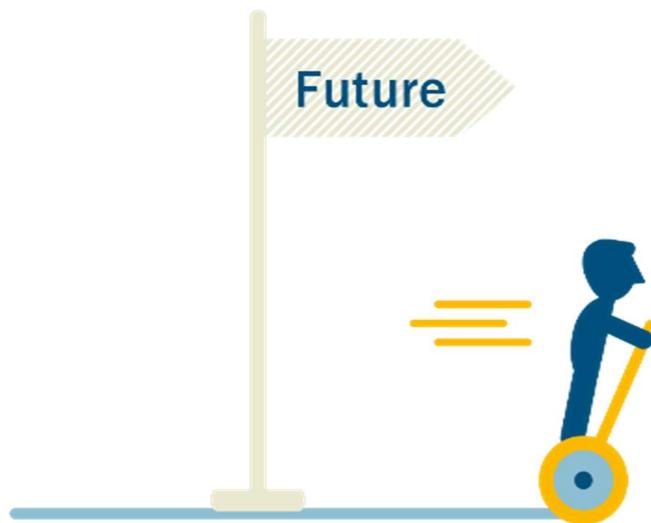


Reflection Paper on Interreg post-2020

1st version, March 2018



Contents

Introduction	3
General principles.....	4
Programme Administration, Financial Management and Control	6
Information/Communication.....	16
Evaluation and Indicators	17
Reporting & Monitoring.....	18
Setting the strategy.....	18

Introduction

Purpose

The main purpose of this paper is to highlight different requirements in the upcoming regulatory framework (2021-2027) that could help improve the performance of future Interreg programmes, with an emphasis on areas of possible further simplification.

Timing

Interact started collecting experiences from programme and EU stakeholders over a year ago, with a view to provide input to the EU authorities in time for the future regulations. The general post-2020 regulatory framework for the European Structural and Investment Funds is now expected to be tabled before the summer break.

This paper is not considered an end in itself, but only a beginning to what is expected to be a series of intensive discussions with the Member States, the European Parliament and the European Commission. It is therefore suggested to regard it as a repository of information, as a basis to raise awareness and to reflect on the specificities associated with cooperation programmes on how best to address them.

How to read it

The content of this paper is a result of exchanges between experts, practitioners and EU-stakeholders involved in Interreg cooperation and beyond. It includes proposals to improve the provisions for cooperation programmes. Not all proposals are black or white. Solutions may take different forms and whenever possible they are presented as different possible scenarios. The proposals represent provisions applicable to all Interreg strands.

The structure follows the programme life cycle logic with reference to the current regulatory framework of ESIFs, and follows its references and terminology. In order to underline the joint branding, the term "Interreg" is used instead of "ETC", which is well known.

Proposals also draw from the lessons learned from the harmonisation work carried out between Interact, Interreg, the Member States and the European Commission during the current programming period. Based on this experience, it is estimated that further harmonisation of the rules and tools can help reduce more the administrative burden for beneficiaries and programme structures.

General principles

Interreg Regulation

- It is considered that one comprehensive Interreg Regulation would be of benefit for all stakeholders. In practice, this would mean that, e.g., key elements from delegated regulations (i.e., eligibility of expenditures) or implementing acts, etc. should become part of one Interreg Regulation.
- One Regulation would also ensure that all provisions are in one place, which would help to avoid overlaps and inconsistencies between different documents (regulation and delegated regulations and implementing acts).
- Guidance notes should be clearly understood as providing guidance and not as secondary legislation – i.e., it is advised to formulate guidance as a user-friendly tool to improve the overall understanding of the Regulation.
- It is understood that cooperation with Third countries is a vital element of Interreg, thus a comprehensive set of legal provisions should also include Third Country Cooperation (e.g., provisions for IPA could be annexed to the Interreg Regulation).
- Support simplification by clearly outlining what is allowed (not only what is required).

Continuity

Continuity in the key legal requirements for programme implementation across programming periods would avoid reinventing the wheel every seven years. It would result in a swifter start for programmes. This would significantly reduce the time-gap between funding periods, and simplify access to and management of funding for beneficiaries, who would already know the rules. This would also free more time and resources for programme bodies to spend on strategic discussions on content, and improve the involvement of stakeholders.

Proportionality

Interreg programmes are obliged to implement the same financial management and reporting obligations as those set in the Financial Regulation for other cohesion policy (national) programmes of much larger scale, often worth billions of Euro. This does not take into account the specific character of Interreg programmes and the multi-annual character of their projects. It forces programme bodies to allocate their scarce internal resources to fulfil excessive regulatory obligations. It would be beneficial to apply a more proportionate approach to costly management procedures within Interreg (e.g., audit).

Tackling gold-plating

Fear of different interpretation of Regulations at various levels, as well as the tendency to cultivate the known and existing, has created an environment where national and/or programme rules actually go beyond what is required by the legislative frame. This is to the disadvantage of the beneficiaries and the overall administration of programmes. Some proposals:

- Setting the rules:
 - Further strengthen the “hierarchy of rules” on eligibility (Article 65(1), CPR & Article 18(3), ETC); i.e., for issues not settled in the EU-rules a solution at

- programme level should be the preferred solution, and national rules should be 'the last resort' for all issues not settled at EU and programme level.
- Continue with the Delegated Regulation on eligibility of expenditure. A clear frame helps to avoid re-inventing the wheel.
 - Define issues in the EU Regulation as maximum, not minimum. When it comes to control requirements, it is useful to clearly define what to check and what not to check.
 - Involve practitioners (e.g., programmes) in the drafting process when Regulations or Guidance are under development, thus gold-plating risks due to unclear formulations might be identified and contained in a shared process.
 - Strengthen the position of the managing authority towards the audit authority: In cases of disputes – in particular over the interpretation of eligibility rules – not only the audit authority but also the managing authority should have a voice;
 - Setting up largely the same rules for all programmes allows for exchange on and a quicker pathway to shared interpretation of the rules (plus the approach that the rules should define maximum standards, see above). Thus it would also allow for the use of the same templates with minor need for adjustment to programme needs (e.g., Harmonised Implementation Tools – so-called "HIT")
- Raising awareness:
 - A general agreement on simplification, thus implicitly the agreement to contain and/or reduce gold-plating is one of the major pre-requirements. It is important to work constantly on the issue; e.g., when discussing additional / new or revised checks or templates the initial question should be whether these are really needed or if the tasks could be done in a simpler way. Making gold-plating an audit finding (system audits, audits on operations) will help to make people aware.

Programme Administration, Financial Management and Control

Significant programme resources are spent on the administration, the financial management and related control issues of Interreg project and programmes. While the shift towards a stronger focus on achievements and content development is highly appreciated, programmes feel that this thinking has not been fully achieved when it comes to administrative requirements. Programmes call for further simplification, avoidance of redundancies and strengthening coherence. It can also be noted that it is in this area a comprehensive and integrated Interreg Regulation could have the biggest impact.

Monitoring Committee (Article 47, CPR)

Integrate the relevant provisions in the future Interreg Regulations for reasons of clarity and due to the importance of the monitoring committee in a cooperation programme.

Reporting to the European Commission (Articles 50, 125, 126 and 127, CPR: annual implementation report, management declaration & annual summary, annual control report, accounts)

- Align timing, content and responsibilities (create exemptions from Financial Regulation, where necessary and possible). The current structure of the legal requirements has been characterised as rather challenging by programmes. Firstly, the timing of the different reports requires a continued rather than a prompt dealing with the issue. Secondly, in some parts the information to be submitted seems to be duplicated (in particular, financial data). Thirdly, from a practicality point of view it is not clear why some of the data have to be submitted through the managing authority and others through the certifying authority or audit authority, even though the information submitted is jointly collected and prepared. The reading of the regulation should encourage cooperation rather than division.
- Creating common IT standards to allow direct extraction and transfer of data from programme monitoring systems to SFC could lead to additional savings on resources and avoid delays.

Control system (management verifications, audits, recoveries & irregularities)

- Management verifications (Article 23, ETC and Article 125, CPR)
 - To organise management verifications at programme level (internal/external). Programmes (monitoring committees = Member States participating in the cooperation programme) decide for internalisation (qualified staff at managing authority level) or externalisation (via public procurement). Significant amounts of public funds are spent on management verifications to ensure the present systems function well, especially when it comes to quality and reactivity. Organising the management verifications at programme level could allow reduction of overall costs for the Member States and beneficiaries. Organising the management verifications at programme level could allow clarification of liabilities and streamlining of approaches, methodologies, communication and training. It would allow for a more standardised and harmonised scope for all beneficiaries within a programme. It could even be considered to establish “Terms of Reference” for management verifications across programmes to

create greater harmonisation between programmes and avoid gold-plating at programme level. Further, the managing authority could react faster when applying necessary corrections and ensure harmonised quality standards of work. With a programme approach to management verifications the following levels of additional (quality) checks, based on beneficiary expenditure, could be abandoned: lead beneficiary controller, Member State, managing authority, certifying authority, which would lead to a significant reduction of the administrative burden of the beneficiary. Nevertheless, the question of liability would have to be addressed: Considering that the Member State is ultimately liable if a recovery from a partner is not possible, the question of liability must be examined. Furthermore, it should also be considered to what extent the changing of well-functioning systems increases the risks for Member States and beneficiaries.

- Alternatively, promote/implement a stronger, more harmonised sampling approach for management verifications based on existing good practices. 100% checks only for well-justified cases based on professional judgement (the mind-set for this programming period was very much appreciated by programmes and should be continued). In addition, the extensive management verifications (first level control) should be replaced by risk-based verifications on the beneficiary's expenditure, focusing on real cost expenditure (e.g., external expertise and services, equipment, works). The latter point works under the assumption that in the next programming period an even stronger use of simplified cost options is implemented.
- Audits (Article 127, CPR; Articles 7 (1) and Annex VII, CIR 207/2015)
 - Organise audit of operations at Interreg level by EC while programme audit authority focuses on system audits (and feeding into the audit of operations). This would create a standardised and harmonised approach across Interreg programmes and audit authorities (different scopes and approaches have to be noted in the current programming period). An error-rate would be established at Interreg level (NB: in the past, the "Interreg error-rate" always remained under 2%). Further investigation necessary; e.g., what if the error-rate of Interreg goes beyond 2% (liabilities, corrections, action plans, payment interruptions, etc., what would the sample look like, how could the data be collected, would this require a common management and control system for all Interreg (basis for a joint audit strategy)? Programme audit authorities would focus on system audits, with limited checks of expenditure at beneficiary level and without an "error-rate" at individual programme level.
 - Independent from any future control/audit structure, the applicable sampling methodology should take into consideration the cooperation nature of Interreg. In particular, the applied "projection of error-rate" does not currently reflect the different management verification systems at Member State level (which would change with a management verification system at programme level) or different national rules (which would, however, not change).
 - In any case, reform the audit system of Interreg programmes, with a strengthened cross-reliance between different levels of audit according to the "single audit approach". Also, reconsidering the approach to the materiality level

should be a measure. For instance, verifying the respect of the materiality level threshold on a multi-annual basis (e.g., once at the middle of programme implementation and once at closure) instead of on an annual basis. Another possibility could be a gradual application of measures imposed following the trespass of the threshold, proportional to the extent and gravity of the issues that generated irregularities. The blocking of payments to an Interreg programme should occur only in cases surpassing a 5 % error rate.

Financial flows - pre-financing & payment applications (Articles 130, 131, 134, 135 & 137, CPR)

- The financial capacity of programmes needs to be strengthened:
 - To introduce higher programme pre-financing connected with the committed amounts. The more funds are committed (resulting from monitoring committee decisions) the more pre-financing is received by the programme.
 - To introduce the option of payment applications that also include advanced payments to the beneficiaries. To make the advance payments made by programmes to the beneficiaries eligible to be claimed from the European Commission. Such advance payments would be eligible to be claimed from the European Commission upon granting decision of the Monitoring Committee and signature of the subsidy contract.
 - Skip the capping of 10% ERDF funding of interim payment claims submitted to the European Commission.
The measures above would have a number of advantages: Allow programmes to make advance payments to projects and, as a result, attract more beneficiaries; reduce the amount of reporting and, as result, decrease administrative burden as well as control costs for projects and programmes; reduce the amount of payment applications and, as result, decrease administrative burden on programmes and the EC; smooth the spending curve of Interreg programmes – no peaks of spending, but steady slope; speed up programme funds absorption.
- Allow the submission of the first application for interim payment for the next accounting year before the end of July. Once programmes submit the final payment claim for the current accounting year, the submission of the first interim payment claim of the next accounting year should be possible in the SFC system, it should not be necessary to wait until July. Therefore, a programme could claim from the European Commission without breaks, and the liquidity problem would be slightly diminished.
- The deadline for the submission of annual accounts should be prolonged, if it is not possible to align the reporting in general; e.g., till June. Programme authorities need more time to prepare the assurance package and to submit annual accounts. Currently, the majority of programmes submit a final “non-zero” payment claim in March in order to give audit authorities more time to perform audit of operations. During the period between April and July programmes do not claim from the European Commission, increasing liquidity problems. With a postponed deadline, programmes could really submit “non-zero” payment applications to the European Commission until the end of the accounting year, instead of applying an “early cut-off” in March.

Designation, management & control system, risk-management (Article 123 & Article 124, Annex XII CPR; Article 21, ETC)

- Keep the option that certifying authority functions can be carried out by the managing authority.
- Abandon the designation procedure. Programme bodies are already appointed during programming and before designation, therefore the purpose or added-value of designation was not clear. Programmes believe that even in cases of new authorities; e.g., managing authority or audit authority, the relevant description in the management and control system is sufficient. System audit after the start of the programme should be enough to check if implementation settings and programme bodies are functioning properly.
- Risk management concept should not be narrowed down to the anti-fraud strategy. Risk management exercise should help programmes to define and understand risks. Risk management should be tailor-made, programme- and location-specific. This will help avoid the creation of never-ending lists of risks, creation of risk prevention tasks forces and other, not always necessary, activities which in the end do not result in risk prevention, but increase administrative burden within a programme. National risk prevention procedures should be taken into account as much as possible. The duplication of risk prevention procedures at national level and then on Interreg level should be avoided.
- Establish and use anti-fraud measures at the level of national systems. No additional responsibility should be put on Interreg programmes due to their cooperative (several Member States involved) nature. Measures available at EU level (e.g., ARACHNE) are disproportionate to the financial volume of Interreg programmes, projects and beneficiaries (i.e., low value of investments). The usage of ARACHNE as a fraud prevention tool should still remain the option and not the obligation.
- Creating a common understanding of risks is necessary. Risks should not be limited to dangers. Risks in many cases mean opportunities, especially when speaking about innovative projects. Risk management is a bridge between the sound use of public money and the result-oriented innovative projects.

Budget, eligibility of expenditure and simplified cost options

- Create equal approach between mainstream funds and Interreg projects for net revenue (Article 61, CPR). Currently, a ceiling of EUR 1 000 000 is applied at project level. This does take into consideration cooperation programmes, where this ceiling should be applied at beneficiary level. Could also be solved if taken into account for the Interreg Regulation.
- Keep and further strengthen articles for hierarchy of rules (Article 65, CPR and Article 18, ETC) thus minimising the issue of gold-plating.
- Redefine the eligibility of expenditure (Article 65, CPR) to make the advance payments made by programmes to the beneficiaries eligible to be claimed from the European Commission.
- Simplified Cost Options (Articles 67 & 68, CPR): Strengthen and further encourage the use of simplified cost options as they help to reduce the administrative burden of beneficiaries and programmes.

- Provide more off-the-shelf simplified cost options, based on historical data at EU level, used in other funding schemes.
- Keep up to 15% flat rate on direct staff costs for office and administration costs.
- Introduce up to 15% flat rate on direct staff costs for travel and accommodation costs.
- Increase the proposed flat rate on staff costs for all other costs, to up to 80% on direct staff costs. In many Interreg projects, staff costs represent 50-70% of the budget. The current 20% flat rate does not meet the reality for the majority of projects.
- Skip the requirement of evidence of staff working at the beneficiary for applying the flat rate (or other simplified cost options). Currently, in particular for investment projects with SME involvement, this requirement is impossible to fulfil for SMEs with a specific legal status in which they do not have employees in the legal sense.
- Lump sums: The option of using lump sums should be kept, and the EUR 100 000 limit should be lifted as already proposed in the omnibus regulation.
- Make the use of specific simplified cost options mandatory (e.g., preparatory costs, lump sums for small projects, flat rate for office and administration).
- Improve wording with regard to simplified cost options and projects exclusively implemented through public procurement (Article 67(4), CPR): Where an operation is implemented exclusively through the public procurement of works, goods or services, only point (a) of the first subparagraph of paragraph 1 shall apply. Where the public procurement within an operation is limited to certain categories of costs, all the options referred to in paragraph 1 may be applied to the whole operation. When the operation is a group of projects and one or more of these projects are implemented exclusively through the public procurement of works, goods or services, only point (a) of the first subparagraph of paragraph 1 shall apply to the respective projects.
- Eligibility of expenditure in accordance with 481/2014 (DA):
 - Remove eligibility of gifts (Article 2(b)). Promotional material is covered through other budget lines and the moment a free item is for the promotion/communication of the project. It is no longer a gift. Furthermore, the current Article has created confusion rather than clarity.
 - Calculation of hourly rate: Remove (Article 3 (6, i & ii)). If to be kept: reformulate in a way that “monthly” in connection with working contract is avoided (the vast majority of working contracts in all Member States expresses the working time on a weekly basis). One method for the calculation of the hourly rate should be sufficient. Why can beneficiaries choose between two methods for the same involvement? The 1720h method is considered by the legislator (EP, EC, Council) as a fair reflection of working time for all Member States. Alternatively, limit staff cost options to a fixed percentage for all, except those who do not receive any salary; i.e., CEOs of some SMEs., no justification of fixed percentage of salary (see below).
 - Staff costs (Article 3): Close legal gap to make “staff costs” of SMEs CEOs / self-employed eligible. Currently, in particular SMEs with a specific legal status do not have staff costs in the legal sense, while at the same time they might face

public procurement issues if they want to include respective costs in the budget category external expertise.

- Office and administration expenditure (Article 4): Change (I) to “charges for financial transactions”. Currently, only transnational financial transactions are eligible, but there is no reason for this limitation (why transnational, but not national?). Add another point to the exhaustive list: “other specific office and administration costs needed for operations”.

Eligibility of operations in cooperation programmes depending on location – 20% (Article 20, ETC)

- Abolish the ceiling and the monitoring of the connected activities. As Member States participating in a cooperation programme will jointly take decisions which are for the improvement of the relevant territory of this programme, a limitation does not seem necessary.
- Alternatively, to ease the administrative burden of the monitoring (i.e., which activity counts to which territory) one could say that ALL costs of beneficiaries with place of residence outside the programme area count as costs outside the programme area (i.e., towards the 20%) and ALL costs of beneficiaries within the programme area count as costs within.

Use of the Euro (Article 28, ETC and Article 133, CPR)

- Limit application to beneficiaries from Member States which have not adopted the Euro as their currency. This would already lead to a reduction of the administrative burden, because currently all beneficiaries in Interreg have to apply it.
- Set the timing of the conversion to one moment in time for all. It was not clear why several options were given. Programmes seem to be in favour of “when submitted for management verifications”, as it can be easily applied at the level of the electronic monitoring system.
- Allow for “re-conversion”. Independent from the original currency of the invoice at beneficiary level, the amount in the national currency as incurred and paid and noted in the books should be taken. Move the focus from the currency of the invoice to the currency of the accounting system.

Budget commitments, payments and recoveries (Article 27 (2) (3), ETC)

- Provide clear rules regarding at what point the Member States take over the financial liabilities for beneficiaries located in their territory (e.g., after two unsuccessful calls for payment), in order to eliminate lengthy recovery procedures between the managing authority and the lead beneficiary. Currently, the article obliges the managing authority to recover the unduly paid funds from the lead beneficiary. The whole procedure assumes that the lead beneficiary is involved in the process. Another option would be to exclude the lead beneficiary from the procedure.

Data recorded and stored in monitoring system (Article 24 & Annex III, 480/2014) & e-Cohesion

- Critical review and removal of data fields which are not clearly required for reporting to the European Commission or needed for the monitoring of the programme.

Currently, Interreg programmes are required to implement around 100 different data fields in computerised form in their monitoring system. While some of them are the logic consequence of implementing the programme (e.g. data on beneficiaries, indicators) others do not seem to be needed in the IT systems on a standard basis (e.g. data on result indicators, data on procurement, data on simplified cost options). Also, some of the data requirements are difficult to implement in a cooperation environment (e.g. location dimension).

- Provide a list of recommended data fields and make mandatory only those which are to be directly used by the European Commission. Programmes know anyway which data is required from their beneficiaries (indicators) or at programme level (accounts, payments) or for data analysis.
- Concentrate e-Cohesion requirements for Interreg programmes in one regulation and make legal requirements available early enough to prepare monitoring systems in time. The current complexity of e-Cohesion requirements stems from a very detailed and fragmented set of regulatory requirements. E-Cohesion requirements in the current period are outlined in many different Regulations making it difficult to maintain an overview. Monitoring systems are directly influenced by the following Regulations: 1303/2013 (CPR), 1011/2014, 821/2014 and 480/2014. But also other Regulations and implementation guidance notes have immense influence on system implementation. A stronger integrated approach should help to build compliant monitoring systems.
- A common monitoring system should be made available provided that adequate resources are there to ensure smooth planning and implementation of the common monitoring system. Important advantages of a common software identified by Programmes include saving of TA resources, harmonisation among Programmes and increasing legal certainty for individual Programmes.
- Keep the requirements general, technology neutral and make sure they are not unnecessarily limiting. Regulatory requirements for e-Cohesion seem unnecessarily limiting for programmes in some points. For example, there is a requirement to allow uploads of audio-visual files (videos) to monitoring systems. This leads to increases in required storage space (and costs) even for Programmes that will never have videos uploaded by projects. Another example is e-signature. Implementing Regulation 1011/2014 states that exchange of data and transactions should bear an electronic signature. In 'Building blocks on e-Cohesion' published by the European Commission it is clarified that username and password is sufficient to identify the user and secure data input. In order to avoid confusion with technical terms ('e-signature'), it would have been easier had the Regulation outlined what is expected (and allowed) in a technically neutral way.
- Rounding
 - Several programmes face problems with discrepancies due to rounding issue. Disproportionate resources are spent on solving minor discrepancies down to the Euro cent.
 - As rounding errors in the monitoring system are often inevitable (many are a mathematical reality, not an error as such), clearly state that rounding discrepancies are acceptable.
 - In addition, it should be made clear that payments to beneficiaries can be limited to the full Euro.

Technical Assistance (Article 17, ETC)

Reconsider the limit of max. 6% from ERDF for technical assistance (for smaller programmes). With a rigid interpretation of technical assistance activities plus the ceiling of 6%, it might be challenging for smaller programmes to successfully and smoothly implement the programme.

State Aid

Assessing and monitoring potentially State Aid relevant activities requires a significant amount of resources at programme and project levels. While at the same time, responsibilities and legal structures in an Interreg context (shared management, several Member States involved) are challenging to comply with. Programmes feel that the resources needed are disproportionate to the actual risk of State Aid in Interreg. Moreover, the current frame discourages relevant stakeholders from participating in Interreg projects.

- De Minimis (Total amount of de minimis aid granted per Member State shall not exceed 200.000 EUR (Article 3(2) de minimis))
 - Introduce a de minimis specifically for Interreg with a threshold that is equal for all programmes. Interreg de minimis would completely replace the existing de minimis, which counts per Member States. Interreg programmes could no longer grant 'normal' de minimis but would grant Interreg de minimis instead. Interreg de minimis would thus create equal conditions for all programmes. The envisioned threshold for Interreg de minimis is 500.000 EUR per programme and beneficiary. There would be no need to monitor on a cross-programme level (i.e. programmes would not need to know if an undertaking has already received Interreg de minimis in another programme). Monitoring would be necessary on a programme level only. Issue to be solved: Which country would be responsible for granting Interreg de minimis? It is important that one or more Member States continue to be responsible and are accountable for Interreg de minimis. Should it always be the country where the managing authority is located? Should it be proportionally allocated to participating member States? Other solutions?
 - Alternatively, if an Interreg de minimis should not be possible, raise the threshold for 'normal' de minimis. This solution is similar to the one above but would still be part of the existing logic and require monitoring at national level. The proposed threshold is 500.000 EUR. This would be an alternative, but only in case *Interreg de minimis* should not be possible. Cumulating *de minimis* has not been *possible* for some Interreg programmes because participating Member States did not agree. Issue to be solved: This solution could require to set a threshold on accumulation of *de minimis*.
 - Indirect aid: Introduce a micro de minimis that covers most cases of indirect aid in Interreg projects: The envisioned threshold is 5.000 EUR per undertaking and project. Indirect State aid to recipients of services or trainings provided by Interreg projects leads to disproportionate administrative efforts. Undertakings are required to sign a de minimis self- declaration and often do not understand the purpose. The reliability of these self-declarations is sometimes questionable. The value of the trainings and services provided is most often rather low (below

5.000 EUR): Up to this value (5.000 EUR), trainings and services would be considered negligible in comparison to the high administrative burden requested for managing such aid. Accordingly, such amounts would not count towards 'normal' de minimis. Micro de minimis would not have to be monitored at all.

- GBER
 - Enlarge Article 20 (Aid for cooperation costs incurred by SMEs participating in Interreg) projects to an umbrella for all Interreg projects. Article 20 (Aid for cooperation costs incurred by SMEs participating in Interreg) has been welcomed by programmes and is used to address some State aid issues. There are still a number of cases that cannot be addressed with Article 20 and programmes are looking for solutions:
 - Make clear that Art. 20 to cover all activities and costs of cooperation projects. Delete the text in Art. 20 that specifies eligible costs.
 - Include large enterprises: Large enterprises in the context of Interreg are typically universities, research organisations, tourism organisations or large municipalities that participate with a public aim. Currently, Article 20 covers only SMEs because it is in essence an SME exemption, not an Interreg exemption. In order to include large enterprises in Interreg projects, Interreg would need to be included in the Enabling Regulation (i.e., a Council Regulation). Alternatively, the definition of SME in the GBER could be amended to include large enterprises for Interreg. GBER Article 6 (3) on incentive effect outlines additional requirements that should be lifted for large enterprises participating in Interreg projects.
 - Increase the aid intensity to the maximum co-financing rate allowed by Interreg programmes (i.e., currently 85%). This would be a very important step towards applicability of Article 20. Currently even programmes allowing only 50% ERDF co-financing sometimes have difficulties using Article 20, because the aid threshold also has to take into consideration any national or regional public contribution provided to match ERDF funding.
 - Cover sectors that are currently not covered by the GBER (fisheries, aquaculture, agriculture, etc.). DG COMP does not deal with agriculture or aquaculture, and the responsible DGs are DG AGRI and DG MARE. Programmes need to address these DGs to raise awareness.
- Exempt Interreg from State Aid
 - Programmes generally feel that Interreg should be exempted completely from State Aid. In theory, the Treaty could be changed to exempt Interreg from State Aid, but all Member States would have to agree. Transferring decision-taking to European Commission (e.g., on the projects that are being funded) would avoid State Aid but this is clearly not an option for cooperation programmes as they need to be well grounded in regions.

Why exempt Interreg from State Aid?

Interreg is increasingly contributing to uniting the European market across borders. Some cooperation projects can potentially have a distortive effect in one country but – at the same time – have strong positive effects on levelling the playing field across borders. No-one has ever quantified the extent to which

Interreg contributes to uniting the European Market, but programmes think that these effects could well counterbalance any potential distortion.

There is also growing awareness that cooperation is a European value and that cooperation programmes primarily address a market failure (i.e., lack of cooperation across borders). To some it seems a legal artefact that it is not possible to exempt Interreg from State Aid due to the way the Treaty is formulated.

Finally, it is also very hard to explain to beneficiaries why programmes managed centrally by the European Commission do not fall under State Aid, while Interreg does. This is especially tricky for projects that are similar to those financed by Horizon 2020, COSME, etc.

Information/Communication

Information and Communication (Articles 115-117 of CPR and Annex XII and Articles 3-5 and Annex II of Implementing Regulation 821/2014)

General messages

- Provide strategic guidance as to what needs to be achieved and how to aim for greater visibility of the EU.
- Prioritise areas where communication activities can help programmes achieve better results rather than reduce them to simply administrative tasks.
- Give more guidance for communication purposes especially with templates for a harmonised use of tools (e.g., different size of permanent billboards or the use of social media) and less ambiguous regulation on technical aspects.
- Ensure coherence with national rules and clarify the hierarchy of rules.

Harmonised data collection across all EU-Funds

- Consider the need to centralise information on all EU-funded operations on a single interface, managed by the European Commission or a third party. This will:
 - remove the obligation to produce a list of operations, a current requirement with no added-value.
 - increase transparency on EU-funded operations and allow harmonisation of data collection.
 - act as a catalyst for communication purposes, allowing aggregation of data on different topics and to support the capitalisation of project results across the EU.
- Make sure such a database interface builds on known and well-functioning initiatives such as www.keep.eu which covers cooperation programmes.
- Ensure fields of data keeping are predetermined and harmonised across the regulatory provisions for all EU funds, taking into account the required format of information, languages and technical requirements to link to existing information databases.

Languages

- Allow choice of language in communication to fit the audience. Often English is not the most appropriate language.
- Request that disclaimers in publications are in the language of the publication itself.

EU reference

- Simplify the EU reference by eliminating the name of the EU fund. Just keep the EU flag and EU as name: For Interreg, the current logo contains the EU flag and the EU name. It would suffice to simply add the name of the programme.
- Consider including the name of the country, if it is outside the EU, as sometimes is the case in cooperation.

Roles and responsibilities

- Make it obligatory to dedicate a person for communication for programmes.
- Suggest a "communication contact" at project level.

Evaluation of communication

- Explicitly refer to communication indicators (what change in opinion/behavior came about as a result of communication activities).
- Concentrate on changes achieved with the help of EU funding and results (what are programmes going to be evaluated against?). Give examples of impact and result indicators.

Role of communication

- Request that communication is an integral part of the programme and project management cycle.
- Integrate the need to capitalize on project results as part of the project development and communication strategies of programmes and projects.

Good practices

- Abolish printed communication material/posters for projects and temporary billboards
- Use visual identity and attractive elements for permanent billboards and templates: give flexibility to use various templates, and make them available in a toolbox online.
- Spread good practices for project communication; e.g., suggesting that programmes "host" their project websites on the programme website. This ensures a longer life for projects, more unified information from projects, and makes it easier to find information. This might mean higher costs for programme communication but ensures better and longer-running communication results.

Evaluation and Indicators

General messages

- A limited set of Common Indicators reflecting key specificities of Interreg is an important complement to thematic indicators.
- Set up a limited number of Common Output Indicators (COI) and related Common Direct Result Indicators (CDRI) in order to anchor the specificities of Interreg (i.e., cooperation).
- The option to define programme-specific indicators should be maintained: to combine COI and CDRI for Interreg with COI and CDRI for themes plus programme-specific indicators to highlight important specificities of individual programmes – this ensures sufficient flexibility.
- Flexibility could mean that well-functioning practices in programmes should not be completely disrupted; but in order to feed the reporting on overall achievements of Interreg, the programmes should have the option to set-up more elaborate definitions as sub-categories to Common Indicators (thus several sub-categories of indicators might feed one Common Indicator).

- An alignment of sub-categories below Common Indicators seems feasible if done at an early stage – a defined set of sub-categories could be an important element when developing the operational definition of the indicators (e.g., sub-categories below Joint Measures such as actions, methodologies, toolboxes, strategies or products, processes, systems, services); at least alignment of these categories might be encouraged across groups of programmes such as in Transnational Cooperation (TNC)
- Provide clear distinction between outputs and results.
- Improve Result Indicators: defining CDRI which are close to the results of interventions in the project and which reflect the outcomes at programme level is encouraged. CDRI should indicate plausible results at the end of the project (since measuring achievements after project ends is quite costly).
- Concise information and instructions on the use of the new system at an early stage, and communicate the underlying ‘policy’ expectations clearly (e.g., a strong emphasis on achieving the plan exactly will increase the risk of very conservative estimates related to targets at programme level, thus with the obvious consequence of over-performance).

Reporting & Monitoring

Annual Implementation Report: Clearly specified data on programme implementation could be submitted to the Commission on a demand basis.

Setting the strategy

Geography principles

- Programme areas need to respond to strategic territorial development needs.
- Issues of a given territorial cooperation area need to be defined first and then the appropriate governance mechanism will need to be decided.
- Such elements could be socioeconomic exchanges, transport flows and geophysical elements.
- Proximity to the “challenges” is important as is the framework to address them.
- Evidence of issues and problems such as environmental quality, volume of flows and transactions will best be supported by technical reports (national/EU statistics, ESPON reports etc).
- Elements such as the history of cooperation/interactions and the institutional culture of a territorial cooperation area will also need to be taken into account.

Synergies

Synergies across programmes and across funds are widely discussed as necessary to mutually reinforce their impact. Possibilities and efforts for more coordination and cooperation between Interreg and other programmes and funds have been explored and tested. There is general recognition that there would be greater uptake with stronger

regulatory support (harmonised regulatory provisions, greater regulatory requirements, appropriate resources) to really reach a more coordinated, efficient and effective use of EU investments in EU territories.

Thematic Objectives

- To keep the principle of thematic concentration: the approach to thematic concentration (80% of funds to a maximum of four TOs) in the current period has been considered as useful by many programmes during programming since it helped to shape the focus of future programmes.
- There are policy areas which should be better addressed in the policy objectives for the period post 2020. As cooperation is the main feature of Interreg, there should be special attention on focusing the thematic objectives areas by e.g. selecting specific themes/have more focus on the added value of cooperation for Interreg,
- Allow flexibility to adapt to the specificities of programme areas (programming phase) and to unforeseen events (implementation phase).

Small Project Fund

- The Small Project Fund (SPF) is an ideal tool to involve the local level in the programme and with that to increase its visibility to the wider population. Approximately one third of cross-border Interreg programmes in the EU uses the instrument.
- It should be anchored in the Interreg Regulation. The reference in the Regulation should allow different options to implement it – thus explicitly highlighting the option to implement it as an operation/project given the following conditions are met:
 - A basic strategy has been developed based on which the SPF is implemented.
 - The expenditure for administration of the funds has to be proportionate thus necessitating a careful set-up of the implementation system.
 - A major lever to limit the administrative cost, i.e. to limit in particular the cost for management verifications, is the use of Simplified Cost Options.