial cooperation goal) ⁽⁴⁾, the European Social Fund (ESF) ⁽⁵⁾ or the Cohesion Fund ⁽⁶⁾ (hereinafter referred to as the 'Funds') and the European Maritime and Fisheries Fund (EMFF) ⁽⁷⁾, implemented in accordance with the CPR for the 2014-2020 programming period ⁽⁸⁾;
- cross-border cooperation programmes under the Instrument for Pre-accession Assistance (IPA II) based on Regulation (EU) No 231/2014 of the European Parliament and of the Council ⁽⁹⁾ and implemented in accordance with the IPA II Implementing Regulation.

The closure of these programmes entails the financial settlement of the EU's outstanding budgetary commitments through the payment of any final balance to the Member State ⁽¹⁰⁾ ⁽¹¹⁾ for a programme and/or the decommitment or recovery of the sums unduly paid by the Commission to the Member State. The closure of programmes is without prejudice to the Commission's power to raise issues related to the legality and regularity of the underlying transactions concerning expenditure in the accepted accounts and impose financial corrections under the relevant provisions of the CPR.

2. POSSIBILITY OF EARLY CLOSURE

Member States may request an early closure if they have carried out all the activities related to the implementation of the programme. For this purpose, an earlier accounting year than the one running from 1 July 2023 to 30 June 2024 should be considered as the final accounting year of the programme. If the Commission accepts such a request, the Member State must submit the closure documents set out in Article 141 of the CPR (the 'closure documents') ⁽¹²⁾ by 15 February of the year following the accounting year considered. Early closure should follow all the rules laid down for closure.

⁽³⁾ Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006 (OJ L 347, 20.12.2013, p. 289).

⁽⁴⁾ Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal (OJ L 347, 20.12.2013, p. 259) ('ETC Regulation').

⁽⁵⁾ Regulation (EU) No 1304/2013 of the European Parliament and of the Council of 17 December 2013 on the European Social Fund and repealing Council Regulation (EC) No 1081/2006 (OJ L 347, 20.12.2013, p. 470).

⁽⁶⁾ Regulation (EU) No 1300/2013 of the European Parliament and of the Council of 17 December 2013 on the Cohesion Fund and repealing Council Regulation (EC) No 1084/2006 (OJ L 347, 20.12.2013, p. 281).

⁽⁷⁾ Regulation (EU) No 508/2014 of the European Parliament and of the Council of 15 May 2014 on the European Maritime and Fisheries Fund and repealing Council Regulations (EC) No 2328/2003, (EC) No 861/2006, (EC) No 1198/2006 and (EC) No 791/2007 and Regulation (EU) No 1255/2011 of the European Parliament and of the Council (OJ L 149, 20.5.2014, p. 1).

⁽⁸⁾ In accordance with the second subparagraph of Article 92b(8) of the CPR, as amended by Regulation (EU) 2020/2221 of the European Parliament and of the Council of 23 December 2020 amending Regulation (EU) No 1303/2013 as regards additional resources and implementing arrangements to provide assistance for fostering crisis repair in the context of the COVID-19 pandemic and its social consequences and for preparing a green, digital and resilient recovery of the economy (REACT-EU) (OJ L 437, 28.12.2020, p. 30) ('REACT-EU Regulation'), the programmes to which the Member States allocate REACT-EU resources will cover the period until 31 December 2022, subject to paragraph 4 of that Article.

⁽⁹⁾ Regulation (EU) No 231/2014 of the European Parliament and of the Council establishing an Instrument for Pre-accession Assistance (IPA II) (OJ L 77, 15.3.2014, p. 11) ('IPA II Regulation').

⁽¹⁰⁾ For cooperation programmes supported by the ERDF under the European territorial cooperation goal and for cross-border cooperation programmes supported by the IPA II, 'Member State' as mentioned in the present guidelines should be understood as the Member State hosting the managing authority.

⁽¹¹⁾ In accordance with Article 138(1) of the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community (OJ C 384 I, 12.11.2019, p. 1), ('the Withdrawal Agreement'), in respect of the implementation of the Union programmes and activities committed under the MFF 2014-2020 or previous financial perspectives, applicable Union law, including the rules on financial corrections and on clearance of accounts, will continue to apply to the United Kingdom after 31 December 2020 until the closure of those Union programmes and activities, unless technical measures have been adopted by Joint Committee in accordance with Article 138(5) of the Withdrawal Agreement. However, it should be noted that the provisions of these guidelines relating to REACT-EU resources do not apply to the United Kingdom, as per the fourth subparagraph of Article 154 of the CPR, as amended by the REACT-EU Regulation.

⁽¹²⁾ Article 141 of the CPR applies to IPA II by virtue of Article 46(5) of the IPA II Implementing Regulation.

3. PREPARATION FOR CLOSURE

3.1. Amendment of programmes

To ensure the proper implementation of programmes and timely preparation of the closure process, Member States should have submitted requests for programme amendments⁽¹³⁾, including amendments of financing plans to transfer funds between the priority axes of the same programme under the same category of region and the same fund, by 30 September 2023. This would have made it possible for decisions to be adopted before the final date of eligibility, 31 December 2023. Member States should have notified revised financial tables to the Commission for non-substantial transfers in accordance with Articles 30(5) and 30(6) of the CPR⁽¹⁴⁾ and for the amendments related to the co-financing rate in accordance with Article 30(7) of the CPR⁽¹⁵⁾ before the final date of eligibility, 31 December 2023.

It is possible to submit the requests for programme amendments requiring a Commission decision or notify programme amendments to the Commission after these dates but the following deadlines must be observed.

The programme amendment requests affecting the financial tables and requiring a Commission decision must be submitted by the Member States to the Commission the earliest possible and in any case at least three months before the Member State submits the final application for an interim payment for the final accounting year.

If the Member State opts for non-substantial transfers and/or the 100 % co-financing rate to be applied to expenditure declared in payment applications for the final accounting year for one or more priority axes in a programme supported by the ERDF, the ESF or the Cohesion Fund, it must, following the approval of the monitoring committee, notify the revised financial tables to the Commission before submitting the final application for an interim payment for the final accounting year⁽¹⁶⁾.

Despite the above deadline, it is in the Member States' interest to submit programme amendment requests affecting the financial tables and requiring a Commission decision or to notify the revised financial tables to the Commission as early as possible and to keep a desirable balance of payments across 2024 and 2025 (e.g., by submitting payment applications (in particular containing non REACT-EU expenditure) by 31 October 2024 so as to allow the Commission to reimburse them as interim payments before 2025). This is due to 1 % ceiling for interim payments from resources other than REACT-EU in 2025, as set out in the second subparagraph of Article 135(6) of the CPR⁽¹⁷⁾ (see Section 4.1 of these guidelines). Unused amounts should be decommitted in accordance with the CPR at the time of closure.

The programme amendment requests not affecting the financial tables and requiring a Commission decision must be submitted by the Member States to the Commission the earliest possible and in any case at least three months before the Member State submits the closure documents. The programme amendments not affecting the financial tables and not requiring the Commission decision must be notified to the Commission before the Member State submits the closure documents.

⁽¹³⁾ Article 30(1) of the CPR.

⁽¹⁴⁾ As amended by Regulation (EU) 2020/460 of the European Parliament and of the Council of 30 March 2020 amending Regulations (EU) No 1301/2013, (EU) No 1303/2013 and (EU) No 508/2014 as regards specific measures to mobilise investments in the healthcare systems of Member States and in other sectors of their economies in response to the COVID-19 outbreak (Coronavirus Response Investment Initiative) (OJ L 99, 31.3.2020, p. 5) ('CRII Regulation') and Regulation (EU) 2022/2039 of the European Parliament and of the Council of 19 October 2022 amending Regulations (EU) No 1303/2013 and (EU) 2021/1060 as regards additional flexibility to address the consequences of the military aggression of the Russian Federation FAST (Flexible Assistance for Territories) – CARE (OJ L 275, 25.10.2022, p. 23) ('FAST CARE Regulation').

⁽¹⁵⁾ As amended by the FAST CARE Regulation.

⁽¹⁶⁾ Article 25a(1b) of the CPR, as amended by Regulation (EU) 2024/795 of the European Parliament and of the Council of 29 February 2024 establishing the Strategic Technologies for Europe Platform (STEP), and amending Directive 2003/87/EC and Regulations (EU) 2021/1058, (EU) 2021/1056, (EU) 2021/1057, (EU) No 1303/2013, (EU) No 223/2014, (EU) 2021/1060, (EU) 2021/523, (EU) 2021/695, (EU) 2021/697 and (EU) 2021/241(OJ L, 2024/795, 29.02.2024) ('STEP Regulation'). The possibility of 100 % co-financing rate does not apply for IPA II cross-border cooperation programmes, as their co-financing rate is not covered by the CPR.

⁽¹⁷⁾ As amended by the STEP Regulation.

Cross-border cooperation programmes under IPA II are to be amended in accordance with Article 31(5) of the IPA II Implementing Regulation. Programme amendments requiring a Commission decision should have been submitted by 30 September 2023. For non-substantial transfers between priorities, Article 31(5A) of the IPA II Implementing Regulation applies. Such transfers should have been notified to the Commission by 31 December 2023.

It is possible to submit requests for IPA II cross-border cooperation programme amendments requiring a Commission decision or notify programme amendments to the Commission after these dates but the above indicated deadlines must be observed.

Transfers of REACT-EU resources referred to in Article 92a of the CPR ⁽¹⁸⁾ between the ERDF and ESF, in accordance with the tenth subparagraph of Article 92b(5) of the CPR ⁽¹⁹⁾ can only apply to the ongoing year or to future years in the financing plan. Any requests for amendments to the financing plans affecting the resources available for programming for the years 2021 and 2022 involving a transfer between the ERDF and the ESF should have been submitted by 15 November of the corresponding year, to allow for sufficient time for the decisions to be adopted before 31 December. Annual budgetary commitments for a given year cannot be modified beyond 31 December of that year. No changes in this respect are possible anymore beyond end 2022.

3.2. Submission/notification and amendment of major projects ⁽²⁰⁾

Because major projects involve considerable amounts of the Funds and are therefore important for the overall performance of the programmes, Member States should have submitted a request or a notification for major project approval or amendment by the 30 September 2023. This would have permitted the adoption of the decisions before the final date of eligibility, 31 December 2023.

It is possible to submit the requests or notifications for major project approval or amendment after this date, but the following deadlines must be observed.

New major projects must be submitted/notified the earliest possible and in any case before the Member States submits the final application for an interim payment for the final accounting year.

Major projects amendments increasing the total eligible cost should be submitted/notified the earliest possible and in any case before the Member States submits the final application for an interim payment for the final accounting year.

Major projects amendments not increasing the total eligible cost should be submitted/notified the earliest possible and in any case before the Member States submits the closure documents.

The submission and notification of major projects must follow the procedures set out in Article 102 and 103 of the CPR and the information requirements of Article 101 of the CPR, of Commission Implementing Regulation (EU) 2015/207 ⁽²¹⁾ and of Commission Implementing Regulation (EU) No 1011/2014 ⁽²²⁾.

⁽¹⁸⁾ As amended by the REACT-EU Regulation.

⁽¹⁹⁾ As amended by the REACT-EU Regulation.

⁽²⁰⁾ Major projects are not relevant to the programmes supported by the EMFF. ETC and IPA II programmes have not supported major projects.

⁽²¹⁾ Commission Implementing Regulation (EU) 2015/207 of 20 January 2015 laying down detailed rules implementing Regulation (EU) No 1303/2013 of the European Parliament and of the Council as regards the models for the progress report, submission of the information on a major project, the joint action plan, the implementation reports for the Investment for growth and jobs goal, the management declaration, the audit strategy, the audit opinion and the annual control report and the methodology for carrying out the cost-benefit analysis and pursuant to Regulation (EU) No 1299/2013 of the European Parliament and of the Council as regards the model for the implementation reports for the European territorial cooperation goal (OJ L 38, 13.2.2015, p. 1).

⁽²²⁾ Commission Implementing Regulation (EU) No 1011/2014 of 22 September 2014 laying down detailed rules for implementing Regulation (EU) No 1303/2013 of the European Parliament and of the Council as regards the models for submission of certain information to the Commission and the detailed rules concerning the exchanges of information between beneficiaries and managing authorities, certifying authorities, audit authorities and intermediate bodies (OJ L 286, 30.9.2014, p. 1).

The requests for amendment of major projects must follow the same procedure as the one used for the initial notification or submission to the Commission (Article 102(1) or Article 102(2) of the CPR respectively). Amendments of major projects include phasing requests, amendments of major projects still to be completed in the 2014-2020 programming period and cancellation of major projects.

4. FINANCIAL MANAGEMENT

4.1. Deadline for submission of the final application for an interim payment for the final accounting year and the ceiling for interim payments in 2025

According to the first subparagraph of Article 135(6) of the CPR ⁽²³⁾, the deadline for the submission of the final application for an interim payment for the final accounting year is extended to 31 July 2025. In practice, Member States may decide to continue submitting interim payment applications during this extended period and submit the final application for an interim payment for the final accounting year by 31 July 2025 or to include all eligible expenditure into the final application for an interim payment for the final accounting year by 31 July 2025 at the latest (without interim payment applications in-between during the extended period) ⁽²⁴⁾. Interim payment applications and the final application for an interim payment for the final accounting year may include amounts entered in the accounting system of the certifying authority after 30 June 2024 and until the submission of the final application for an interim payment for the final accounting year.

Pursuant to the second subparagraph of Article 135(6) of the CPR ⁽²⁵⁾, amounts from resources other than REACT-EU reimbursed by the Commission as interim payments in 2025 are not to exceed 1 % of the total financial appropriations to the programme concerned by Fund, REACT-EU resources excluded. Amounts that would be due to be paid by the Commission in 2025 exceeding this percentage are not to be paid and are to be used exclusively for the clearing of pre-financing at closure. It is explained in the recital (26) to the STEP Regulation that amounts due in 2025 that exceed the ceiling of 1 % of programme appropriations per fund should not be paid in 2025 nor in subsequent years but only used for the clearance of pre-financing at closure. Unused amounts should be decommitted in accordance with the CPR at the time of closure.

Consequently, when planning the submission of applications for an interim payment for programmes for the final accounting year, Member States should take due caution with regard to the 1 % ceiling.

4.2. Decommitment

Unused commitments related to the last year of the programming period will be decommitted in the course of closure ⁽²⁶⁾.

The part of commitments still open on 31 December 2023 will be decommitted if any of the closure documents has not been submitted to the Commission by 15 February 2026 ⁽²⁷⁾.

Amounts that cannot be paid from resources other than REACT-EU in 2025 as interim payments due to the ceiling set out in the second subparagraph of Article 135(6) CPR ⁽²⁸⁾ and that cannot be used for the clearing of pre-financing will be decommitted in the course of closure. In accordance with the second subparagraph of Article 92b(8) of the CPR ⁽²⁹⁾, the programmes to which the Member States allocate REACT-EU resources will cover the period until 31 December 2022, subject to paragraph 4 of that Article. Unused commitments related to REACT-EU resources will also be decommitted in the course of the closure of the programmes ⁽³⁰⁾.

⁽²³⁾ As amended by the STEP Regulation.

⁽²⁴⁾ In line with the usual practice, when submitting the final application for an interim payment for the final accounting year, the Member State has to indicate this according to the template set out in Annex VI to Commission Implementing Regulation (EU) No 1011/2014.

⁽²⁵⁾ As amended by the STEP Regulation.

⁽²⁶⁾ Article 86(2) of the CPR; applies to IPA II by virtue of Article 46(4) of the IPA II Implementing Regulation.

⁽²⁷⁾ Articles 86(4) and 136(2) of the CPR; apply to IPA II by virtue of Article 46(4) of the IPA II Implementing Regulation.

⁽²⁸⁾ As amended by the STEP Regulation.

⁽²⁹⁾ As amended by the REACT-EU Regulation.

⁽³⁰⁾ Fifth subparagraph of Article 92b(5) of the CPR, as amended by the REACT-EU Regulation.

4.3. Clearance of the initial and annual pre-financing

The Commission will carry out the clearance of initial pre-financing paid to Member States no later than when a programme is closed ⁽³¹⁾. This also applies to additional pre-financing paid from the REACT-EU resources ⁽³²⁾.

Amounts paid as initial pre-financing can be cleared only with regard to declared eligible expenditure. Clearance of initial pre-financing may, however, start as soon as the programme receives through payments the maximum Funds contribution set out in the Commission Decision approving the programme. In this event, the eligible expenditure included in the accounts will be used by the Commission, following a calculation of the amount chargeable to the Funds and the EMFF to clear the annual pre-financing first, and then the Commission will thereafter proceed with the clearance of the initial pre-financing. Clearance will be done by programme, fund and category of region, after acceptance of the accounts.

Amounts not recovered by the Commission in 2020 for the accounts submitted in 2020, will be cleared or recovered at closure ⁽³³⁾. Such amounts will be taken into account when calculating the final balance for the programme.

4.4. Calculation of the final balance

The Commission will determine the amount chargeable to the Funds and to the EMFF for the final accounting year in accordance with Article 139 of the CPR. Article 139(6) of the CPR lays down that, on the basis of the accepted accounts, the Commission must calculate the amount chargeable to the Funds and to the EMFF for the accounting year taking into account both the amounts in the accounts and the total amount of payments made by the Commission during the accounting year.

Following the calculation of the amount chargeable to the Funds and the EMFF, the Commission will clear the annual and/or initial pre-financing. In accordance with the second subparagraph of Article 139(7) of the CPR ⁽³⁴⁾, amounts recoverable but not recovered by the Commission for the accounts submitted in 2020 will be cleared or recovered at closure.

In accordance with Article 130(3) of the CPR ⁽³⁵⁾, the contribution from the Funds or the EMFF through payment of the final balance must not exceed:

- at the level of the priority per fund and per category of region,
 - by more than 15 %, the contribution from the Funds or the EMFF for each priority per fund and per category of region as set out in the Commission decision approving the programme. In this regard, the additional special allocation for the outermost regions as set out in point (e) of Article 92(1) of the CPR is to be considered as part of the ERDF allocation to the category of regions of the outermost region concerned ⁽³⁶⁾. By analogy to the specific additional allocation to outermost regions, the allocation of NUTS level 2 regions fulfilling the criteria laid down in Article 2 of Protocol No 6 to the 1994 Act of Accession ('northern sparsely populated regions') will be considered to benefit from the same flexibility.
- at the level of the programme,
 - the eligible public expenditure declared; or
 - the contribution from each fund and category of region to each programme as set out in the Commission decision approving the programme; whichever is the lower.

⁽³¹⁾ Article 82 of the CPR; applies to IPA II by virtue of Article 46(2) of the IPA II Implementing Regulation.

⁽³²⁾ Third subparagraph of Article 92b(7) of the CPR, as amended by the REACT-EU Regulation.

⁽³³⁾ Article 139(7) of the CPR, as amended by the CRII Regulation; applies to IPA II by virtue of Article 46(5) of the IPA II Regulation.

⁽³⁴⁾ As amended by the CRII Regulation.

⁽³⁵⁾ As amended by the FAST CARE Regulation and the STEP Regulation; applies to IPA II by virtue of Article 46(2) of the IPA II Regulation.

⁽³⁶⁾ Article 130(3) of the CPR, as amended by the STEP Regulation.

The 1 % ceiling for interim payments from resources other than REACT-EU in 2025 set out in the second subparagraph of Article 135(6) of the CPR ⁽³⁷⁾ does not apply to the payment of the final balance and does not affect the 15 % flexibility to be applied when calculating the final balance as per Article 130(3) CPR ⁽³⁸⁾.

REACT-EU resources constitute external assigned revenue which, in accordance with Article 21(1) of Regulation (EU, Euratom) No 2018/1046 ⁽³⁹⁾, are to be used to finance specific items of expenditure. REACT-EU resources are kept on specific budget lines, separate from the non-REACT-EU ERDF and ESF budget lines. Therefore, it is not possible to apply the 15 % flexibility between them, as this would imply a modification of the budgetary commitment after the year in which it was made. As a result, in the case of REACT-EU, the 15 % flexibility will only apply between the REACT-EU priorities of the same fund within the same programme, for instance between two REACT-EU ERDF priorities.

The amount due to be paid/recovered calculated in accordance with the rules explained above will constitute the final balance for the programme.

An example of the application of the 15 % flexibility and capping of public expenditure within the calculation of the final balance for a programme is set out in Annex IV to these guidelines.

4.5. Overbooking

Overbooking is the practice of Member States declaring to the Commission eligible expenditure in excess of the maximum Funds contribution set out in the Commission decision approving the programme.

As payment applications are cumulative only within a given accounting year, if a priority reaches the maximum Funds contribution set out in the Commission decision approving the programme before the final accounting year, expenditure declared to the Commission in excess of this maximum Funds contribution for the priority will not be carried over to the next accounting year.

Certifying authorities may therefore decide that amounts entered in their accounting system in an accounting year are declared to the Commission in a subsequent accounting year or indeed in the final accounting year for the purposes of the closure.

Taking the above into account, if Member States wish to have overbooked expenditure available in the final accounting year, they could refrain from declaring to the Commission overbooked expenditure in any accounting year before the final accounting year and use this expenditure considering the needs of the programme. Member States may consider declaring overbooked expenditure only in the final accounting year, except if:

- they need to declare it in an earlier accounting year to replace irregular amounts detected (within the limits of the Funds or the EMFF contribution for the priority); or
- they modify the financing plan of the programme to increase the Funds or the EMFF contribution for the overbooked priority in accordance with the rules applicable to the programme amendments.

If overbooked expenditure is not needed before the final accounting year, Member States are invited to declare to the Commission such expenditure, including expenditure incurred and paid by beneficiaries during the previous accounting years, only in the final accounting year (or at an earlier stage if a Member State opts for an early closure). Overbooked expenditure declared to the Commission in the final accounting year will be considered at and after closure to replace irregular amounts (declared in any accounting year, including the final accounting year) and for the 15 % flexibility as per Article 130(3) of the CPR ⁽⁴⁰⁾. Without prejudice to Article 145(7) of the CPR ⁽⁴¹⁾, the Member States may be able to replace irregular amounts, which are detected after the submission of the accounts for the final accounting year/after closure, using overbooked expenditure.

⁽³⁷⁾ As amended by the STEP Regulation.

⁽³⁸⁾ As amended by the FAST CARE Regulation and the STEP Regulation.

⁽³⁹⁾ Regulation (EU, Euratom) No 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.7.2018, p. 1) ('Financial Regulation').

⁽⁴⁰⁾ As amended by the FAST CARE Regulation and the STEP Regulation.

⁽⁴¹⁾ Applies to IPA II by virtue of Article 46(6) of the IPA II Implementing Regulation.

5. INDICATORS AND PERFORMANCE FRAMEWORK AT CLOSURE

At closure for the EMFF, data for indicators must be sent in the last annual implementation report of the programme using the template tables 1, 2 and 3 set out in the Annex to Commission Implementing Regulation (EU) No 1362/2014 ⁽⁴²⁾.

At closure for the ERDF, ESF and Cohesion Fund, data for output and result indicators must be sent in the final implementation report of the programme using the template tables 1, 2, 3 and 4 set out in Annex V ⁽⁴³⁾ to Commission Implementing Regulation (EU) 2015/207. In the column 'Observations', Member States should explain (where necessary) the year 2023 achievement values, especially in cases where they are significantly different from the set targets (i.e., a deviation of more than 20 %). Data for the indicators selected for the performance framework must be reported in table 5 of Annex V ⁽⁴⁴⁾ to Commission Implementing Regulation (EU) 2015/207.

Member States are required to include in the final implementation report the following information on indicators:

- cumulative (annual for ESF): values for output and result indicators up to and including the year 2023. For ERDF and Cohesion Fund output indicators and for ESF outputs and result indicators, values will relate to operations that are co-financed by the programme;
- any issues affecting the performance of the programme, including the achievement of the targets;
- (for ERDF and Cohesion Fund) the year 2023 values for the result indicators of the programmes either taken from statistics or provided by information sources specific to the priority (such as surveys), at particular points in time. Such values must encompass the contribution of the programme and the contribution of other factors. They relate to all potential beneficiaries (the same unit of analysis as for the definition of the baseline).

Member States are recommended not to revise the targets beyond 2022, except for cases where the revision is due to changes in allocations for a given priority or phasing of certain operations. The achievement of targets will be assessed by the Commission taking into account the information provided in the final implementation report of the programme, including elements and factors that might have seriously affected the achievement of the targets set.

5.1. Reporting the achievement values for output indicators

Achievement values for output indicators reported in the final implementation report or the last annual implementation report for the EMFF of a programme should refer to what has been delivered by the operations supported under the programme. Although the indicator achievement values should correspond to the situation at 31 December 2023, in practice, outputs delivered by the co-financed operations until the date of submission of the final implementation report or the last annual implementation report for the EMFF of the programme can be reported in these documents. Programme audit authorities should conclude on the reliability of performance data in the annual control report of the final accounting year.

For phased operations (see Section 6 of these guidelines), only outputs actually delivered by the phase included in the 2014-2020 programming period can be reported in the final implementation report of the programme. Other outputs (together with the related expenditure) must be reported under the 2021-2027 programming period.

For non-functioning operations (see Section 7 of these guidelines), only outputs actually delivered based on the expenditure declared under the programme should be reported in the final implementation report of the programme. In certain cases, this will mean zero output is reported. Outputs delivered by non-functioning operations will be assessed after 15 February 2027, the deadline for Member States to physically complete or fully implement such operations and ensure they contribute to the objectives of the relevant priorities.

⁽⁴²⁾ Commission Implementing Regulation (EU) No 1362/2014 of 18 December 2014 laying down rules on a simplified procedure for the approval of certain amendments to operational programmes financed under the European Maritime and Fisheries Fund and rules concerning the format and presentation of the annual reports on the implementation of those programmes (OJ L 365, 19.12.2014, p. 124).

⁽⁴³⁾ Tables 1 and 2 of Annex X to Commission Implementing Regulation (EU) No 2015/207 for ETC and IPA II (by virtue of Article 42(1) of the IPA II Implementing Regulation).

⁽⁴⁴⁾ Table 3 of Annex X to Commission Implementing Regulation (EU) No 2015/207 for ETC and IPA II.

5.2. Implications of the performance framework for closure

The Commission will assess the achievement of the target values for indicators in the performance framework based on the values reported in the final implementation report or the last annual implementation report for the EMFF of the programme.

Member States may propose a revision of targets through a programme amendment in duly justified cases, such as a significant change in economic, environmental and labour market conditions, and when the revision is a consequence of changes in allocations for a given priority ⁽⁴⁵⁾. The revision of the targets may be proposed by Member States through a programme amendment if certain operations are phased in accordance with Section 6 of these guidelines.

A serious failure to achieve the targets relating only to financial indicators, output indicators and key implementation steps may give rise to financial corrections if the conditions set out in Article 22(7) of the CPR are met ⁽⁴⁶⁾. A serious failure is assessed in accordance with criteria set out in Articles 6(3) and 6(4) of the Commission Implementing Regulation (EU) No 215/2014 ⁽⁴⁷⁾.

The 100 % co-financing rate for the final accounting year set out in Article 25a(1b) of the CPR ⁽⁴⁸⁾, along with other temporary 100 % co-financing increases since 2020 (CRII, CARE), have the effect of reducing the need for national co-financing in the total eligible expenditure, without an automatic reduction in the performance framework targets. In such cases (unless there was respective programme amendment) where the achievement/absorption coefficient falls below the 65 % threshold (serious failure), the influence of the 100 % co-financing possibility/ies can be cited as a mitigating factor, provided that the managing authority clearly demonstrates the causal link between the 100 % co-financing and the individual indicators affected in the final implementation report and duly quantifies the impact.

Where a programme authority decides to include non-functioning operations in a programme, the lack of outputs may adversely affect the achievement of the targets selected for the performance framework. If the non-functioning operations included in the programme result in a serious failure to achieve the targets selected for the performance framework, the undertaking by the Member State to physically complete or fully implement such operations and to ensure they contribute to the objectives of the relevant priorities by 15 February 2027, will be assimilated to a corrective action in order to achieve the targets, referred to in Article 22(7) of the CPR. This is subject to the condition that the necessary outputs are delivered, by the operations concerned, in the additional period granted by Section 7 of these guidelines. A financial correction may be applied if the outputs are not delivered by 15 February 2027.

If phasing of certain operations results in a serious failure to achieve the targets selected for the performance framework, the Commission may decide to apply a financial correction under Article 22(7) of the CPR.

⁽⁴⁵⁾ Point 5 of Annex II to the CPR; applies to IPA II by virtue of Article 34(1) of the IPA II Implementing Regulation and point (b)(v) of the first subparagraph of Article 8(2) of the ETC Regulation.

⁽⁴⁶⁾ Articles 22(7) and 144(4) of the CPR; the latter applies to IPA II by virtue of Article 46(6) of the IPA II Implementing Regulation.

⁽⁴⁷⁾ Commission Implementing Regulation (EU) No 215/2014 of 7 March 2014 laying down rules for implementing Regulation (EU) No 1303/2013 of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund with regard to methodologies for climate change support, the determination of milestones and targets in the performance framework and the nomenclature of categories of intervention for the European Structural and Investment Funds (OJ L 69, 8.3.2014, p. 65). Article 6 of Regulation (EU) 215/2014 applies to IPA II by virtue of Article 34(1) of the IPA II Implementing Regulation and point (b)(v) of the first subparagraph of Article 8(2) of the ETC Regulation.

⁽⁴⁸⁾ As amended by the STEP Regulation.

In accordance with Article 2 of Commission Delegated Regulation (EU) No 480/2014 ⁽⁴⁹⁾, the level of the financial correction will be a flat rate determined on the basis of the ratio between the average of the final achievement rates for all output indicators and key implementation steps under a performance framework and the final achievement rate of the financial indicator under that performance framework. In accordance with Article 3(2) of Commission Delegated Regulation (EU) No 480/2014, the flat rate correction is to be applied to the contribution from the Fund based on the expenditure declared by the Member State under the priority concerned. As follows from Article 3(4) of Commission Delegated Regulation (EU) No 480/2014, the level of financial correction resulting from the application of the flat rate must not be disproportionate.

In accordance with Article 92b(13)(c) of the CPR ⁽⁵⁰⁾, the requirements on the performance reserve and the application of the performance framework do not apply to the REACT-EU resources.

6. PHASING OF CERTAIN OPERATIONS OVER TWO PROGRAMMING PERIODS

This section is based on: (i) Article 118 of Regulation (EU) 2021/1060 of the European Parliament and of the Council ⁽⁵¹⁾ which provides conditions for the 'selection of an operation consisting of the second phase of an operation selected for support and started under Regulation (EU) No 1303/2013'; and (ii) Article 118a of Regulation (EU) 2021/1060 which provides conditions for 'operations subject to phased implementation that were selected for support before 29 June 2022 under Regulation (EU) No 1303/2013' and the Fund-specific Regulations ⁽⁵²⁾ ⁽⁵³⁾.

Operations should be physically completed or fully implemented and contributing to the objectives of the relevant priorities at the time of submission of the closure documents. However, it is sometimes difficult to align the implementation of operations with the programming period. Because of this, and in order to ensure that operations are completed and contribute to the policy goals, in accordance with Article 118 of Regulation (EU) 2021/1060, phasing operations into the 2021-2027 programming period is possible (with the exception of financial instruments) if all the following conditions are met:

- the operation was not co-financed by the Funds or the EMFF under the 2007-2013 programming period;
- the total cost of both phases of the operation exceeds EUR 5 million;
- the operation has two identifiable phases from a financial point of view;
- there is a detailed and complete audit trail for the expenditure to ensure that the same expenditure is not declared twice to the Commission;
- the second phase of the operation is eligible for co-financing from the ERDF, the ESF+, the Cohesion Fund or the EMFAF ⁽⁵⁴⁾ under the 2021-2027 programming period and is compliant with all applicable rules of the 2021-2027 programming period;

⁽⁴⁹⁾ Commission Delegated Regulation (EU) No 480/2014 of 3 March 2014 supplementing Regulation (EU) No 1303/2013 of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund (OJ L 138, 13.5.2014, p. 5). Articles 2 and 3 of Regulation (EU) 480/2014 apply to IPA II by virtue of Article 34(1) of the IPA II Implementing Regulation and point (b)(v) of first subparagraph of Article 8(2) of the ETC Regulation.

⁽⁵⁰⁾ As amended by the REACT-EU Regulation.

⁽⁵¹⁾ Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy (OJ L 231, 30.6.2021, p. 159), as amended by the FAST CARE Regulation.

⁽⁵²⁾ Regulations referred to in footnotes 2 to 6.

⁽⁵³⁾ Not applicable to cross-border cooperation programmes under IPA II.

⁽⁵⁴⁾ Under the 2021-2027 programming period, the title of the European Maritime and Fisheries Fund (EMFF) is changed to the European Maritime, Fisheries and Aquaculture Fund (EMFAF).

- the Member State undertakes, in the final implementation report submitted in accordance with Article 141 of the CPR, or in the context of the EMFF in the last annual implementation report, to complete the second and final phase during the 2021-2027 programming period.

Similarly, notwithstanding Article 118 of Regulation (EU) 2021/1060, operations that were selected for support and started before 29 June 2022 under the CPR and the Fund-specific regulations ⁽⁵⁵⁾ are deemed eligible for support also under Regulation (EU) 2021/1060 and the corresponding Fund-specific regulations in the 2021-2027 programming period ⁽⁵⁶⁾ in accordance with Article 118a of Regulation (EU) 2021/1060 ⁽⁵⁷⁾. Therefore, both phases of these phased projects are subject to all the eligibility conditions of the 2014-2020 programming period. The 2021-2027 rules on the thematic concentration of funds remain unchanged.

By way of derogation from Articles 73(1) and 73(2) of Regulation (EU) 2021/1060, the managing authority ⁽⁵⁸⁾ may decide to grant support to such operations under Regulation (EU) 2021/1060 provided the following conditions are met ⁽⁵⁹⁾:

- the total cost of both phases of the operation exceeds EUR 1 million;
- the operation has two phases identifiable from a financial point of view;
- there is a detailed and complete audit trail for the expenditure to ensure that the same expenditure is not declared twice to the Commission;
- the operation falls within actions programmed under a relevant specific objective and is attributed to a type of intervention in accordance with Annex I to Regulation (EU) 2021/1060 ⁽⁶⁰⁾;
- the Member State undertakes, in the final implementation report submitted in accordance with Article 141 of the CPR, or in the context of the EMFF in the last annual implementation report, to complete the second and final phase during the 2021-2027 programming period.

Member States should submit, with the final implementation report (or, for the EMFF, with the last annual implementation report), a list of all phased operations (in accordance with Article 118 and/or Article 118a of Regulation (EU) 2021/1060), using the template provided in Annex I to these guidelines.

In doing so, Member States undertake that the operations listed in Annex I to these guidelines will be functioning, i.e., physically completed or fully implemented and contributing to the objectives of the relevant priorities by the deadline to submit the assurance package for the final accounting year of the 2021-2027 programming period. An operation phased in this way is considered as a whole and regarded as completed only once both phases have been physically completed or fully implemented and have contributed to the objectives of the relevant priorities. Failure to complete a phased operation as planned may give rise to financial corrections for both phases of the operation.

In order to formally request the phasing of a major project, Member States should submit or notify either: (i) a major project which plans for phasing over two programming periods; or (ii) a request for amendment of a major project already approved in 2014-2020 (see Section 3.2 of these guidelines).

⁽⁵⁵⁾ Regulation (EU) No 1301/2013 of the European Parliament and of the Council, Regulation (EU) No 1304/2013 of the European Parliament and of the Council, Regulation (EU) No 1300/2013 of the European Parliament and of the Council, Regulation (EU) No 1299/2013 of the European Parliament and of the Council and Regulation (EU) No 2014/508 of the European Parliament and of the Council.

⁽⁵⁶⁾ Article 118a of Regulation (EU) 2021/1060, introduced by the FAST CARE Regulation.

⁽⁵⁷⁾ As amended by the FAST CARE Regulation.

⁽⁵⁸⁾ The monitoring committee in the case of ETC and IPA II.

⁽⁵⁹⁾ In other words, for the operations that have been selected under the rules of the 2014-2020 programming period and are to be phased pursuant to Article 118a of Regulation (EU) 2021/1060, the managing authority does not need to set selection criteria and apply selection procedures according to Articles 73(1) and 73(2) of Regulation (EU) 2021/1060 and should make a formal selection based only on the conditions set out in Article 118a of the said Regulation.

⁽⁶⁰⁾ As amended by the FAST CARE Regulation.

In accordance with Section 11.2 of these guidelines, the list of phased operations submitted with the final implementation report (or, for the EMFF, the last annual implementation report) using the template in Annex I of these guidelines may not be modified after the deadline for the submission of the closure documents, except when the Commission requests a modification or if there have been clerical mistakes.

7. NON-FUNCTIONING OPERATIONS

As stated above, at the time of submission of the closure documents, Member States must ensure that all operations (including the operations phased from the 2007-2013 programming period) in the programme are functioning, i.e., that they have been physically completed or fully implemented and have contributed to the objectives of the relevant priorities ⁽⁶¹⁾.

Member States are invited to exclude from the accounts for the final accounting year expenditure incurred and paid for operations that are not physically completed or fully implemented and/or that do not contribute to the objectives of the relevant priorities ('non-functioning operations'). However, Member States may decide to include in the accounts for the final accounting year such expenditure provided that:

- the total cost of each non-functioning operation exceeds EUR 1 million; and
- the total expenditure declared to the Commission for the non-functioning operations does not exceed 20 % of the eligible total expenditure (EU and national) decided for the programme.

By including expenditure for non-functioning operations in the accounts for the final accounting year, Member States undertake to: (i) physically complete or fully implement all such non-functioning operations and ensure they contribute to the objectives of the relevant priorities not later than 15 February 2027; and (ii) to reimburse the amounts concerned to the EU budget if such operations are non-functioning by this date.

Member States should submit, with the final implementation report (or, for the EMFF, the last annual implementation report), a list of the non-functioning operations included in the programme, using the template provided in Annex II to these guidelines. Member States should monitor the non-functioning operations and, by 15 February 2027, they should provide the Commission with the necessary information on: (i) their physical completion or full implementation; and (ii) their contribution to the objectives of the relevant priorities.

If the operations are non-functioning by 15 February 2027, Member States, taking into account the status of completion and implementation as well as the achievement of the overall objectives of the operations, should provide the Commission with the amounts to be corrected and justification as to how the amounts were calculated. Upon receipt of this information, the Commission will proceed with the recovery of the amounts concerned. Any irregular amounts may be replaced using overbooked expenditure (if available).

If the Commission disagrees with the calculation of the amounts to be corrected, it may decide to initiate a financial correction procedure.

In addition, the lack of physical completion or full implementation of the operations and/or their lack of contribution to the objectives of the relevant priorities by the above deadline may give rise to a financial correction for a serious failure to achieve the targets selected for the performance framework ⁽⁶²⁾.

8. OPERATIONS AFFECTED BY ONGOING NATIONAL INVESTIGATIONS OR SUSPENDED BY A LEGAL PROCEEDING OR BY AN ADMINISTRATIVE APPEAL HAVING SUSPENSORY EFFECT

Before submitting the closure documents, Member States should decide whether or not to exclude from the accounts for the final accounting year all or part of the expenditure for any operation affected by ongoing national investigations or suspended by a legal proceeding or by an administrative appeal having suspensory effect.

⁽⁶¹⁾ An operation that fulfilled the requirement of Article 71 of the CPR but is no longer functioning at the time of the closure of the programme should not be considered as a non-functioning operation.

⁽⁶²⁾ Article 22(7) of the CPR.

Examples of ongoing national investigations include investigations carried out by national bodies which are different from the programme authorities (such as police investigations, or judicial or criminal investigations) the outcome of which may affect the expenditure's legality and regularity.

The suspension of an operation by a legal proceeding or by an administrative appeal does not extend the final date for incurring eligible expenditure set out in Article 65(2) of the CPR ⁽⁶³⁾.

No expenditure may be declared for operations suspended by a legal proceeding or by an administrative appeal having suspensory effect after the submission of the final application for an interim payment for the final accounting year.

If operations affected by ongoing national investigations or suspended by a legal proceeding or by an administrative appeal having suspensory effect are not excluded from the accounts for the final accounting year, Member States should submit, with the final implementation report, a list of such operations using the template provided in Annex III to these guidelines.

Member States must inform ⁽⁶⁴⁾ the Commission about the outcome of national investigations, legal proceedings and administrative appeals. Where irregularities are established, the Commission will proceed with recovery of the amounts concerned. Any irregular amounts may be replaced using overbooked expenditure (if available).

9. EXPENDITURE AFFECTED BY ONGOING OLAF INVESTIGATIONS, OLAF REPORTS OR AUDITS OF THE COMMISSION OR THE EUROPEAN COURT OF AUDITORS

Before submitting the closure documents, Member States are invited to exclude from the accounts for the final accounting year expenditure affected by potential irregularities identified in ongoing OLAF investigations (if such investigations and the concerned affected expenditure are known to the Member States at that stage), OLAF reports or the Commission's or the European Court of Auditors' audits. If the Member State contests such findings or the concerned affected expenditure amounts and includes the affected expenditure in the accounts, the Commission will continue the contradictory procedure, which may lead to a financial correction. Without prejudice to Article 145(7) of the CPR ⁽⁶⁵⁾, any irregular amounts may be replaced using overbooked expenditure (if available).

10. IRREGULARITIES

The accounts for any accounting year, including the final one, must include at the level of each priority and, where applicable, at the level of Fund and category of region:

- the amounts withdrawn and recovered during the accounting year;
- the amounts to be recovered at the end of the accounting year;
- the recoveries effected in accordance with Article 71 of the CPR; and
- the irrecoverable amounts ⁽⁶⁶⁾.

The format for reporting withdrawals and recoveries, amounts to be recovered, recoveries effected in accordance with Article 71 of the CPR and irrecoverable amounts are set out in the model for the accounts laid down in Annex VII to Commission Implementing Regulation (EU) No 1011/2014 (Appendices 2, 3, 4 and 5 respectively) ⁽⁶⁷⁾.

⁽⁶³⁾ Article 43(1) of the IPA II Implementing Regulation sets a final date for the eligibility of expenditure paid for IPA II cross-border cooperation programmes at 31 December 2023.

⁽⁶⁴⁾ Without prejudice to the irregularity reporting obligations in accordance with Commission Delegated Regulation (EU) 2015/1970 of 8 July 2015 supplementing Regulation (EU) No 1303/2013 of the European Parliament and of the Council with specific provisions on the reporting of irregularities concerning the European Regional Development Fund, the European Social Fund, the Cohesion Fund, and the European Maritime and Fisheries Fund (OJ L 293, 10.11.2015, p. 1). Regulation (EU) 2015/1970, based on Article 122(2) of the CPR, applies to IPA II by virtue of Article 46(6) of the IPA II Implementing Regulation.

⁽⁶⁵⁾ Applies to IPA II by virtue of Article 46(6) of the IPA II Implementing Regulation.

⁽⁶⁶⁾ Article 137(1)(b) of the CPR.

⁽⁶⁷⁾ Annex VII, based on Article 137(3) of the CPR, applies to IPA II by virtue of Article 46(5) of the IPA II Implementing Regulation.

10.1. Treatment of irregularities in the final accounting year

Given that after the final application for an interim payment to be submitted by 31 July 2025 ⁽⁶⁸⁾, no subsequent payment application can be submitted to the Commission, any necessary deductions (notwithstanding the fact that they may refer to expenditure declared in previous accounting years) must be carried out in the accounts for the final accounting year and reported according to the model for the accounts, in particular Appendices 1, 2 and 8 thereto.

This does not concern amounts to be recovered, irrecoverable amounts or amounts referred to in Sections 8 and 9 of these guidelines for which the Member State decided to maintain the affected expenditure in the accounts.

If, pursuant to Article 137(2) of the CPR ⁽⁶⁹⁾, the Member State decides to exclude expenditure from the accounts for the final accounting year due to an ongoing assessment of that expenditure's legality and regularity, if such expenditure is subsequently found to be legal and regular, it cannot be re-declared because there will be no subsequent applications for interim payment in which to include it.

10.2. Amounts to be recovered and irrecoverable amounts

In the accounts for the final accounting year, Member States may report amounts to be recovered and irrecoverable amounts relating to expenditure declared not only in the previous accounting years, but also in the final accounting year ⁽⁷⁰⁾. Member States may also report in the accounts for the final accounting year amounts that have become amounts to be recovered or irrecoverable amounts after the end of the final accounting year but before submission of the closure documents.

The Commission will exclude the amounts reported as to be recovered and irrecoverable from the calculation of the final balance ⁽⁷¹⁾.

The Commission will decide whether to reimburse the reported amounts from the budget of the EU, based on the outcome of the recovery process and/or of the Commission's assessment in relation to irrecoverable amounts, in accordance with the procedure laid down in Commission Delegated Regulation (EU) 2016/568 ⁽⁷²⁾. Amounts in Appendices 3 and 5 of the accounts related to expenditure declared in the final accounting year should also be included in Appendix 1 of the accounts to allow for their possible future reimbursement by the budget of the EU, pending the outcome of such procedures or assessments.

The Member State should inform the Commission at the earliest convenience on the outcome of the pending recovery process.

If a Member State concludes that irrecoverable amounts should be charged to the budget of the EU, it should submit a request to the Commission to confirm such a conclusion following the form set out in the Annex to Commission Delegated Regulation (EU) 2016/568. The Commission will determine whether the irrecoverable amounts should be charged to the budget of the EU in accordance with the rules laid down in Article 3 of Commission Delegated Regulation (EU) 2016/568. This concerns irrecoverable amounts included in Appendix 5 ('irrecoverable amounts') of the programme accounts set out in Annex VII to Commission Implementing Regulation (EU) No 1011/2014 and also amounts included in Appendix 3 ('amounts to be recovered') of the same Annex as amounts to be recovered which may become irrecoverable amounts after the accounts for the final accounting year have been submitted.

⁽⁶⁸⁾ Article 135(6) of the CPR, as amended by the STEP Regulation.

⁽⁶⁹⁾ Applies to IPA II by virtue of Article 46(5) of the IPA II Implementing Regulation.

⁽⁷⁰⁾ In order to allow Member States to avail of the possibility under the CPR to declare amounts to be recovered as irrecoverable at closure or after closure for the amounts to be recovered relating to the final accounting year of the programming period.

⁽⁷¹⁾ This will result in a lower amount to be paid or cleared in cases of positive final balance or a higher amount to be recovered in cases for which the final balance is a recovery.

⁽⁷²⁾ Commission Delegated Regulation (EU) 2016/568 of 29 January 2016 supplementing Regulation (EU) No 1303/2013 of the European Parliament and of the Council with regard to the conditions and procedures to determine whether amounts which are irrecoverable shall be reimbursed by Member States concerning the European Regional Development Fund, the European Social Fund, the Cohesion Fund, and the European Maritime and Fisheries Fund (OJ L 97, 13.4.2016, p. 1). Regulation (EU) 2016/568, based on Article 122(2) of the CPR, applies to IPA II by virtue of Article 46(6) of the IPA II Implementing Regulation.

10.3. Risk of irregularities leading to additional verifications by the programme authorities of expenditure already declared to the Commission

If a risk of irregularities has been detected which leads to additional verifications by programme authorities of expenditure already declared to the Commission, national authorities must comply with the following deadlines:

- for expenditure deducted from the accounts of an accounting year preceding the final accounting year in accordance with Article 137(2) of the CPR, the additional verifications must be finalised in time to enable the declaration of the expenditure at the latest in the final application for an interim payment for the final accounting year, for which the deadline for submission is 31 July 2025 ⁽⁷³⁾;
- if there is a risk of irregularities leading to additional verifications of expenditure declared in the final accounting year, the decision about its legality and regularity and therefore the decision whether to keep this expenditure in or deduct it from the accounts for the final accounting year, should be taken at the moment of the submission of the accounts, for which the deadline for submission is 15 February 2026 ⁽⁷⁴⁾.

10.4. Amounts recovered after closure

If the Member State established irregularities after closure in relation to the expenditure included in the accounts, the amounts recovered after closure must be repaid to the budget of the Union. Any irregular amounts may be replaced using overbooked expenditure (if available).

11. SUBMISSION OF CLOSURE DOCUMENTS

11.1. Deadline for submission of closure documents

The closure documents must be submitted by 15 February 2026 ⁽⁷⁵⁾ (except for the last annual implementation report of the EMFF which must be submitted by 31 May 2024 ⁽⁷⁶⁾). Member States are encouraged to submit the closure documents as soon as they have carried out the necessary activities.

Member States have the possibility to submit the closure documents by 15 February 2025 (or 1 March 2025 if extended by the Commission), in accordance with the first subparagraph of Article 138 of the CPR. Member States opting to submit the closure documents by 15 February 2026, in accordance with the second subparagraph of Article 138 of the CPR, do not need to submit the assurance packages in 2025 (i.e., the assurance package for the final accounting year is to be submitted once) ⁽⁷⁷⁾. However, for audit work multi-sampling is advisable for cases where the final application for an interim payment for the final accounting year is submitted only by 31 July 2025.

The Commission will automatically decommit the part of the commitments still open on 31 December 2023 if any of the closure documents has not been submitted to the Commission by 15 February 2026 ⁽⁷⁸⁾. In such cases, closure of the programme will be carried out on the basis of the available information.

Failure to submit any of the closure documents may be an indication of a serious deficiency in the management and control system of the programme, which puts at risk the EU contribution already paid to the programme. The Commission may decide to impose a financial correction in such cases.

⁽⁷³⁾ Article 135(6) of the CPR, as amended by the STEP Regulation.

⁽⁷⁴⁾ Article 138 of the CPR, as amended by the STEP Regulation.

⁽⁷⁵⁾ Article 138 of the CPR, as amended by the STEP Regulation, and Article 141(1) of the CPR and Article 63(5) of the Financial Regulation. The CPR provisions apply to IPA II by virtue of Article 46(5) of the IPA II Implementing Regulation.

⁽⁷⁶⁾ Article 114(1) of Regulation (EU) No 508/2014 of the European Parliament and of the Council of 15 May 2014 on the European Maritime and Fisheries Fund and repealing Council Regulations (EC) No 2328/2003, (EC) No 861/2006, (EC) No 1198/2006 and (EC) No 791/2007 and Regulation (EU) No 1255/2011 of the European Parliament and of the Council (OJ L 149, 20.5.2014, p. 1). However, later updates at the closure stage may be provided.

⁽⁷⁷⁾ The STEP Regulation set 15 February 2026 as the deadline for the submission of the closure documents; it did not change the final accounting year.

⁽⁷⁸⁾ Article 136(2) of the CPR; applies to IPA II by virtue of Article 46(4) of the IPA II Implementing Regulation.

11.2. Modification of the closure documents after the deadline for their submission

Member States may not modify any of the closure documents after the deadline for their submission, except when the Commission requests a modification or if there has been a clerical mistake.

11.3. Availability of documents

In accordance with Article 140(1) of the CPR ⁽⁷⁹⁾, the retention period for the availability of documents could be interrupted either in the case of legal proceedings or by a duly justified request of the Commission.

If the Member State opted to phase an operation over two programming periods (as per Section 6 of these guidelines), the Commission will make a request for an interruption of the retention period for the first phase of the operation until the retention period starts for the second phase of the operation in accordance with the fourth subparagraph of Article 140(1) of the CPR.

If the Member State opted to use the additional time granted by the Commission to physically complete or fully implement the non-functioning operation and to ensure it contributes to the objectives of the relevant priorities (as per Section 7 of these guidelines), the Commission will make a request, in accordance with the fourth subparagraph of Article 140(1), for an interruption of the retention period for such operation until it is notified to the Commission as functioning, i.e., physically completed or fully implemented and having contributed to the objectives of the relevant priorities.

The interruption is justified by the fact that the overall eligibility and functioning of the whole operation (both phases) can only be verified or audited by the Commission or the European Court of Auditors upon its completion.

12. CONTENT OF CLOSURE DOCUMENTS

12.1. Final implementation report

The final implementation report of the programmes supported by the ERDF, ESF and Cohesion Fund must include the information described in Articles 50(2) and 50(5) (for the Investment for growth and jobs goal, for the European territorial cooperation goal and for the IPA II programmes) ⁽⁸⁰⁾ and Article 111(3) of the CPR (for the Investment for growth and jobs goal) ⁽⁸¹⁾.

The structure of the final implementation report is set out in Annex V (Investment for growth and jobs goal) and Annex X (European territorial cooperation goal) to Commission Implementing Regulation (EU) 2015/207 ⁽⁸²⁾.

In accordance with the third subparagraph of Article 92b(7) of the CPR ⁽⁸³⁾, Member States are required to report in the final implementation report on: (i) the use made of the additional initial pre-financing from the REACT-EU resources to address the migratory challenges faced as a result of the military aggression by the Russian Federation; and (ii) the contribution of that additional initial pre-financing to the recovery of the economy.

Member States must also report in the final implementation report on the fulfilment of the condition set out in the fourth subparagraph of Article 98(4) of the CPR ⁽⁸⁴⁾. This condition requires that where a programme has a dedicated priority axis to finance operations addressing the migratory challenges as a result of the military aggression by the Russian Federation by making use of the flexibility provided by the first and second subparagraphs of Article 98(4) CPR, at least 30 % of the financial allocation of that priority axis is to be attributed to operations which have beneficiaries that are local authorities and civil society organisations operating in local communities. Where this condition is not fulfilled, reimbursement by the Commission under the priority axis concerned is to be reduced proportionately to ensure that this condition is met when calculating the final balance to be paid to the programme.

⁽⁷⁹⁾ Applies to IPA II by virtue of Article 46(5) of the IPA II Implementing Regulation.

⁽⁸⁰⁾ Applies to IPA II by virtue of Article 42 of the IPA II Implementing Regulation.

⁽⁸¹⁾ Article 14 ETC, also applies to IPA II by virtue of Article 42(1) of the IPA II Implementing Regulation.

⁽⁸²⁾ Applies to IPA II by virtue of Article 42(1) of the IPA II Implementing Regulation.

⁽⁸³⁾ As amended by Regulation (EU) 2022/613 of the European Parliament and of the Council of 12 April 2022 amending Regulations (EU) No 1303/2013 and (EU) No 223/2014 as regards increased pre-financing from REACT-EU resources and the establishment of a unit cost (OJ L 115, 13.4.2022, p. 38).

⁽⁸⁴⁾ As amended by the FAST CARE Regulation. Article 98 of the CPR only applies to the Investment for growth and jobs goal.

The final implementation report should also include:

- a list of all phased operations with the amount of the eligible expenditure for the first phase declared to the Commission in the 2014-2020 programming period in accordance with Section 6 of these guidelines (the list should follow the template in Annex I to these guidelines);
- a list of all non-functioning operations in accordance with Section 7 of these guidelines (the list should follow the template in Annex II to these guidelines);
- a list of all operations affected by ongoing national investigations or suspended by a legal proceeding or by an administrative appeal having suspensory effect in accordance with Section 8 of these guidelines (the list should follow the template in Annex III to these guidelines).

For the programmes supported by the EMFF a final implementation report is not required. Instead, the last annual implementation report (which should include the tables in Annex I, II and III to these guidelines, where applicable) must be submitted, and it must include the information described in Article 50(2) of the CPR and Article 114 of the Regulation (EU) No 508/2014. The structure of such annual implementation report is set out in Annex to Commission Implementing Regulation (EU) No 1362/2014.

12.1.1. *Reporting on major projects* ⁽⁸⁵⁾

By including a major project in the final implementation report (Table 12 of Annex V to the Implementing Commission Regulation (EU) 2015/207), the Member State confirms that the major project is physically completed or fully implemented and contributes to the objectives of the relevant priorities. Major projects that are non-functioning, or which are phased, should be reported in accordance with Sections 6 and 7 of these guidelines.

In the column 'Observations' in Table 12, Member States should indicate whether the major project has been implemented according to the documentation submitted or notified to the Commission under Article 102 or 103 of the CPR which formed the basis for the Commission decision approving the financial contribution to the project, in the form of the decision or tacit agreement. Member States should describe and explain any divergence in the implementation of the major project compared to what was stated in the above-mentioned documentation.

The Commission will assess compliance of the implemented major project with the documentation submitted or notified (and the Commission decision approving the financial contribution where relevant). In doing so, the Commission will take into account the reasons for - and consequences of - any non-compliance of the implemented major project with the documentation supporting the Commission's approval and may impose a financial correction.

12.1.2. *Acceptance and deadlines*

The Commission will examine the final implementation report and inform the Member State of its observations within 5 months of the date of its receipt ⁽⁸⁶⁾. Where the Commission does not provide observations within this deadline, the report will be deemed to be accepted.

Member States will be given 2 months to respond to the Commission's observations on a final implementation report. The Commission may extend this deadline by a further 2 months upon request by a Member State. The final implementation report will be accepted if the Commission has no observations or if all the Commission's observations have been adequately addressed.

⁽⁸⁵⁾ Major projects are not relevant to the programmes supported by the EMFF. The ETC and IPA II programmes have not supported major projects.

⁽⁸⁶⁾ Article 50(7) of the CPR; applies to IPA II by virtue of Article 42(1) of the IPA II Implementing Regulation, referring in turn to Article 50 of the CPR.

12.2. Accounts

The accounts for the final accounting year, as for any other accounting year, must include the information described in Article 137(1) of the CPR. The structure of the accounts is set out in Annex VII to Commission Implementing Regulation (EU) No 1011/2014. They need to be prepared taking into consideration the specific requirements for the final accounting year (see in particular Section 10 above).

12.2.1. Examination and acceptance

The examination and acceptance of the accounts for the final accounting year follows the same rules as those laid down for the examination and acceptance of accounts for any other accounting year.

The Commission will apply procedures for the examination and acceptance of the accounts for the final accounting year and inform the Member State by 31 May 2026 as to whether it accepts that the accounts are complete, accurate and true ⁽⁸⁷⁾.

Should a Member State wish to submit the accounts for the final accounting year by 15 February 2025 (or 1 March 2025 if extended by the Commission), in accordance with the first subparagraph of Article 138 of the CPR, the Commission will apply procedures for the examination and acceptance of those accounts and inform the Member State by 31 May 2025.

12.3. Management declaration and annual summary

The structure of the management declaration for the final accounting year, which is the same as the structure of the management declaration for any other accounting year, is set out in Annex VI to Commission Implementing Regulation (EU) 2015/207 ⁽⁸⁸⁾.

12.4. Audit opinion and control report

The structure of the audit opinion for the final accounting year, which is the same as the structure for the audit opinion for any other accounting year, is set out in Annex VIII to Commission Implementing Regulation (EU) 2015/207 ⁽⁸⁹⁾.

The structure of the control report for the final accounting year, which is the same as the structure of the control report for any other accounting year, is set out in Annex IX to the Commission Implementing Regulation (EU) 2015/207 ⁽⁹⁰⁾.

Where a common management and control system applies to more than one programme, the Member State can opt to provide the required information in a single control report covering all the programmes concerned.

The control report for the final accounting year should also include:

- information on open findings stemming from the audits carried out by the Commission services or the European Court of Auditors, which should be provided in Section 8 ‘Other information’ of the control report;
- assurance on the legality and regularity of expenditure under financial instruments (Articles 41 and 42 of the CPR);
- assurance on the reliability of the data relating to indicators;
- assurance that the amount of public expenditure paid to beneficiaries is at least equal to the contribution from the Funds and the EMFF paid by the Commission to the Member State (Article 129 of the CPR ⁽⁹¹⁾).

⁽⁸⁷⁾ Article 139 of the CPR; applies to IPA II by virtue of Article 46(5) of the IPA II Implementing Regulation.

⁽⁸⁸⁾ Annex VI, based on Article 125(4) of the CPR, applies to IPA II by virtue of Article 37(1) of the IPA II Implementing Regulation.

⁽⁸⁹⁾ Annex VIII, based on Article 127(5) of the CPR, applies to IPA II by virtue of Article 37(3) of the IPA II Implementing Regulation.

⁽⁹⁰⁾ Annex IX, based on Article 127(5) of the CPR, applies to IPA II by virtue of Article 37(3) of the IPA II Implementing Regulation.

⁽⁹¹⁾ Applies to IPA II by virtue of Article 46(2) of the IPA II Implementing Regulation.

12.4.1. *Financial instruments* ⁽⁹²⁾

For financial instruments, programme audit authorities should obtain assurance that the final amounts declared at closure are eligible. This information should be provided in Section 9 ('Overall level of assurance') of the control report and, if relevant, in other sections of the report (in particular, Section 4 'System audits' and Section 5 'Audits of operations').

For financial instruments subject to phased applications for interim payments (advance payments tranches) ⁽⁹³⁾, the eligibility of expenditure related to the last tranche, as well as up to 15 % of the amounts included in previous tranches, might not be covered by previous audits of operations. Programme audit authorities should obtain assurance as to the legality and regularity of this expenditure before submission of the accounts for the final accounting year. However, it is not necessary for the final recipient to have completed the implementation of an investment supported by the financial instrument by the submission of the closure documents. Programme audit authorities should report on how they have obtained this assurance and confirm to the Commission the eligibility of the total expenditure of the financial instruments in accordance with Article 42 of the CPR in the control report for the final accounting year.

For financial instruments at closure, it is recommended that the programme audit authority covers the remaining population of eligible expenditure not covered previously during audits of operations, where applicable through sampling methods (random selection). In case of a large number of financial instruments implemented under the programme, it is not necessary for all financial instruments to be audited at closure, but no financial instrument should be excluded from random selection (please note that a part of financial instruments could be selected based on risk assessment). Furthermore, programme audit authorities may decide to group the selected financial instruments for the purpose of their audits, given that the results obtained will be applicable to all the financial instruments within the group.

For selected financial instruments, programme audit authorities should carry out an audit of a statistical sample of investments and management costs and fees and may treat such expenditure as an additional sampling period in order to use the results of audits carried out previously ⁽⁹⁴⁾.

12.4.2. *Reliability of data*

Programme audit authorities should conclude on the reliability of data relating to indicators in the control report of the final accounting year, including a conclusion on the assessment on key requirement 6 ('Reliable system for collecting, recording and storing data for monitoring, evaluation, financial management, verification and audit purposes, including links with electronic data exchange systems with beneficiaries') set out in Table 1 of Annex IV to Commission Delegated Regulation (EU) No 480/2014 ⁽⁹⁵⁾. This assessment of key requirement 6 should include confirmation that the aggregated data reported to the Commission is correct.

12.4.3. *Public expenditure paid to beneficiaries*

The certifying authority should ensure that, in its calculations for the accounts for the final accounting year, Article 129 of the CPR is complied with. The national audit authority should include this aspect in its audit of the accounts for the final accounting year and report on the assurance obtained in Chapter 6 of the final control report.

⁽⁹²⁾ Not relevant for ETC programmes and not applicable to cross-border cooperation programmes under IPA II.

⁽⁹³⁾ Article 41 of the CPR.

⁽⁹⁴⁾ With regard to financial instruments set up under points (a) and (c) of Article 38(1) of the CPR and for financial instruments set up under point (b) of the same article implemented by the European Investment Bank (EIB) or other international financial institution, management costs and fees charged by the EIB/European Investment Fund (EIF) or by other international financial institution are audited by the external auditors of the EIB/EIF. Furthermore, any management costs and fees charged by the financial intermediaries selected at national level by the EIF for loans and equity instruments are checked by the external auditors of the EIB/EIF.

⁽⁹⁵⁾ Annex IX, based on Article 144(6) of the CPR, applies to IPA II by virtue of Article 46(6) of the IPA II Implementing Regulation.

13. PAYMENT OF THE FINAL BALANCE

The final balance will be paid no later than 3 months after the date of acceptance of the accounts for the final accounting year or 1 month after the date of acceptance of the final implementation report, whichever date is later ⁽⁹⁶⁾.

This is without prejudice to the Commission's power to interrupt the deadline for payment of the final balance or suspend such payment.

14. LEGALITY AND REGULARITY ISSUES

Issues related to the legality and regularity of the underlying transactions concerning expenditure in the accepted accounts can be raised by the Commission after payment of the final balance and closure of the programme.

The closure of the programme is without prejudice to the Commission's right to impose financial corrections in accordance with Articles 85, 144 and 145 of the CPR ⁽⁹⁷⁾, and additionally in the case of EMFF, Article 105 of Regulation (EU) No 508/2014.

⁽⁹⁶⁾ Article 141(2) of the CPR; applies to IPA II by virtue of Article 46(5) of the IPA II Implementing Regulation.

⁽⁹⁷⁾ The three provisions apply to IPA II by virtue of Article 46(6) of the IPA II Implementing Regulation.

LIST OF ALL OPERATIONS PHASED FROM 2014-2020 INTO 2021-2027

(to be attached to the final implementation report ⁽¹⁾)

PROGRAMME TITLE											
CCI NUMBER											
PRIORITY/ FUND/ CATEGORY OF REGION	OPERA- TION REFER- ENCE	OPERATION TITLE	DATE [AND NUMBER] OF TACIT AGREE- MENT/ APPROVAL BY COMMIS- SION (IF MAJOR PROJECT)	PHASED OPERA- TIONS UNDER ARTICLE 118	PHASED OPERATIONS UNDER ARTICLE 118 a	TOTAL COST OF THE OPERATION (in EUR)		TOTAL DECLARED EXPENDITURE FOR THE FIRST PHASE (in EUR)	PUBLIC CONTRIBU- TION FOR THE FIRST PHASE (in EUR)	PLANNED/ FINAL COMPLE- TION DATE OF THE SECOND PHASE (YEAR, QUARTER)	2021-2027 PROGRAMME UNDER WHICH THE OPERATION WILL BE/ WAS COMPLETED ⁽²⁾
						Total (for both phases, final or estimated)	For the second phase (final or estimated)				

⁽¹⁾ For the EMFF, to be attached to the last annual implementation report.
⁽²⁾ The name of the programme for the 2021-2027 programming period under which the second phase of the operation will be/was completed.

LIST OF NON-FUNCTIONING OPERATIONS

(to be attached to the final implementation report ⁽¹⁾)

PROGRAMME TITLE						
CCI NUMBER						
PRIORITY/FUND/ CATEGORY OF REGION	OPERATION REFERENCE	OPERATION TITLE	NAME OF THE BENEFICIARY/ RECIPIENT	TOTAL COST OF THE OPERATION (in EUR)	TOTAL DECLARED EXPENDITURE (in EUR)	PUBLIC CONTRIBUTION (in EUR)

⁽¹⁾ For the EMFF, to be attached to the last annual implementation report.

ANNEX III

LIST OF OPERATIONS AFFECTED BY ONGOING NATIONAL INVESTIGATIONS/ SUSPENDED BY A LEGAL PROCEEDING OR BY AN ADMINISTRATIVE APPEAL HAVING SUSPENSORY EFFECT

(to be attached to the final implementation report ⁽¹⁾)

PROGRAMME TITLE							
CCI NUMBER							
PRIORITY/FUND/ CATEGORY OF REGION	OPERATION REFERENCE	OPERATION TITLE	NAME OF THE BENEFICIARY/ RECIPIENT	TOTAL DECLARED EXPENDITURE AFFECTED (in EUR)	PUBLIC CONTRIBUTION AFFECTED (in EUR)	OPERATIONS AFFECTED BY ONGOING NATIONAL INVESTIGATIONS (*)	OPERATIONS SUSPENDED BY A LEGAL PROCEEDING OR BY AN ADMINISTRATIVE APPEAL HAVING SUSPENSORY EFFECT (*)
(*) Put an X in the appropriate column.							

⁽¹⁾ For the EMFF, to be attached to the last annual implementation report.

EXAMPLE OF THE APPLICATION OF THE FLEXIBILITY AND THE CAPPING OF PUBLIC EXPENDITURE

WITHIN THE CALCULATION OF THE FINAL BALANCE FOR A MONO-FUND PROGRAMME

Closure 2014 – 2020

EXAMPLE OF THE APPLICATION OF THE FLEXIBILITY/CAPPING AT CLOSURE FOR A MONO-FUND PROGRAMME

Financial Plan								Declaration of expenditure (all past accounting years)		Paid over all past accounting years	Declaration of expenditure (last accounting year)			Sum of Total Paid in past years and Calculated Fund Contribution last year	Calculation at the level of the priority axis (all years, including last)		Calculation at the level of the programme	
Priority	Eligible Total	EU (Fund Contribution)	National Counterpart	National Public	National Private (*)	Public /Total	Cofin Rate (**)	Total expenditure	Public Contribution		Total expenditure	Public Contribution	Calculated Fund Contribution (1)		Flexibility limit	Amount retained at priority level (2)	Capping to Amount retained at priority level and Fund Contribution (3)	Capping to Public Contribution (4)
	A = B + (z)	B	(z) = (u) + (y)	(u)	(y)	P / T	C=B/A	D1	E1	P	D	E	F=C*D or C*E	M=P+F	H=B+B*15%	J=min(M,H)	L=min(total J per category of region, total B per category of region)	K=min(total L at programme level, total (E+E1))
Priority1	95.000	61.000	14.000	14.000	0	P	65%	70.000	70.000	57.610	30.000	30.000	25.579	83.169	93.150	83.169		
Priority 2	60.000	45.000	15.000	15.000	0	P	75%	34.000	34.000	26.431	20.000	20.000	15.000	41.431	51.750	41.431		
Priority 3	61.000	52.000	9.000	9.000	0	P	85%	44.000	44.000	38.651	20.000	20.000	17.043	55.700	59.800	55.700		
Less develop	216.000	178.000	38.000	38.000	0			148.000	148.000	122.692	70.000	70.000	57.628	180.320	204.700	180.320	178.000	
Priority 4	800	600	200	150	50	T	75%	500	400	375	220	180	165	540	690	540		
Priority 5	7.000	6.000	1.000	800	200	T	86%	6.500	5.500	5.497	3.500	2.700	3.000	8.497	6.900	6.900		
Priority 6	27.000	20.000	7.000	5.000	2.000	T	74%	20.000	17.000	14.889	4.000	2.200	2.363	17.852	23.000	17.852		
Transition	34.800	26.600	8.200	5.950	2.250			27.000	22.900	20.761	7.720	5.080	6.128	26.889	30.590	25.292	25.292	
Programme	250.800	204.600	46.200	43.950	2.250			175.000	170.900		77.720	75.080			Final result at fund level		203.292	245.960
															Capping to Public at fund level			203.292

(*) To be completed only when priority axes are expressed in total costs

(**) Co-financing Rate of the last adopted decision or 100% co-financing rate, where relevant in accordance with Article 25a(1b) CPR

(1) The amount resulting from applying the co-financing rate, established under the latest financing plan in force, to the declared eligible expenditure

(2) Capping to the maximum amount of assistance from the Funds as laid down in the decision of the Commission approving the operational programme increased by 15%

(3) Capping to the maximum amount of assistance from each Fund to the operational programme as laid down in the decision of the Commission approving the operational programme

(4) Capping to the public contribution declared at fund level only