

January 25, 2018

INTERREG B

Potentials for further improvement of transnational INTERREG Programmes post 2020 – some practical suggestions

Introduction

This paper lists practical suggestions for the future legislation laying ground for transnational INTERREG programmes post 2020. It does not only tackle issues related to the programmes as such but also considers their linkages with macro-regional or comparable strategies. These suggestions add to the recommendations of the High Level Group on simplification published on 11 July 2017 as well as on the two Working Papers from DE (A-Programmes and B-Programmes dated August and October 2017).

These suggestions have been drawn up by German Interreg B practitioners, involving the Chairs of German INTERREG B sub-committees and MRS Coordinators, both on Länder level as well as the Federal Ministry of Transport and Digital Infrastructure, based on their long term experience in these fields. These proposals complement the paper on transnational programmes post 2020 elaborated by largely the same authors and submitted to the Commission in October 2017. All suggestions intend to reduce administrative burden and complexity, to improve effectivity and efficiency, to save financial resources and to unlock the full potential of European cooperation.

As transnational INTERREG programmes cannot be seen isolated, some suggestions might also be applicable for the ETC programmes in general and the cohesion policy as a whole.

In a nutshell, Interreg/ETC needs:

- considerable simplifications and harmonizations
- stronger support for creative and innovative solutions
- stronger hence lasting strategic impact
- better embedding into territorial strategies and relevant policies

Setting up of the programmes

- Concerning the content of projects and programmes, two issues should take the center stage, namely: the thematic field and **innovative methodologies for approaching transnational problems**. Therefore, there should be a much stronger focus on developing appropriate indicators for ETC programmes
- Given the low error rate of ETC programmes throughout whole funding periods, **programmes which proved their well-functioning in preceding periods** shall be allowed to **appoint their Managing Authority without a formal designation procedure**. At least this should apply in cases where the Managing Authority remains the same but this could also be extended to any other authority in the territory as long as responsibility remains in the same organization.
- **Easier access to the programmes for non-participating countries**: upon decision of the programme, member states should be allowed to admit partners from non-programme countries, as long as the partner is relevant towards the contribution to the objectives of the programme and its area. Development of an overall administrative framework for all programmes is needed in order to avoid individual solutions and high administrative burden (e.g. Memorandum of Understanding for liability and financial control), for example by introducing lump sums for beneficiaries outside of the programme area with result-oriented controls to avoid complex audit strategies.
- **Programmes follow different strategic approaches (functional, territorial or macro-regional)**. In case of overlaps with macro-regional strategies (or similar transnational strategies) covering several (member) states and/or regions and aiming at breaking down European policy goals based on the specific needs for the affected territory) **strategy representatives** from EC and national or regional level **shall be involved in the various programming processes** (vice versa) to identify and unlock maximum synergies in setting thematic priorities and governance structures.
- The **thematic scope of the programmes shall be widened and better take into account territorial and cross-sectoral objectives**, because the concentration of a certain number of mainly sectoral objectives does not satisfy the variety of different territorial challenges of the regions.
- Transnational programmes are currently not suitable to fund MRS governance structures in an appropriate way, as they cannot be managed as regular “projects”. Hence, a **new technical approach should be established for the support of governance structures of MRS**. However, the funds used for financing governance structures for MRS shall not reduce the funds to be used for regular projects or Technical Assistance of the transnational ETC programmes.

Programme management and project selection

- Due to the low error rate of INTERREG programmes and in order to avoid structural caused “gold-plating” the decentralized **Audit Authorities should be centralized on European level** and controlling should be based only on sample checks to be carried out by the European Commission. **Managing Authorities** shall be given the **mandate to pay out ERDF funds without any certificate of a Certifying Authority** or functional similar certifying units. There is no advantage in costly procedures for appointing the managing authority and the certifying authority (designation) which goes far beyond the previous compliance audit of management and control systems, as well as regular annual monitoring.
- E-Monitoring-System is more than a technical application as it has the potential to harmonize and to simplify the implementation of programmes. Accordingly, the **eMS should be applied compulsory by all programmes in order to have an integrated and future-oriented system for the end-user** and to enforce all programmes to cooperate and to act in the same direction.
- Programme calls and project evaluation should **focus on the process of cooperation among the project partners and the degree of the European added value** of the measures and much less on the alleged correctness of the implementation (deliverables, outputs etc.). This means that the **monitoring and control of projects and programmes should better reflect the cooperation aspect and long-term impact by the means of appropriate indicators**. Thus, **appropriate indicators** should be found in order to highlight mid-term and long-term effects (process orientation instead of output orientation). For instance, a system of management by objectives (target agreement system) could be a suitable method to depict the achievement of objectives but allowing at the same time enough scope when it comes to implementation.

Alignment of rules and strategic embedding

- For any further audits and controls **real simplifications regards control and audit procedures** like the Single Audit Approach shall apply. Programmes shall follow the **same simplified eligibility rules like centrally managed programmes**, such as HORIZON, LIFE or COSME. These programmes benefit from much more simplified and favorable accounting and reporting requirements, are exempted from the State aid rules and are having prepayments accepted as programme spendings. Applying the same rules would reduce the costs for applicants and technical support would facilitate the combination of funds and therefore strongly simplify the implementation of the programmes and projects.
- Additionally, the strict **annual breakdown of the 2%-rule for error rates is not appropriate for ETC programs**. As experience shows, one single public procurement error of one partner in one project could block ERDF payments on programme level. Therefore, the acceptance of a higher

annual error rate for INTERREG programs is necessary. At least, the error rate should be applied for the whole funding period only.

- **Establishment of a joint audit framework** that is 'predictable' for the beneficiary and that provides legal certainty. Beneficiaries and auditors need to know what and how will be audited (predictability) and what the requirements are, and that these agreements are reached simultaneously for all layers of the audit. The **principles of proportionality** should also be more firmly anchored in the policy of the Commission. It should be possible for the various units to reach agreements on a more efficient audit system without affecting the accuracy of the audit results. EU regulations should leave more flexibility to base audits on auditor's statements rather than on documentary evidence of costs paid for and incurred (invoices). In audit regulations, the least burdensome and most efficient method should be made compulsory.
- **State aid exemption** for all INTERREG projects under a certain threshold is needed to accommodate the specific needs of ETC Programmes. Setting-up State aid schemes for transnational Programmes requires lengthy negotiation and cumbersome agreement processes with several Member States and leads to high administrative burden and bureaucracy. The **criterion of proportionality regarding the publication of information** should be considered when answering the question which information has to be made available in addition to the tracing and whether the funding is used properly.
- Furthermore, **synergies between decentralized programmes** (INTERREG A/B, Mainstream) on the one hand **and decentralized and centralized programmes** (HORIZON, LIFE, COSME etc.) on the other hand could be created by better mutual information and, where appropriate, better cooperation. The therefore needed open approach and exchange of information must actively be supported by a better cooperation between the programmes and existing one-stop-shops, such as Enterprise Europe Network.
- **Overall (simplified) programme implementation rules** and their reduction to the absolutely necessary ones (like same eligibility and reimbursement rules including advance payments, Monitoring System, application and reporting templates, clear definitions e.g. of private and public actors, rate and conditions for reimbursement preparation (lump sum) costs etc.) would reduce complexity and give the programmes a better notion. These rules must not be negotiated, changed or „gold-plated“ by Managing Authorities, Joint Secretariats and member states.