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**Regional
development &
cohesion &
cooperation**
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Sea Conference –
Fredrikstad (Norway)

*#CohesionPolicy
#EUinmyRegion*



Content

1. Legal architecture
2. Shorter modern menu of priorities
3. Main changes to ETC (Interreg)
4. Creating conditions for success
5. Faster and more strategic programming
6. More flexible policy
7. Faster and simpler delivery
8. Simpler management, control and audit
9. More results, less reports
10. Communicating cohesion policy
11. ECBM
12. Next steps



Key themes

Modern

- *[Focus on smart, low carbon]**
- *[Enabling conditions, link to European Semester]*
- **text between [] and in italics not applicable to ETC*

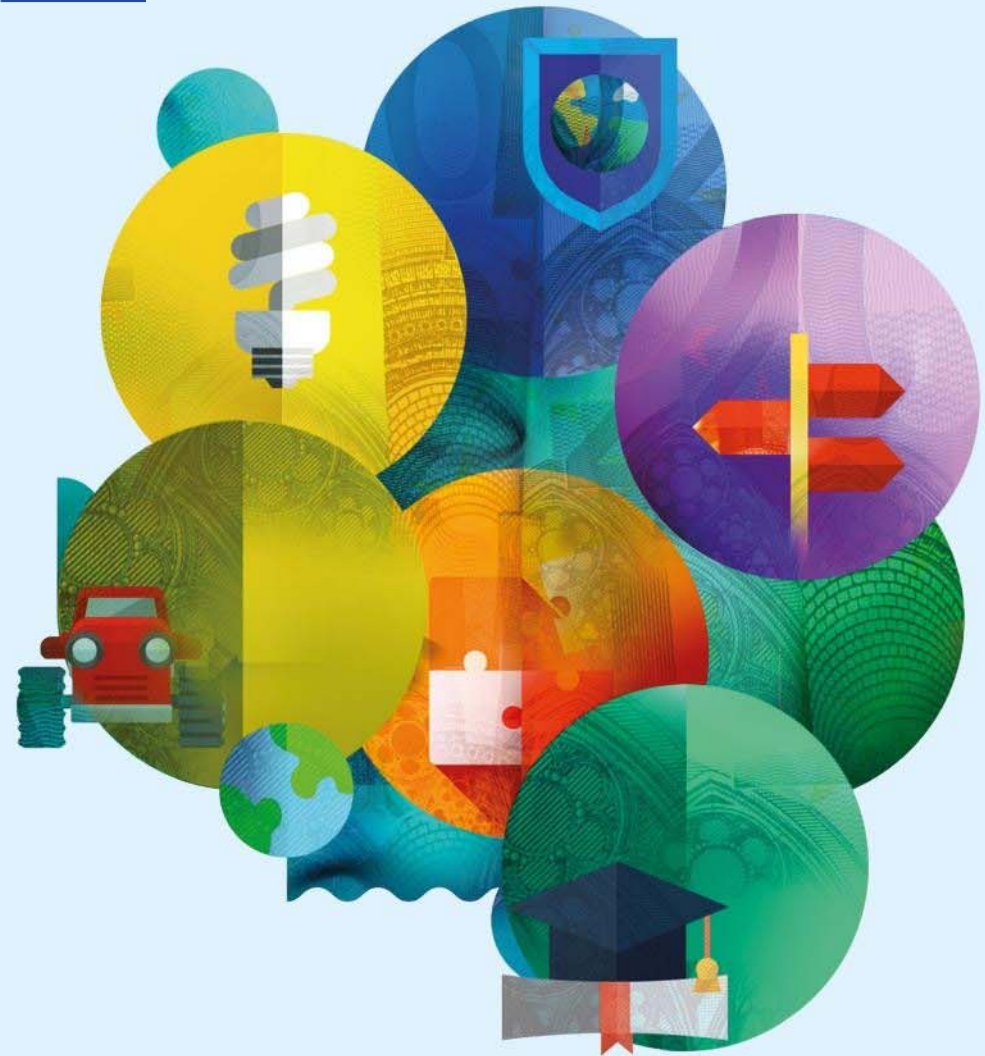
Simple & flexible

- 50% shorter regulations
- 50 key simplifications
- Adapts to emerging needs (migration, economy)

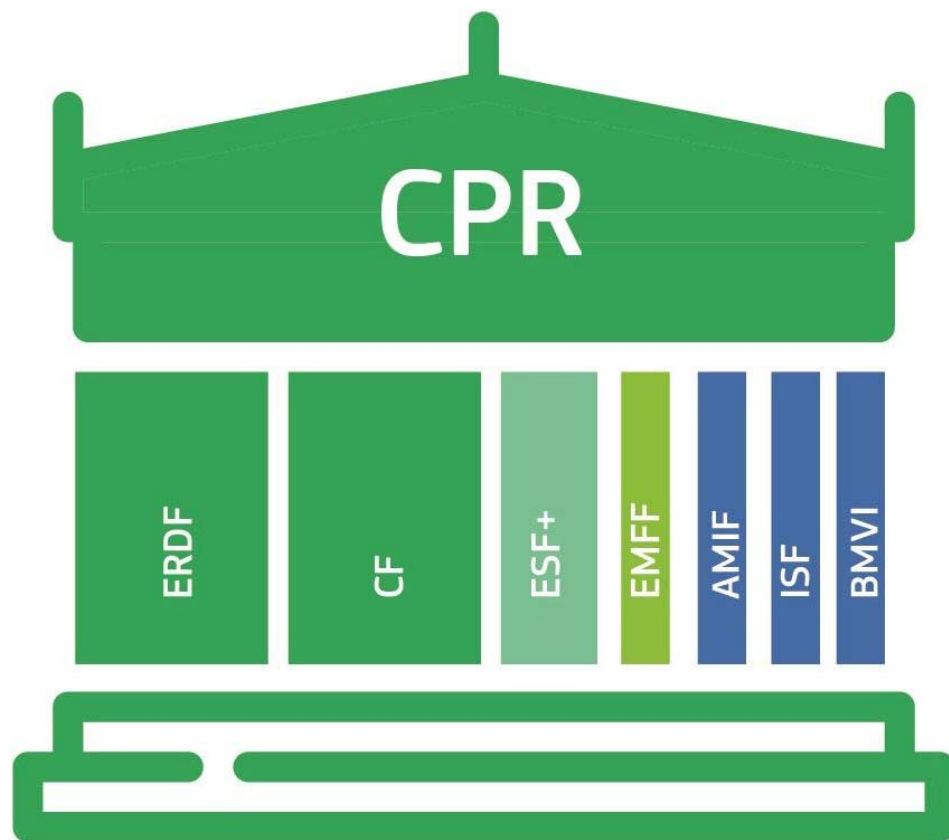
For all regions

- Objective method
- *[75% for poorest regions]*
- Present for emerging needs elsewhere

1. Legal architecture



7 funds, 1 Regulation



CPR covers delivery.
1 set of rules is:

- More coherent
- Simpler to learn
- Simpler to combine



5 key legal instruments

Common Provisions Regulation (CPR)

- Covers 7 funds, i.e. ERDF, CF, ESF+, EMFF, AMIF, ISF and BMVI
- Delivery elements are here

ERDF/CF Regulation

- Cohesion policy priorities are here (e.g. specific objectives and thematic concentration requirements)
- Scope

ESF+ Regulation

ETC Regulation

- Territorial co-operation including external assistance
- New interregional innovation investments

ECBM Regulation:

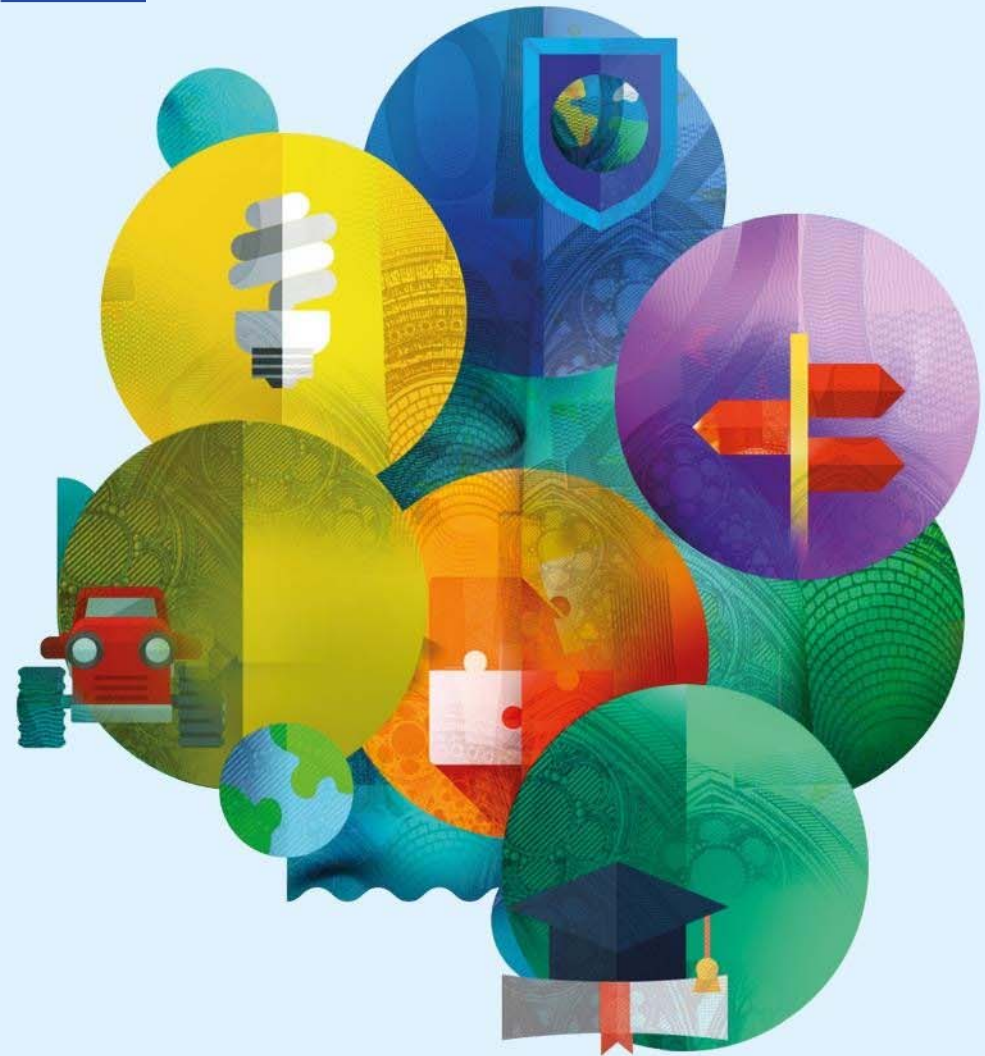
off-the-shelf legal instrument to simplify cross-border projects



Simpler

- The architecture itself – 7 Funds, 1 rulebook.
- Rulebook half as long
- Handbook of 50 key administrative simplifications
 - **Around half in programming => easier and faster to programme, more flexible for emerging needs**
 - **Biggest ticket item: moving away from the receipt and payslip trail ("simplified cost options") => 25% less admin. cost**
 - **No more specific rules for major projects or revenue generating investments**
 - **Proportionality in audit for low risk programmes**

2. Shorter modern menu of priorities





Global policy objectives

11 objectives are simplified and consolidated to 5:

1. A smarter Europe (innovative & smart economic transformation)
2. A greener, low-carbon Europe (including energy transition, the circular economy, climate adaptation and risk management)
3. A more connected Europe (mobility and ICT connectivity)
4. A more social Europe (the European Pillar of Social Rights)
5. A Europe closer to citizens (sustainable development of urban, rural and coastal areas and local initiatives)

Horizontal issues:

- administrative capacity building,
- cooperation outside the programme area [mainstream!]



5 + 2 Interreg-specific objectives

1. A smarter Europe (innovative & smart economic transformation)
 2. A greener, low-carbon Europe (including energy transition, the circular economy, climate adaptation and risk management)
 3. A more connected Europe (mobility and ICT connectivity)
 4. A more social Europe (the European Pillar of Social Rights)
 5. A Europe closer to citizens (sustainable development of urban, rural and coastal areas and local initiatives)
-
1. A better Interreg governance
 2. A safer and more secure Europe

5 Components of Interreg

- **Cross-border cooperation (component 1)**
internal: NO, CH, LIE, UK, AND, Monaco
external: IPA CBC, Neighbourhood CBC
NUTS 3
- **Transnational cooperation and maritime cooperation (component 2)**
2A Transnational cooperation
2B Maritime cooperation
NUTS 2, but additional NUTS 3 allocation for maritime CBC
+ third and partner countries + OCT Greenland
- **Outermost regions cooperation (component 3)**
(with cooperation outside EU: NDICI and OCTP)
- **Interregional cooperation (component 4)**
 - INTERACT (plus)
 - ESPON
- **Interregional innovation investments (component 5)**
direct management



Specific objectives under the 5 Policy objectives and 2 Interreg-specific objectives

1. PO 4 'A more social Europe'
ERDF scope enlarged to cover ESF-type actions
Derogation for PEACE PLUS
2. 'A better Interreg governance'
Comp 1 + 2B: ex TO 11
Comp 1, 2 and 3: instit capacity to support MRS/SBS
Comp 1 (external), 2 and 3: trust-building, P2P, civil society
3. 'A safer and more secure Europe'
Comp 1 (external), 2 and 3: border crossing management,
mobility and migration management, including the protection of
migrants

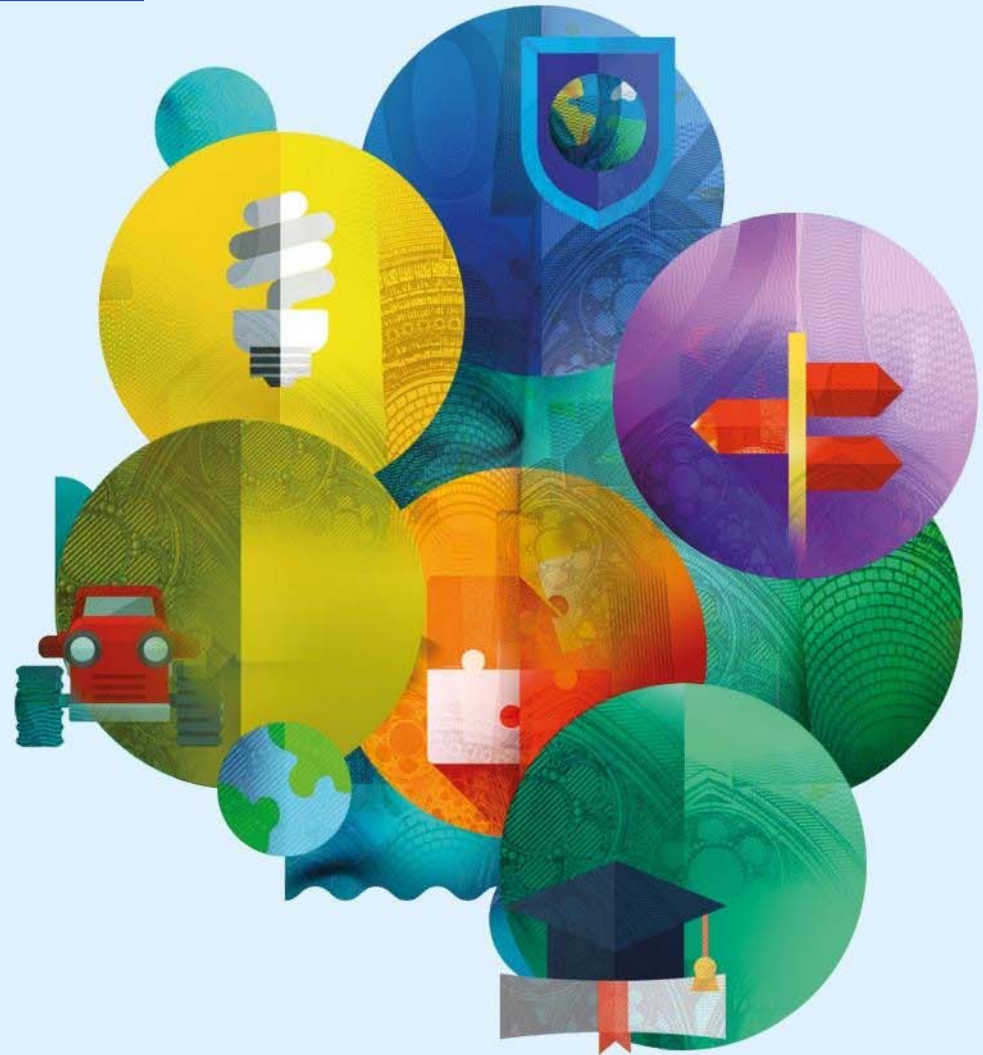
THEMATIC CONCENTRATION

	Percentage	On what?
Components 1, 2 and 3	At least 60%	Maximum of 3 out of 5
Components 1, 2 and 3	Another 15%	Better Interreg governance or Safer and more secure Europe
2A Transnational supporting MRS	100%	Objectives of MRS
2B Maritime supporting MRS or SBS	At least 70%	Objectives of MRS or SBS
Component 4	100%	Better Interreg governance

Europe closer to citizens - territorial tools

- All instruments have to be based on local strategies
- Simplified rules for all the tools
- Available tools:
 - **Integrated territorial investments (ITIs)**
 - **Community-led local development (CLLD)**
 - **Territorial tools under policy objective 5**
- Articles 22-28 CPR + Articles 20-21 ETC
- ITI:
 - cross-border legal body or EGTC;
 - sole beneficiary;
 - project selection;
 - procurement

3. Main changes to ETC (Interreg)



Changes in ETC

1. Cross-border programmes: from fund distributors to centres of strategic planning
2. **New:** Member States, third and partner countries, OCTs (almost) on equal footing
3. **New:** External cross-border cooperation (= incorporation of IPA/ENI)
4. **New:** Maritime co-operation goes from CBC to sea-basin level
5. **New:** Specific component for the outermost regions (with co-operation outside EU)
6. **New:** Interregional innovation investments
7. **New:** European Cross Border Mechanism (ECBC and ECBS)

3 to 4 COM Implementing Decisions

1. List of Interreg programmes and programme areas
List of NUTS 3 taken for transfer to external instruments
List of NUTS 3 taken for maritime CBC
2. List of Interreg programmes and respective allocation
List of amounts per MSt transferred to IPA, NDICI and OCTP
3. Strategic programming document for Neighbourhood CBC
4. Strategic programming document for IPA CBC?

External cross-border cooperation integrated (Chapter VIII, Articles 51 to 59 ETC)

1. Principle (51)
2. Interreg programme authorities (52)
3. Management methods (53)
4. Eligibility in time (54)
5. Large infrastructure projects (55)
6. Procurement (56)
7. Financial management (57)
8. Conclusion of Financing Agreements (58)
9. Contribution other than co-financing (59)

External cross-border cooperation integrated (Chapter VIII, Articles 51 to 59 ETC)

1. Principle (51) – ETC rules apply, except Chapter VIII exceptions!
2. Interreg programme authorities (52)

Managing authority or national authority or national controller
Audit authority or national audit authority/body
staff in Joint Secretariat or branch office or both
communication officer

3. Management methods (53) – shared management
outermost regions' cooperation – option for indirect management
4. Eligibility in time (54) – incurred after 1.1.2021 + paid after
conclusion of Financing Agreement
participation in calls and selection procedure
grant letter signed later

External cross-border cooperation integrated (Chapter VIII, Articles 51 to 59 ETC)

5. Large infrastructure projects (55)
 - > EUR 2.5 million
 - normal public procurement rules by beneficiaries
 - 3 pages concept note two months before MC meeting
6. Procurement (56)
 - MSt contracting authority → EU Public Procurement rules
 - IPA III/NDICI when co-fc transferred → national rules under FcA
 - other cases → external procurement rules under FcReg
7. Financial management (57) – COM Decision = Fc Decision

External cross-border cooperation integrated (Chapter VIII, Articles 51 to 59 ETC)

8. Conclusion of Financing Agreements (58)
concluded 31.12. year n+1 after 1st budget commitment
entry into force: last party signed or ratification completed
1 conclusion sufficient, others follow 30.6. year n+2

MSt hosting MA may also sign FcA or sign Implementing Agreement

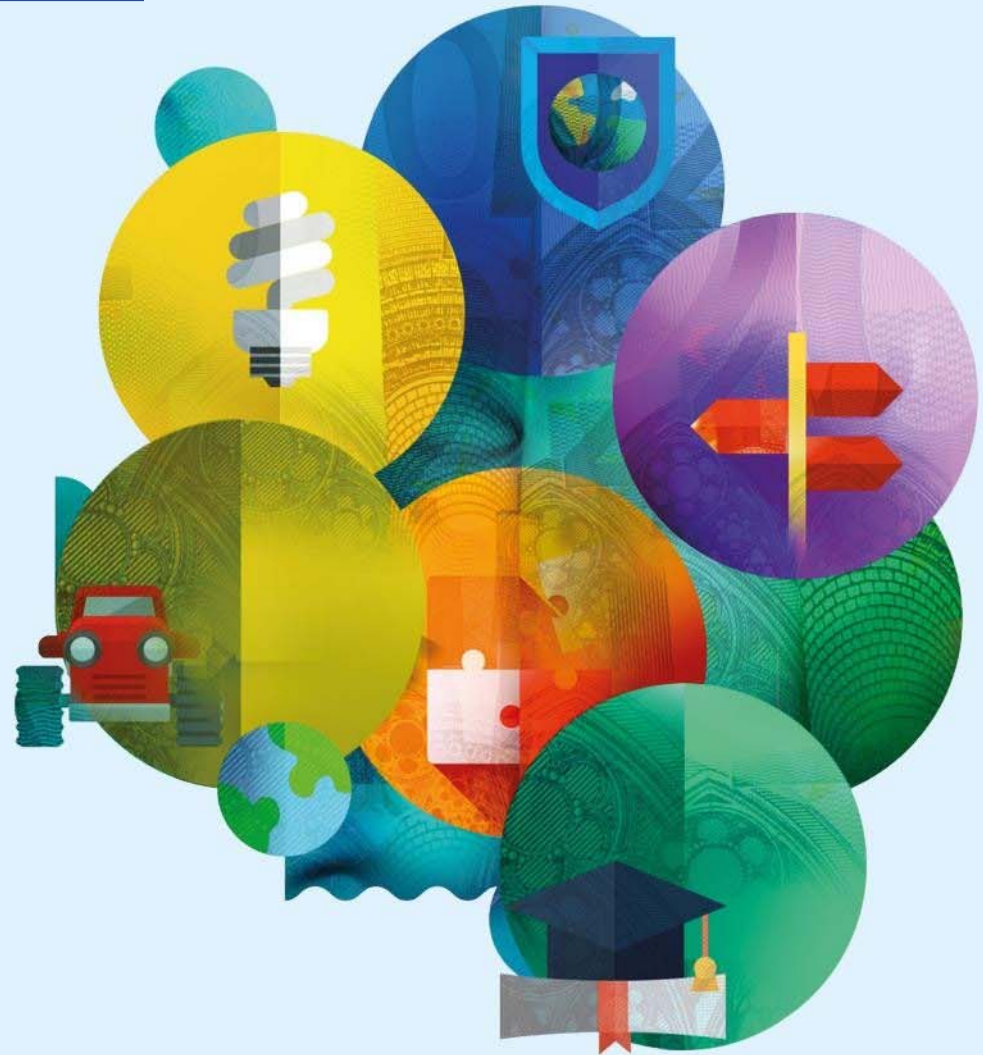
list of planned LIPs

signature by MSt ≠ international treaty

9. Contribution other than co-financing (59)
where MSt signs FcA → separate Impl A
where MSt signs separate Impl A
→ distinct part thereof
→ additional Impl A

PEACE PLUS

4. Creating conditions for success





Creating the conditions for success

See Article 1(5) CPR on what does not apply

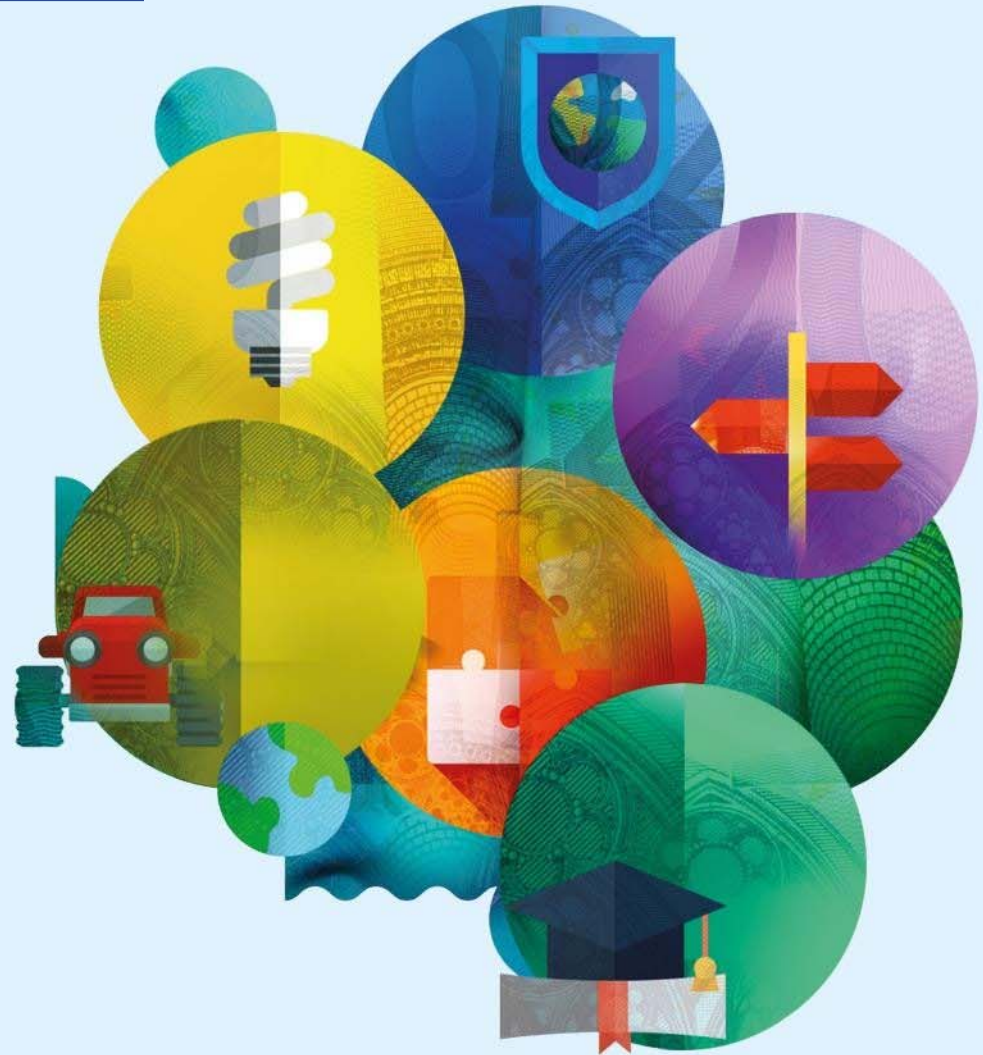
[Enabling conditions (used to be "ex ante")]

- *Fewer, clearer, tighter link to policy*
- *Followed up, not just set at the beginning*

[EU Governance]

- European Semester
- Macroeconomic conditionality
- Reform Support Instrument
- Rule of law

5. Faster and more strategic programming



PROGRAMMING

Partnership Agreement

→ only list of Interreg programmes

Content of Interreg programmes (Article 17 ETC)

- Summary of the main development challenges and strategy for contribution to policy objectives
- Justification for selection of policy objectives and specific objectives
- Priorities-each priority corresponds to a single policy objective
- Financing plan
- Communication and visibility
- Partnership

Programming

Programming process (Articles 16, 18 and 19 ETC)

- Pre-commitment of participating countries
- Submission: entry into force + nine months (exc: external CBC)
- Programming for years 2021-2025
- Approval 6 months; observations 3 months
- No consistency with PA, but with external programming
- Amendment of programmes 6 months; observations 3 months

6. More flexible policy



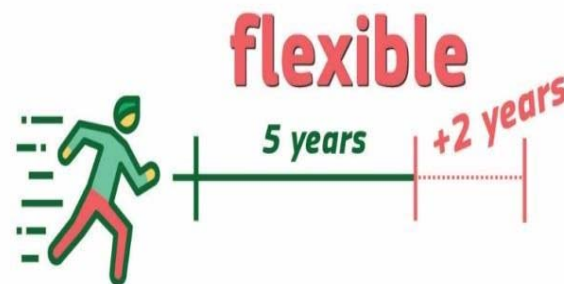
More flexible at the start and during implementation

- *[New transfer possibility: Member State may request the transfer of up to 5 % of programme resources to any other Fund under shared management or to any instrument under direct or indirect management.]*
- Each Member State may transfer up to 15 % of fc allocation between components 1 to 3 (Article 9(4) ETC)
- Possibility to "transfer" IJG goal allocation to ETC as separate priority (Article 17(3) ETC)
- **NEW!** Transfer of up to 5 % of initial allocation of a priority (with 3% of total programme budget ceiling) – it does not require an amending decision of Commission

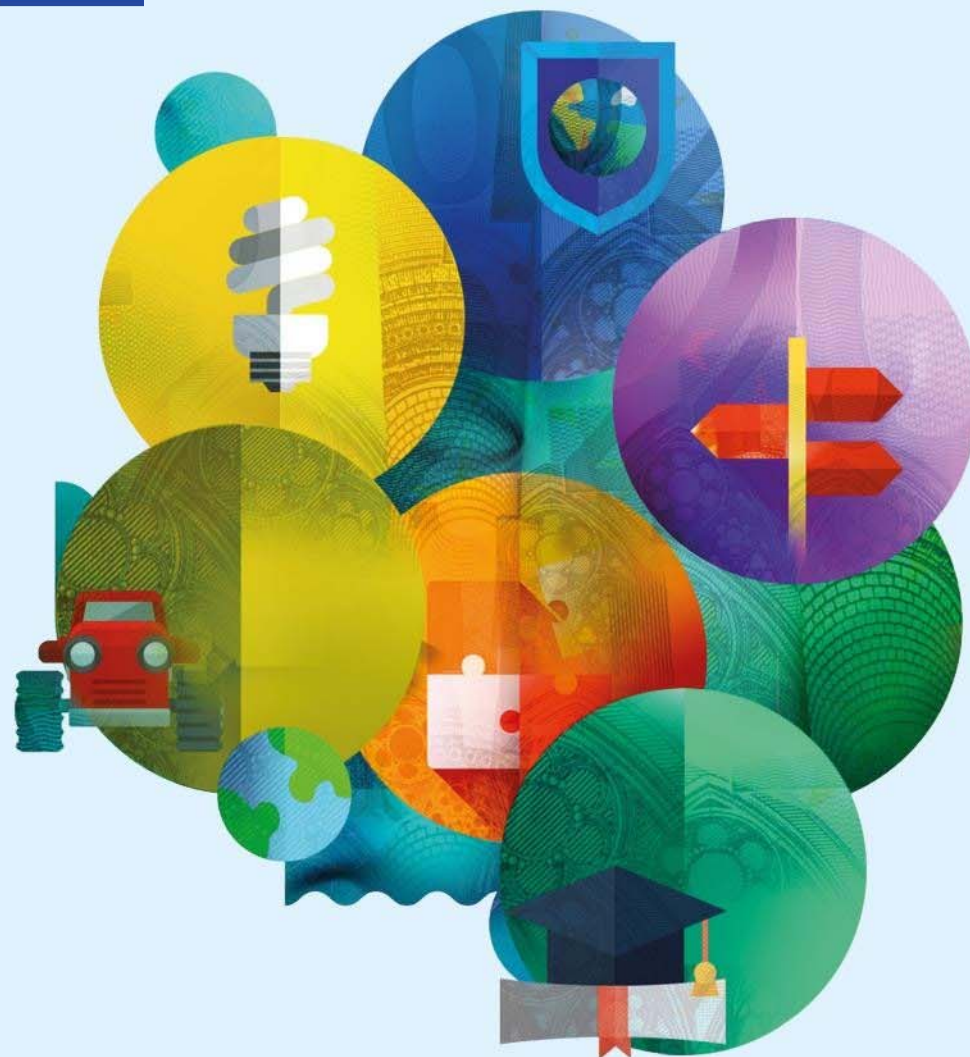
Flexibility

Mid-term review (Article 14 CPR)

- Flexible programming adjusted to new challenges and emerging needs in a fast changing world
 - Review of all programmes taking into account changes in socio-economic situation, country specific recommendations and performance
 - **NEW!** Allocation of financial resources for 2026 and 2027 – '5+2' programming → no performance reserve!
 - Request for amendment of programmes by 31 March 2025 to take account of MFF technical adjustment (basis: emerging needs, performance)



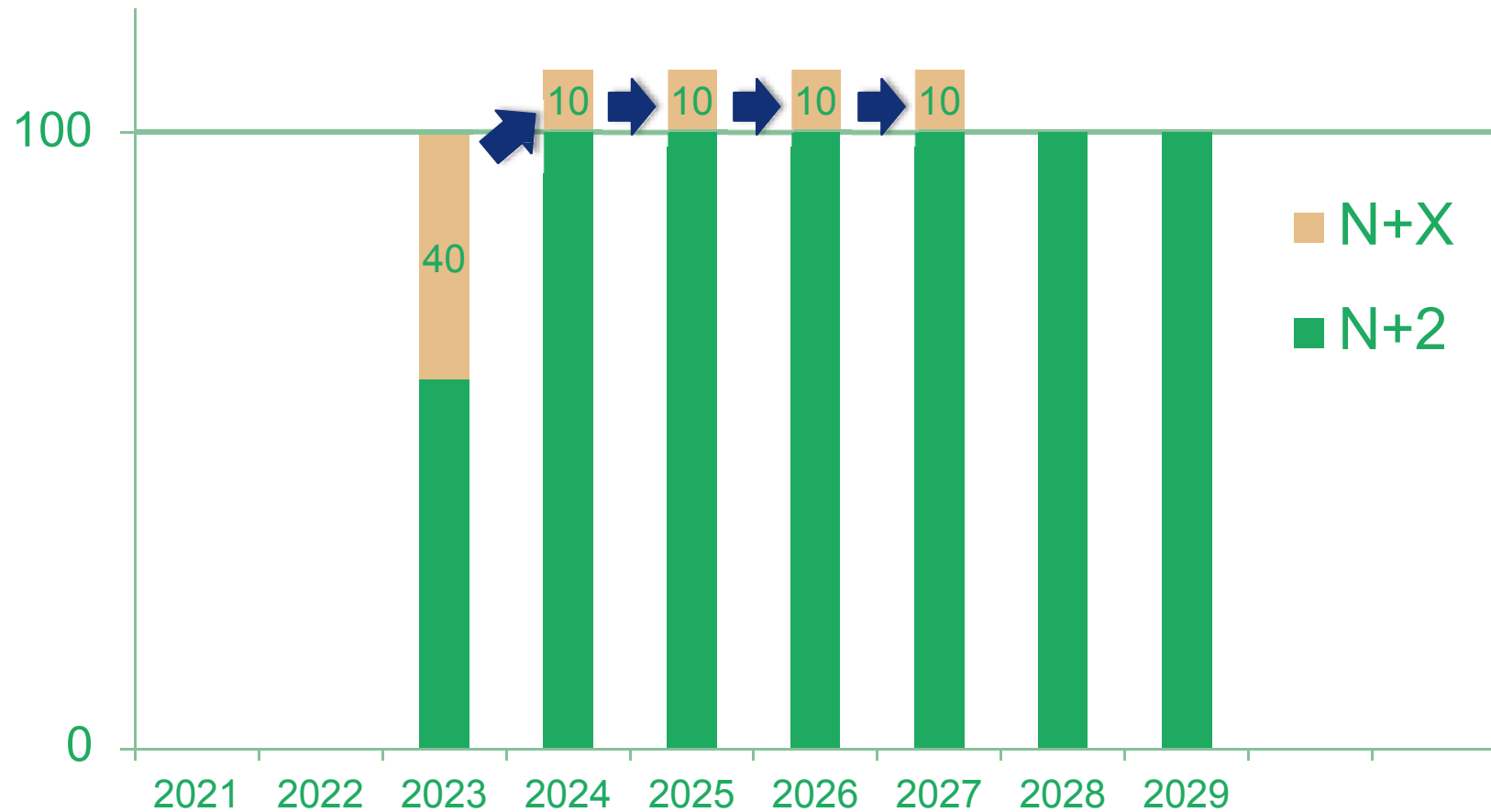
7. Faster and simpler delivery



Faster and simpler delivery

- Possibility to use simplified cost options and financing not linked to costs extended
- Reduced number of controls and audits and increased cross-reliance on audits
- Reintroduction of n+2 rule leading to faster start of the programmes and quicker implementation
- Reinforced visibility and communication provisions
- No major projects → operations of strategic importance + Large infrastructure projects (external CBC)

From N+3 to N+2 over the period



Operations of strategic importance

- Operations of strategic importance replaced major projects:
 - No appraisal by the Commission
 - No threshold – these operations are identified individually for each programme
- A list of planned operations of strategic importance per specific objective in the programme **(Article 17 CPR)**
- When they are selected, the managing authority has to inform the Commission **(Article 67 CPR)**
- Progress in implementing these operations is examined in the monitoring committee **(Article 35 CPR)** as well as during the annual review meeting **(Article 36 CPR)**
- Their visibility has to be ensured by the Member State **(Article 41 CPR)** and the beneficiary **(Article 45 CPR)**

New approach to technical assistance

What's new?

- **programme-related TA** – reimbursed exclusively through flat rates
- *[In addition, TA to reinforce capacity of the authorities, beneficiaries and partners – implemented through financing not linked to costs.]*

What we will not do anymore?

- No more reimbursement of eligible costs for the TA

Programme-related technical assistance

TA of Member States (Articles 30 and 31 CPR, Article 26 ETC)

- TA supports actions necessary for the effective administration and the use of the Funds.
 - **Scope of support unchanged**
 - **Each Fund may support TA eligible under any other Fund**
- **NEW!** TA will be reimbursed by the Commission proportionally to the progress in implementation, as a top up to the payment application:
 - **6% internal CBC**
 - **10% external CBC (IPA III, Neighbourhood CBC)**
 - **7% Components 2, 3 and 4**
 - **Special rules for small programmes**

No more reimbursement based on eligible costs!!!

Lower co-financing rates

Ceiling	Applies to
70%	Less developed regions Outermost regions Cohesion Fund Interreg
85%	IPA-CBC, Neighbourhood CBC
55%	Transition regions
40%	More developed regions

"Quid pro quo": VAT eligibility
Specific rules for revenue generating projects

Simpler reimbursement

What's new?

- SCOs (simplified cost options). Unit costs, fixed rates, lump sums.
- TA proportional to implementation (not eligible costs)/roadmap in form of financing not linked to costs
- "Financing not linked to costs" (= based on conditions or milestones)

What we will do less?

Less reimbursement of eligible costs = less paperwork, receipts, invoices

NB: items on this slide are big. Study suggests even half implemented, could save 25% of administrative costs.

Union contribution to a programme (Articles 46 CPR + 125 Fc Reg)

What's new?

- Full alignment with the Financial Regulation
- New forms of reimbursement of the Union contribution to a programme:
 - **financing not linked to costs**
 - **reimbursement based on simplified cost options**

What we will not do anymore?

- Less reimbursement of eligible costs = less paperwork

Simpler programme support to beneficiaries (Articles 47 to 50 CPR)

What's new?

- Extension of the obligatory use of the simplified cost options for operations up to 200 000 EUR of total cost + 100 000 EUR for **small projects**
- An off-the-shelf flat rate of up to 7% of eligible direct costs to cover indirect costs
- Additional off-the-shelf method to calculate direct staff costs

What we will NOT do anymore?

- Limitations linked to public procurement when applying SCOs
- MS-specific flat rate calculation methods for indirect costs (although 2014-2020 methods can be re-used)
- Keeping invoices or accounting records for the SCOs

Eligibility (Articles 57 to 62 CPR)

What's new?

- Flexibility when responding to natural disasters
- Separate and clearer rules on durability and relocation
- For operations below EUR 5 million of total costs, VAT eligible.
In all other cases VAT is ineligible.

What we will NOT do anymore?

- Applying specific rules on revenue generating operations
- No more restrictions on location of the operations, but veto right of MA
- Less specific provisions for the PPP

Eligibility (Articles 36 to 43 ETC)

- Hierarchy of Interreg eligibility rules (36)

EU rules (CPR, ERDF, ETC)

programme specific rules (MC, whole programme area, timely)

national rules (only outside)

New: MA prevails AA on eligibility/selection of projects

- **New:** DA 481/2014 → Articles 37 to 43

staff costs (closer link to CPR, capping for 1.720 hours)

New: travel and accommodation (flat rate up to 15% of direct costs)

New: infrastructure and works

Project selection (Articles 22 to 25 ETC)

- General provisions (22)

New: specific rules on method of project selection (§2+4)
compliant with strategy and objectives of programmes
MC + one or more Steering Committees
Outside programme area → veto of MA
criteria and procedures fixed by MC/StC → prioritisation
(§5+2)

- COM to be pre-consulted on selection criteria (§3)

- Grant letter with lead partner (§6)

New: no gold-plating for recovery by lead partner

- Interreg partnership for operations (23)

4 dimensions (DISF); 3 for outermost regions

Lead partner; sole beneficiary (23 § 5-7, 25 §3)

Small project funds (Article 24)

- Only for Interreg
- SPF = "operation"
- EUR 20 million or 15% per SPF under an Interreg programme
- "Final recipients" implement "small projects" (§1)
- Cross-border legal body or EGTC = beneficiary (§2)
- Content of grant letter (§3)
- Selection of small projects ≠ delegation of tasks to an IB (§4)
- 20% max. for staff and management costs (§5)
- Small project < EUR 100.000 → SCO obligatory (§6)

8. Simpler management, control and audit



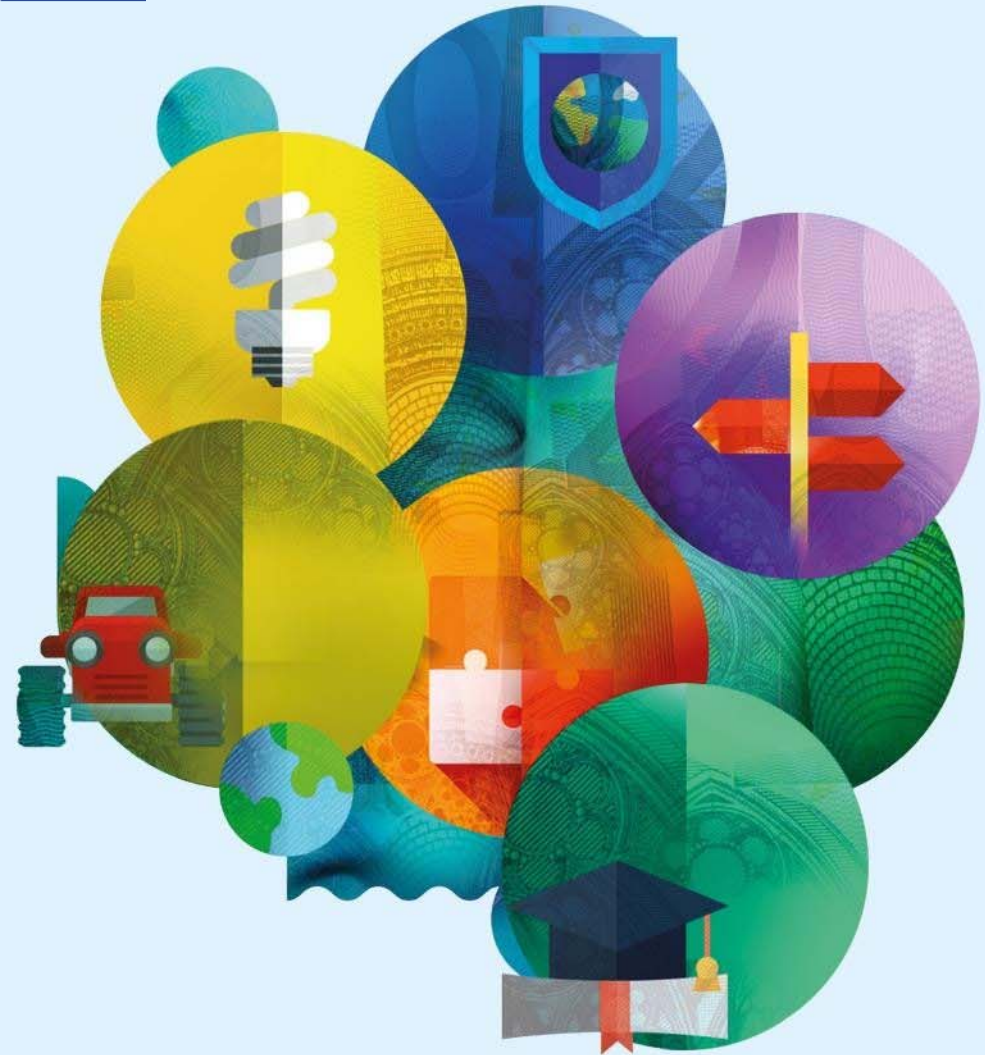
Simpler management and control

- No designation procedure: roll-over of existing systems
- Fewer layers of control: Certification Authorities replaced by an accounting function which will not duplicate controls
- Fewer verifications: Currently 100% of payment claims covered by administrative verifications, in future risk-based sample
- *[Enhanced proportionate system: For programmes with good track record on error rates, proper functioning of system => Reliance on national systems, no system audit, 30 max audit sample]*
- Simpler process for acceptance of accounts
- Clarity on document retention period for beneficiaries (5 years from end of year with last reimbursement)

Simpler audit (Articles 47 and 48)

- AA in whole programme area (except external Chapter VIII) (47(1))
- Systems audits and audits on operations (47(2))
- Where sample under Article 48, AA only audits sample (47(3))
- Annual audit opinion (47(5)); legality and regularity!
- "Normal" Annual control report (47(6))
- Annual control report under sample (47(8))
- COM selects a common representative sample (48(1) + (2))
- Where sample, no other audits on operations (48(3))
- If programme is late → full audit under Article 73 CPR

9. More results, less reports



Performance, monitoring and evaluation

What's new?

- Performance framework will cover all output and result indicators
- Open data to follow progress every 2 months
- Structured and dynamic policy dialogue between COM and MS in the annual review meeting

What's gone?

- Performance reserve (replaced by the 5+2)
- Annual implementation and progress reports for cohesion policy
- Ex-ante evaluation

Performance framework

Content of programmes (Articles 17 + 33 ETC)

- All output and result indicators are covered by performance framework

Performance framework (Article 12 CPR)

- Milestones to be set out for each output indicator end-2024
- Targets to be set for each output and result indicator for end-2029
- No milestones for targets for financial indicator

Methodologies (Article 13 CPR)

- Methodologies to set milestones and targets shall be made available to the Commission and meet the minimum standards

Monitoring

Monitoring Committee (Articles 27 to 29 ETC)

- General rules on setting up (Article 27) and composition of the monitoring committee are continued (Article 28)
 - **NEW!** Each member shall have a vote and a balanced composition (27(3))
 - **NEW!** Rules of procedures and information to be published on a dedicated website (27(6))
 - **NEW!** Up-dated functions of the monitoring committee (Article 29)
 - **NEW!** The Commission to be consulted on the draft methodology and criteria for selection of operations (Article 22(3))

Monitoring

Review (Article 30 ETC)

- *[Annual] Review [meeting]* turned into a structured and dynamic policy dialogue between the Commission and the Member State
 - Only the final implementation report will be submitted at closure, i.e. by 15 February 2031 (Article 32)
 - **NEW!** Outcomes of the *[annual] review [meeting]* recorded in writing (Article 30(3))

Transmission of data (Article 31 ETC)

- **NEW!** Reports replaced by data transmitted electronically and information submitted in advance to the Commission
- More frequent transmission of structured data (every two months) on financial, output and result indicators for both grants and financial instruments.

Evaluation

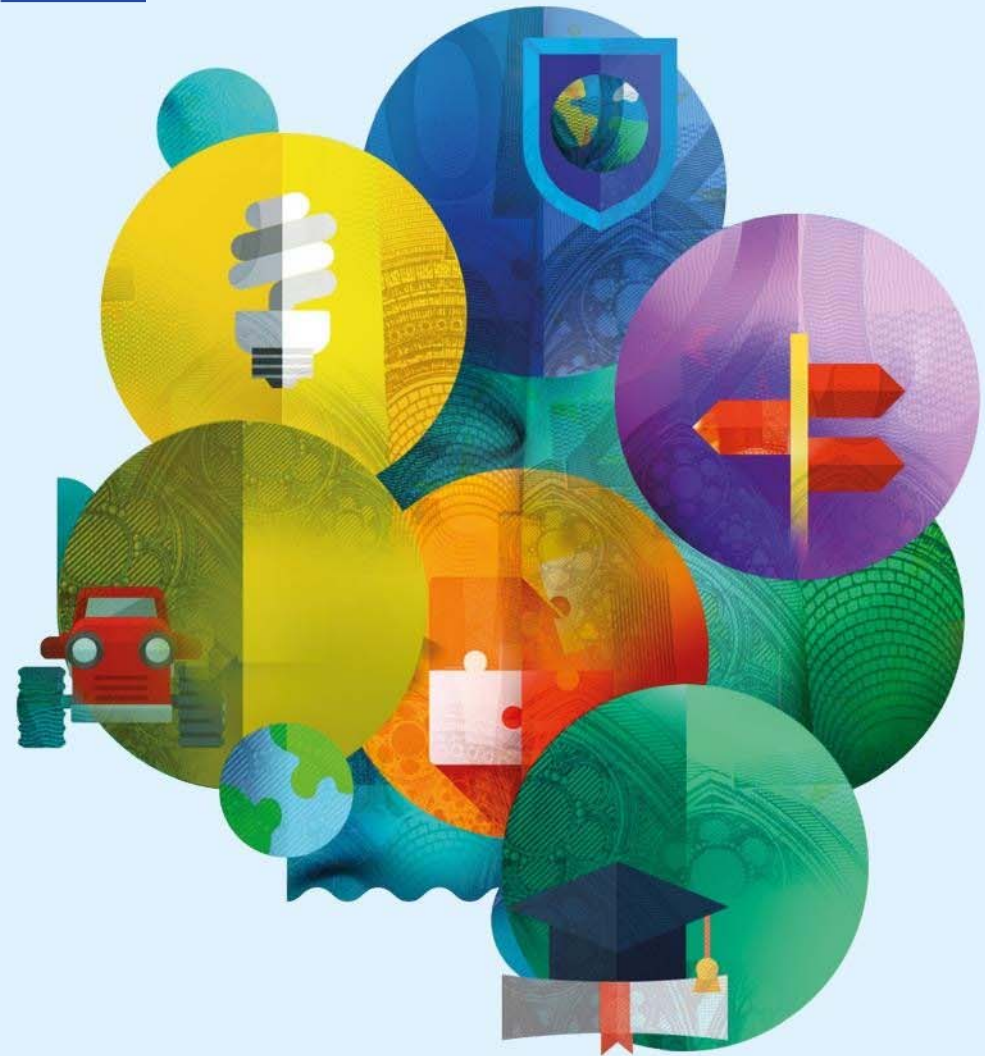
Evaluation by Member States (Article 34 ETC)

- Simplification of provisions:
 - **NEW!** No obligation to conduct an *ex ante* evaluation
 - **NEW!** No division into *ex ante*, on-going and *ex post* evaluation
- Evaluation plans are maintained (§5).
- Evaluation assessing the impact of programmes to be submitted by 30 June 2029 (§2)

Evaluation by the Commission (Article 40 CPR)

- A mid-term assessment to be carried out by the end of 2024.
- A retrospective (*ex post*) evaluation (Article [128] FR)

10. Communicating cohesion policy



Communication and visibility

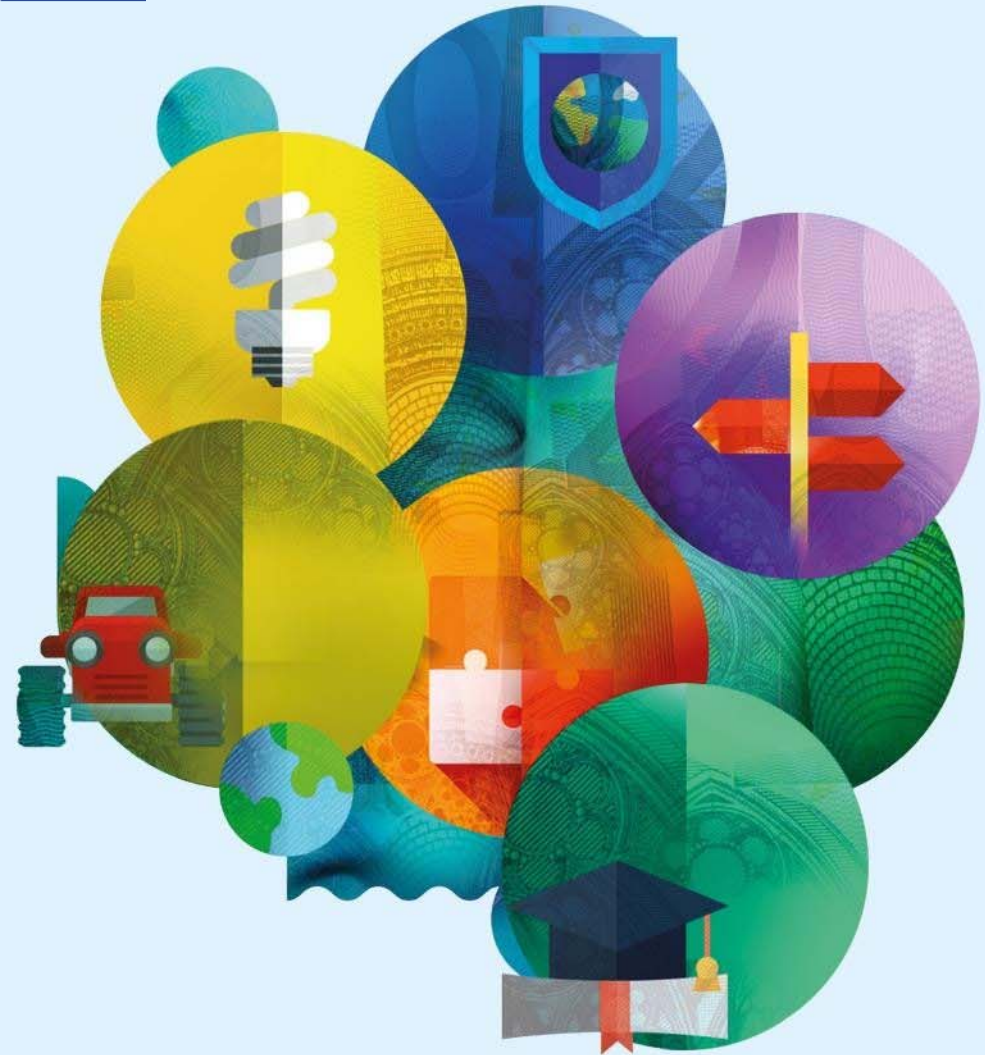
Visibility of support from the Funds (Articles 41 to 43 CPR, Annex VII)

- Harmonized EU rules
- Special visibility for operations of strategic importance and operations above EUR 10 million
- Single website portal providing access to all programmes
- Communication coordinators in MS and programme communication officer

Transparency and communication (Articles 44 CPR and 35 ETC)

- 'Interreg' branding (Article 35(4) ETC)
- Obligations also for small project final recipients (24(3) and 35(5))

11. ECBM



European Cross-border mechanism

Voluntary instrument, but effective system on each border obligatory! (4)

Cross-border Coordination Points at national/regional level (5+6)

Commission Border Focal Point (7)

Step 1 – Preparation and submission of initiative document (8+9)

Step 2A – Preliminary analysis by committing and transferring MSt (10+11)

Step 2B – Follow-up (12)

Step 3 – Preparation and conclusion/signature of ECBC/ECBS (13-17)

Step 4 – Implementation (18+19)

Step 5 – Monitoring (20)

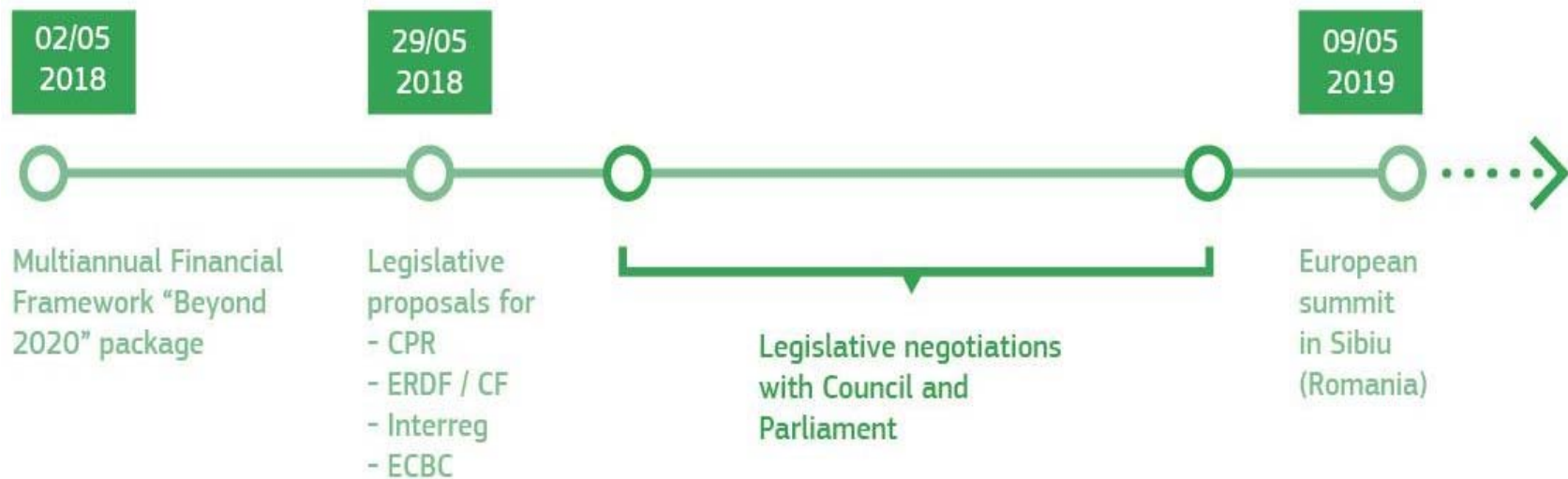
Legal protection (21+22)

Final provisions (23-26)

12. Next steps



Timeline



**Thank you for your
attention!**

