



INTERact 



Simplification of the implementation of Cohesion Policy

**Workshop on European Territorial
Cooperation (ETC)**

FINAL REPORT

This document is a working document prepared by the administration based on the workshop on simplification on financial instruments in Cohesion policy and written contributions, which have been submitted by implementation experts. The document has not been endorsed politically but will inform the political work of the European Committee of the Regions and the Council of the European Union.

The document represents neither the views of the Slovak Presidency nor those of the European Committee of the Regions.

For any questions, feedback or comments please contact coter@cor.europa.eu.

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1. INTRODUCTION

Simplifying the implementation of Cohesion Policy is a recurring issue highlighted by all actors involved in the implementation of the European Structural and Investment Funds.

Primarily, simplification should contribute to a better, more effective and simpler use of the Funds in order to make the greatest possible contribution to achieving the Treaty objective of Territorial Cohesion and making the EU more competitive.

In the context of the ongoing political priority attached to effective simplification of the European Structural and Investment Funds and in the light of Council Conclusions (November 2015) calling on upcoming Presidencies to explore cooperation possibilities with the Committee of the Regions in this area, the Committee of the Regions (CoR) co-organised a series of workshops with successive Council Presidencies over the course of 2016-17.

Together with the Dutch Presidency, the CoR organised two joint workshops on simplification on 27 January 2016, focussing on "auditing, reporting requirements and guidance" and on 10 March 2016, focussing on "state aid in Cohesion policy" and "public procurement". Subsequently, the CoR and Slovak Presidency also organised one joint workshop on simplification of "Financial Instruments in Cohesion Policy". In each of the three workshops, up to 100 experts from the Member States and regional and local authorities, including representatives from managing and audit authorities, were involved in discussing the challenges and proposals for simplification. The results of the workshops were taken up in the CoR's Opinion on "Simplification of ESIF from the perspective of Local and Regional authorities" (COTER-VI/012) as well as in the Opinion on "the Financial rules applicable to the general budget of the Union" (COTER-VI/020).

On 22nd November 2017 the CoR, in collaboration with the European Commission's REFIT Platform, the Interact Programme and Europa decentraal, organised another joint workshop, focussing on "simplification of European Territorial Cooperation in the post-2020 programming period", using a similar methodology to the three previous sessions.

The findings of the workshop on Simplification of ETC have informed several current CoR opinions, notably (i) the Opinion on "Final conclusions and recommendations of the High Level Group on Simplification post-2020" (COR-2017-04842), which was adopted at the CoR Plenary session of 31 January – 1 February 2018, and (ii) the Opinion on "Boosting Growth and Cohesion in EU Border Regions" (COR-VI-036), which is scheduled for adoption by the CoR Plenary in summer 2018. Building on previous close cooperation with the Dutch and Slovak Council Presidencies, it is hoped that the Bulgarian Presidency will also use the findings of the workshop to provide input for the ongoing Council discussions on simplification in the run-up to the tabling of the legislative proposals for the post-2020 ESIF framework by the Commission services in early summer 2018. Certain specific proposals may also be submitted to the REFIT Platform for consideration as simplification measures for possible adoption in the upcoming period.

2. METHODOLOGY

In preparation for the simplification workshop, participants received one of two questionnaires on the topic of "simplification of ETC", either from the "project and EGTC perspective" or from the "programme perspective", depending on which type of body that those participants were from. The questionnaires asked participants to identify the most complex issues from a wide range of potential causes of complexity, alongside potential solutions. The questions between the two varied based on specificities of project implementation, from a project or programme perspective. The "project and EGTC perspective" questionnaire also had an additional set of questions, tailored to the further specificities of EGTC projects. Responses to the questionnaires included detailed descriptions of the issues at hand, as well as suitable solutions for simplification. Proposed solutions include suggestions for legislative change as well as other measures including changes in the application of rules, better co-operation, more guidance, etc.

In total, participants submitted 38 questionnaires (19 from the "project and EGTC perspective" and 19 from the "programme perspective"). Many participants supplemented the questionnaires with additional written contributions. The results of the two questionnaires were summarised and a preliminary analysis was presented to workshop participants on the day of the workshop to encourage discussion of relevant issues in more detail and to test the suggested simplification proposals with other participants.

The workshop followed the Chatham House rule: i.e. no personalized minute-taking, and the participants spoke according to their personal experience and not as representatives for their respective institutions.

This report summarises the written contributions received in advance and the discussions at the workshop.

The aim of this document is to present both the main findings of the simplification workshop and concrete proposals on how the implementation of ETC could be simplified. The document does not represent the views of the European Committee of the Regions, the European Commission, Interact or Europa decentraal.

The workshop was organised in cooperation with the European Commission's REFIT Platform, where the Committee of the Regions and, in a personal capacity, Mrs Fenna Beekmans, Director of Europa decentraal are co-rapporteurs for simplification proposals relating to regional policy. The workshop follows on from one such proposal adopted by the REFIT Platform in July 2017 on the "Simplification of ESI Funds (ESI) in the context of cross-border projects".

The workshop was jointly opened by Mr Petr Osvald, Chair of the CoR's COTER Commission and Ms Ana-Paula Laissy, Head of Unit at DG REGIO, European Commission. Ms Iulia Herzog, Head of Managing Authority for ETC Programmes in Romania and Member of the High Level Group on monitoring simplification for beneficiaries of ESI Funds (HLG), also addressed participants in the opening session and presented the work of the HLG in the area of simplification of ETC.

3. PROGRAMME PERSPECTIVE – MAIN FINDINGS

Programme Perspective: Key findings

- There is little or no proportionality and high levels of complexity in many aspects of project procedures, for ETC Programmes
- Reporting, auditing and different authorities (CA, MA etc.) have duplicate checks and functions that regulations do not clearly justify
- There are other redundancies, such as state aid rules and gold plating that add to the administrative burden, which are uneven between MS
- Audit and reporting requirements are not realistic or justifiable
- Regulations lack clarity in areas such as terminology (see “incurred” and “irregularity”)

Programme Perspective: Key findings

What do they want?

- Broadly, to have less bureaucracy
- Simplification to reduce regulation and the administrative burden related to auditing and reporting
- Clarification in terminology, rules and authorities’ roles
- Proportionality and justification of requirements for applications.
- Exemption of INTERREG Programmes from State aid rules, aligning INTERREG closer to the options for Horizon 2020.
- More training, guidance and cooperation from EC

The following areas were identified as priorities for simplification of ETC from the perspective of Programme Managers:

- The implementation of State aid rules,
- The quantity, structure and applicability of Regulations and Guidelines,
- Administration requirements at programme level
- Management verifications and audits.

3.1 The implementation of State aid rules

The majority of questionnaire respondents indicated that the **application of State aid rules** in the context of ETC absorbs **disproportionate** resources in relation to the relatively small overall budgets involved. Respondents emphasised that the risk and level of market distortion as a result of Interreg subsidies is very limited in view of the funding volume of ETC and the size of Interreg projects.

They also pointed to the fact that since ETC by definition involves project approval on behalf of two or more Member States, no single national authority has full discretion as to the use of the corresponding ERDF funds or over the selection of beneficiaries.

More specifically, the workshop discussion indicated that many aspects of the state aid declaration structure are **not well suited to the multi-national cooperation context** of ETC: the system is based on the principle of self-declarations, whereas ETC programmes do not have the tools or resources to perform the detailed checks required; access to certain reporting modules is provided to one MS only (eg. TAM (Transparency Award Module), SARI2 reporting procedures); second level state aid responsibilities are unclear at present.

Moreover, practical difficulties were signalled relating to the fact that the **maximum intensity levels** provided for by the state aid exemptions (for costs incurred by SMEs participating in ETC) under Article 20 of the General Block Exemption Regulation (GBER) are lower than the regular co-financing rate for ETC programmes (85%/75% vs. 50% under Article 20 GBER).

It was also noted that the **lead time** required for state aid clearance can delay or block the application phase or result in other deadlines not being met; such factors can have a particularly detrimental impact on the common objective of increased **private sector involvement** in ETC programmes.

Lastly it was noted that **programmes sometimes exclude certain activities or categories of beneficiaries** simply in order to avoid state aid compliance issues.

Main recommendations

ETC programmes consistently called for full exemption of ETC from compliance with State aid rules post-2020. Participants discussed the rationale underpinning the state aid assessment process and considered, in the light of the elements set out above, that there is a strong case for ETC resources to be considered direct awards from the Union and subsequently subject to the same state aid treatment as funding instruments such as HORIZON 2020, COSME, etc.

3.2 Regulations and guidelines

Questionnaire respondents indicated that, in addition to the CPR, ERDF and ETC Regulations themselves, the sheer number of guidance notes, implementing and delegated regulations constitute a serious challenge, where it is increasingly difficult to maintain an overview and ensure compliance.

The workshop discussion focused on the multiplication of ETC **guidance documents** in the current programming period compared to the 2009-2013 MFF. By way of example, whereas in the previous programming period a single template had been used for the description of the management and control system, the current programming period had added some 64 pages of guidance together with a 29-page self-assessment checklist.

With regard to the **designation process**, the volume of documents produced for the designation, as a result of the regulations and guidance documents has increased from 15 pages/12 annexes in the previous MFF to 104 pages/65 annexes in the current programming period, as demonstrated by one programme. Consequently, overall approval time has more than doubled (from an average of one year in 2009-2013 to more than two years in the current period).

Participants questioned the proportionality of the extensive measures required in this process, in particular for experienced MAs not being approved for the first time.

Main recommendations

Based on experience to date, programme managers recommend avoiding repeat designation processes by enabling carryover of designations in view of the high administrative burden and long timescale involved.

They also recommend (i) ensuring that relevant legal provisions are published in the same documents and not split between different regulations (as is the case for data storage and protection and communication requirements at present, for example) and (ii) ensuring that complementary documents are published simultaneously.

More generally, the need for a clearer distinction to be made between legally binding documents and explanatory or guidance documents was highlighted, since guidance notes are sometimes stricter than the corresponding legislative provisions or appear to be disproportionate, creating further complexity and uncertainty.

3.3 Administration at programme level

Several programmes indicated in their questionnaire responses that considerable complications result from the fact that the self-assessment checklist introduced by the Commission in the current period to be used in the designation process together with the template for the description of management and control systems is not aligned with the template itself.

The volume and timing of **reporting** requirements to the Commission was raised by several programmes. Several programmes referred specifically to duplication of **reporting requirements in the periodical reports** to be submitted to the Commission. Some programmes considered that it was unclear why essentially the same information in a slightly different format had to be provided by the different programme authorities (managing authority, certifying authority and audit authority) and called for a streamlined approach. With regard to **timing**, programmes called for simplification by aligning the submission dates of the different reporting processes.

Although experience is limited to date, programmes consider that the current procedure for the **annual closure of accounts** results in considerable excess administrative burden for programme bodies. Concerns set out relate to both the very tight timeline provided for and proportionality of resulting requirements in terms of resources.

During the workshop discussion participants notably expressed concern at the impact of the additional administration requirements introduced under the extended guidance on designation; they also expressed the view that the designation body did not apply the possibilities provided for under the Regulation (Article 124(2) CPR notably) and did not take due account of previous experience.

Main recommendations

A strong call was expressed for significant changes to the **designation** procedure in future: many participants called for full discontinuation of the designation procedure and for it to be replaced with a critical review of the management and control system description. Alternatively, it should be at least be possible to ensure that previously designated programme authorities only have to undergo a repeat designation procedure if there are significant changes in procedures or functions. Such an approach would significantly simplify operational conditions and, critically, help avoid damaging delays as have been experienced in the current programming period.

On **reporting**, participants called for a critical review of the requirements relating to the periodical reports to identify redundancies and streamline in future.

Regarding **annual closure of accounts**, some programmes suggest reinstating the previous approach to programme closure; others called for alignment of the annual closure with the other reporting requirements as a minimum simplification measure.

3.4 Management verifications and audits

One of the key messages conveyed in the programmes' questionnaire responses was that while some aspects of programme implementation reflect the focus on results in the current programming period (eg. Simplified Cost Options, hierarchy of rules), little improvement has been made with regard to **control requirements**.

On **audit requirements** the areas of extent, sampling and error extrapolations were mentioned. The proportionality of the human and financial resources devoted to meeting audit requirements in relation to the nature of cooperation projects and the amounts involved was often questioned. Specific practical difficulties relating to the approach applied in terms of **error extrapolation** were highlighted – respondents questioned the suitability of such provisions in relation to the nature of cooperation programmes where cooperation between several MS is involved. The challenges arising from error extrapolation in the context of ETC as applied at present was highlighted in terms of the significant uncertainty arising with regard to the division of financial liabilities between programme participants. A second aspect is addressed in the workshop discussion below.

The workshop discussion examined examples of specific audit requirements which give rise to significant practical difficulties in view of the level of resources available to ETC programmes. To comply with the very demanding requirements (a minimum of 30 audits per year in case of statistical sampling/ 5% of operations/ 10% of expenditure reported to the Commission in case of non-statistical sampling), the solution found by one Managing Authority was presented (non-statistical sub-sampling approach), where it was pointed out that this in turn could result in additional risks with regard to the error projection approach.

Under the current audit framework, the same expenditure of a project partner could be audited six times, excluding management verifications: (Audit authority, Certifying Authority, Managing Authority, Member State, European Commission, European Court of Auditors). Participants

emphasised the critical importance of ensuring that audits build on each other instead of repeating each other.

More specifically, on the error **extrapolation approach** applied, concerns were raised that, in addition to the purely mathematical calculation method which is considered unsuitable for the specific nature of ETC (the different Member States involved use different management verification systems), there is no verification of whether an error is really systemic or isolated in nature. This results in a situation where more audits have to be carried out to prove (non)-representativeness, which in turn leads to more costs for programmes. It can also result in flat-rate corrections where it may be difficult to agree on the division of liability in the context of cooperation programmes.

Main recommendations

With regard to **control requirements**, programmes suggested a risk-based approach or even abandoning management verification altogether as a simplification measure.

On **audit**, programmes called for the specific nature of ETC to be taken into account. The importance of applying the Single Audit principle in this sector too was underscored, to avoid multiple checks of a given beneficiary's expenditure by different authorities. The proportionality of the audit requirements and the current error extrapolation approach should also be reviewed in view of the specific nature of cooperation programmes.

3.5 Project implementation

While certain measures introduced in the current MFF, such as the hierarchy of rules, are appreciated as effective programme simplification measures, questionnaire respondents expressed a strong will to further reduce the **gold-plating** approaches often imposed by the Member States overseeing the programmes or by audit authorities. While this phenomenon results primarily from national legislation or requirements, respondents felt that in most cases such additional over-complex rules can be traced back to ambiguity in the corresponding EU regulations, or are attributable to 'fear of errors'.

While the Commission Delegated Regulation on **eligibility of expenditure** was generally described as a valuable frame of reference for ETC programmes, several uncertainties were highlighted with respondents asking for greater clarity on specific rules, notably in the area of staff costs (eg. hourly rate calculation).

On **Simplified Cost Options (SCOs)**, programmes welcomed the options provided for under the current regulatory framework, while calling for further simplification in two specific areas: (i) more pre-defined (off-the-shelf) SCOs, and (ii) availability of SCOs which more accurately reflect the expenditure patterns and project structure of ETC. During the workshop discussion, it was noted that the volume of data collected in the previous programming period was more difficult to use for the development of SCOs. However, in this programming period the work along defined budget categories from the Delegated Regulation on eligibility of expenditure will be significant and could be used for the development of further suitable SCOs for ETC.

Participants also referred to the need to simplify **public procurement** rules in ETC and to unburden programmes from redundant **reporting requirements**. It was also emphasised in general that simplification measures should not only focus on the post-2020 period, but that every effort should be made to introduce additional simplification the current programming period.

4. PROJECT PERSPECTIVE – MAIN FINDINGS

Project Perspective: Key findings

- There is a lack of clarity in terminology
- This creates an uneven application of rules in MS
- The uneven application of rules and project requirements lead to too much disproportionate bureaucracy
- There are burdensome demands in all areas of reporting
- Proportionality and relevance are under scrutiny by participants

Project Perspective: Key findings

What do they want?

- Fewer rules, regulations and requirements
- What remains should be clearer, more concise and more harmonious (harmonious for cross-border and between authorities)
- Systems of more flexibility when it comes to areas such as FLC
- More training and guidance from the EC Participants want social media scope and more user-friendly online content from the EC

The following areas were identified as priorities for simplification of ETC from the perspective of Project Managers:

- Award and application procedure
- Administration requirements at project level, incl. financial implementation phase
- Reporting and follow-up

4.1 Award and application procedure

On the award procedure, questionnaire respondents addressed the need to increase the know-how, awareness and ability of INTERREG projects in **finding reliable partners**. It was also suggested that the rules should be simplified and co-financing rates for partner contributions could be reduced. Several respondents commented on difficulties relating to **language and cultural barriers**, some considering that multilingualism was lacking from the preparation procedures, while others felt that use of several languages in parallel was sometimes unduly complex.

Respondents also called for more clarity in providing reasons for rejection of projects, some suggesting guidance on how to write a good project or additional feedback to aid future applications. Further guidance and technical assistance was also requested in relation to dealing with partners which may not have carried out **expenditure** properly.

On the **application procedure**, respondents indicated above all that the duration of the selection procedure has become disproportionate, with some indicating that the administrative burden in terms of documentation requirements is considerable. Difficulties were also indicated relating to differing assessments of (i) **eligibility** and (ii) **priority axes** owing to different interpretation/perception of certain rules and provisions between Managing Authorities of different MS.

The workshop discussion focussed on the **average duration of the two-phase application** procedure, which is now some 5-9 months longer on average compared to the one-phase application procedure, with the subsequent impact in terms of additional delay to project **start dates**. Participants reported that the **online submission systems** (such as iOLF, EMS) had brought significant benefits, but that potential here was thwarted by the fact that not all programmes had implemented such systems yet. Some complications had also been experienced with the use of intelligent XLS/ PDF documents.

Main recommendations

It was considered critical to **reduce the lead time for the application phase**; participants strongly recommended a one-phase process instead of the two-phase procedure. Support from programme authorities could be increased here; the possibility of individual consultations with the relevant Joint Secretariat was raised in this context to discuss project ideas in more detail. The documentation burden could also be reduced by a more centralised procedure.

In view of the difficulties encountered with **differing interpretations of eligibility requirements** and of provisions relating to **priority axes**, participants called for clarification and comparative harmonisation of certain aspects, as much stability as possible in the legal framework over time and more assistance. Clarification of certain specific requirements was also requested with regard to submission of partner declarations in electronic or paper format (where participants expressed a preference for the need for original hard copies to be reduced).

4.2 Administration requirements at project level, incl. financial implementation stage

A very high number of questionnaire responses were received from Project Managers in this category:

The complexity and lack of clarity arising from **state aid rules** was cited as a cause of considerable difficulty and uncertainty. The current state aid rules were considered so complex that projects are obliged to rely entirely on the expertise of auditors to appropriately understand the rules, while even for auditors the interpretation is **not consistent**. Despite some recent improvements (such as new ex-ante state aid notification exempting certain categories), data indicates that annual notification figures are consistently increasing.

The next main area addressed in this category is that of **uneven application of rules** between MS, with more clarification/guidance required. Two recurrent difficulties were cited in relation to **rules set by programmes**: (i) over cautious/excessive interpretation of EU regulations, and (ii) changes to rules during a reporting procedure. It was proposed that EU regulations should be clarified in these areas and certain EU terms simplified. Respondents also addressed the problems arising from gold-plating by MS (cf. section I above). Some respondents raised the question of **unequal co-financing** opportunities between MS involved in a given programme; it was proposed that intervention rates could be increased for better quality projects.

Several respondents commented on the artificial nature of the split between the financial year and accounting year, considering that this would be an inevitable source of errors and confusion.

While it was generally considered that **Simplified Cost Options** had improved since the previous INTERREG funding period, some respondents still called for clearer descriptions, more information/training and an aligned interpretation of the rules by audit staff.

The recalculation of fluctuating **exchange rates** of non-Eurozone project partners was also signalled as a complex process requiring simplification. Similarly, the complexity of application of **VAT rules in the cooperation context** was highlighted, with proposals to clarify rules for both EU/third country cooperation and interaction between EU/national regulations.

The workshop discussion examined the uncertainties and administrative burden resulting from the '**work packages**' structure (eg. connection between 'outputs' and 'deliverables' in work packages is unclear in some programmes). The need for a clearer, harmonised structure was highlighted in this area, as well as in relation to the 'activity plan' and result indicators. The discussion also addressed the difficulties arising in connection with the requirement to include '**work packages**' in the budget. Only a few programmes have implemented simplification measures in this area to date.

Specific simplification requirements/suggestions were discussed in relation to **certain budget lines**, incl. *staff costs* – where there was a need to further improve the simplification measures adopted to date, notably the *flexible hours/1720 hours* rule. It was also pointed out that some categories of staff are not covered by the existing *staff costs* category and that targeted simplification in this area would make a real difference, since Interreg projects are particularly staff-intensive (often account for 50% of

total budget). Other budget lines where further simplification was requested include 'travel and accommodation' (simplified cost reporting) and 'external budget'.

More generally, current provisions on **budget flexibility** (in some programmes only 5% flexibility at partner level and 10% at project level) were considered very limited in view of the average project lifecycle (approx. 4 - 5 years from planning to implementation). This in turn results in extra administrative burden in monitoring spending and managing changes.

Project managers also discussed the recurrent **cash-flow difficulties as a result of** the long lead-time for delivery of ERDF funds, where average delays of some 9 months could be a serious deterrent for potential new beneficiaries (see section I above).

In this section, participants also discussed the question of **interconnection**, ie. difficulties arising in terms of compatibility between requirements stemming from different EU legislative texts. Examples were provided of difficulties encountered when different sets of EU rules were not aligned, which can result in projects being unnecessarily delayed or in some cases even completely stopped.

Main recommendations

On **state aid**, measures called for by respondents ranged from more clarity, guidance and technical assistance to full exemption of INTERREG programmes from state aid notification procedures.

State aid notification requirements areas ill-suited to programme logic involving several MS – and even all EU 28 for some programmes – this very feature acts as a mechanism for preventing a given MS from distorting market conditions by granting undue aid to a given undertaking.

On the **financial implementation phase** (simplification of certain budget lines, inclusion of work packages), participants emphasised the need for exactly the same financial rules for all ETC programmes. Higher budget flexibility was also called for (eg. 20% instead of 5-10% at present).

A specific suggestion was also made to remove the budget breakdown per 'work packages' requirement from the budget (so that this would comprise 'budget lines' only).

To address the important issue of **cash-flow problems** as a result of the long lead-time for delivery of ERDF Funds, it was considered that the control phase by the Joint Secretariat/MA/CA could be accelerated as this accounts for a significant proportion of the current procedure. Pre-payment of ERDF was a further recommendation which would help facilitate the cash-flow challenges faced by partners.

On interconnection, participants confirmed the need for better cooperation between certain Commission DGs when developing or amending EU legislation. It was indicated that members of the REFIT Platform considered this as an important horizontal subject and would possibly propose a future opinion on this matter.

4.3 Reporting and follow-up

Questionnaire respondents emphasised the need to reduce the administrative burden resulting from reporting requirements, addressing in particular the complexity of the **First Level Control (FLC) process**. They also pointed to the need for the **online reporting system to** be made more user-friendly.

On **communication**, participants expressed the desire to build on the achievements of the current MFF in terms of harmonised/centralised branding and website design, noting that communication nevertheless generally remains an isolated activity for most projects. Some respondents questioned the suitability of social media to reach out to new target groups in the context of ETC.

The workshop examined scope for reducing administrative burden by making more extensive use of internet-based monitoring systems (such as the IOLF (Interreg Online Form)) system and the EMS (Electronic Managing System)) and discontinuing FLC (or at least enabling improved harmonisation and full digitisation of documents).

On the need to address the **timing of deadlines for reporting**, it was mentioned that solutions are already implemented for the second call. The possibility of enabling projects to set their own reporting periods was also raised.

It was underscored that some Managing Authorities employ several members of staff exclusively in order to address the issue of **management and reporting complexity**. Participants questioned the proportionality of such a complex regulatory framework, where experience indicated that excessive administrative requirements and documentation/data gathering did not necessarily result in greater availability of more pertinent data or in reinforced trust.

Main recommendations

To reduce the administrative burden of reporting, participants recommended ensuring a fully functioning online monitoring system from the first reporting period and considering discontinuation of FLC. It was also suggested that one full-time employee devoted to administrative management could be appointed by the lead partner. Improvements were also suggested to internet-based monitoring systems, now in widespread use by ETC programmes (eg. automatic email notification function, online availability of FLC documents and of JS clarification form).

It was also suggested that project **visibility** be improved by increasing budgetary and procedural resources for marketing and communication.

5. EGTC, ACCESS TO ETC PROGRAMMES AND ISSUES OF ELIGIBILITY WITH EU FUNDED PROGRAMMES

The European Committee of the Regions is the official EU register of the European Grouping of Territorial Cooperation (EGTC) as defined in the EU Regulation No. 1302/2013 (amending EU Regulation 1082/2006). At the same time, the CoR also hosts the EGTC Platform that gathers political and technical representatives of all the existing EGTCs.

On several occasions, members of the EGTC Platform have informed us about difficulties accessing EU funding, and being considered as non-eligible in certain EU programmes, which is in direct contrast to the Article 7.3 of the EGTC Regulation. The CoR has been informed about problems with eligibility or lack of knowledge in the following EU programmes; Fifth Intereg VB Northwest Europe, Connecting Europe Facility, Urban Innovative Action, URBACT and Horizon 2020, however the list likely does not end here.

To look into this issue, the CoR decided to discuss this issue in more detail at the workshop, which further underlined the problems EGTCs are facing in some EU programmes. The type of difficulties encountered by EGTCs include the fact that they are sometimes not considered to represent different Member States, that their staff are not recognised or there is simply lack of knowledge in the EU programmes about what an EGTC is, which leads to them not being considered eligible.

Workshop participants stressed that the argument that the EGTCs do not represent multiple Member States is incorrect as the very nature of an EGTC is to represent multiple Member States, functioning as a single legal entity which removes many administrative obstacles and simplifies the work of local and regional administrations working on cross-border projects.

The EGTC Regulation envisaged EGTCs as natural entities to implement and manage EU funded programmes; it is essential to remove the barriers to participation on grounds of non-eligibility. The EGTC Regulation is deliberately made flexible, which allows local and regional authorities to establish EGTCs as most suited for local conditions. This also includes different staffing policies, with some of them having their own staff, with others delegating staff from local and regional administrations. This arrangement should not stand in the way of their eligibility.

Participants also recalled that Article 3 of the EGTC Regulation also identifies different entities that can take part in an EGTC. EGTCs should not be disqualified from participating in EU programmes based on the fact that entities other than public authorities can participate as members; as an EGTC is always guided by public interest and never private interests.

Additionally, the question of co-financing of cross-border projects implemented by EGTCs was raised, as in certain cases the Member States refuse to cover the co-financing for the part of project that is being implemented at the other side of the border. In certain cases, such as in the case of INTERREG Slovenia-Italy, this was resolved after months of efforts, but the fact remains that there is a lack of political will, or overall understanding of what cross-border cooperation can be.

Main recommendations

It would be important that the European Union clarifies the co-financing mechanisms with its Member States so that this kind of problems would not occur in the new financing period.

The experiences of EGTC GO show that INTERREG's management and control system are not adapted to advanced cooperation actions such as those normally carried out by EGTCs. INTERREG should, in the next period, enable an advanced cooperation programme on a real cross-border management basis based on cross-border investment and genuine cross-border planning.

With more than two years of implementation experience, the EGTC Regulation has proven to be an excellent and a practical tool for LRAs to implement cross-border, interregional and transnational projects, long term strategies and to bring together European citizens across borders and beyond. Today we count 67 EGTCs, involving over 700 LRAs, twenty Member States and three non-EU states, touching the lives of over 30 million Europeans.

The EGTC Regulation is one of the concrete examples of EU added value for its citizens, especially for the 37% of citizens living in border areas. The European Union should remove any remaining obstacles standing in the way for these innovative entities and put more effort in promoting this tool as a truly European construct that improves the quality of life of its citizens.

Therefore, the European Committee of the Regions asks the European Commission to organise an awareness raising campaign directed towards all the European Commission DGs and especially towards EU funded programmes. The European Commission should also take a clear stance towards EU funded programmes to ensure that EGTCs are considered eligible for EU funding, despite some of the particularities that EGTCs have.

ANNEX I – AGENDA

WORKSHOP

Simplification of European Territorial Cooperation

European Committee of the Regions
Rue Van Maerlant 2, 1040 Brussels, Room VMA 1
22 November 2017

Interpretation available for | [EN](#) | [FR](#) | [CZ](#) | [DE](#) | [PL](#) |

13:00 Opening of the registration | Bring your national ID / Passport with you

13:15 **Networking lunch offered by INTERact**

14:15 **Opening of the workshop**

*Mr **Petr Osvald**, Chair of the Commission for Territorial Cohesion Policy and EU Budget (COTER), Political Coordinator of the EGTC Platform, European Committee of the Regions*

*Ms **Ana-Paula Laissy**, Head of Unit, DG REGIO, European Commission*

Introduction

*Ms **Iulia Hertzog**, Member of the High Level Group on monitoring simplification for beneficiaries of ESI Funds; Head of Managing Authority for ETC Programmes in Romania*

14:45 **Simplification of ETC Programme management**

Moderator

*Ms **Katja Ecke**, Expert, INTERact*

Focus on audit matters

*Ms **Anne Wetzel**, Director, Europe direct Hauts de France (MA of 3 ETC programmes)*

State Aid simplification

*Mr **Przemyslaw Kniaziuk**, Expert, INTERact*

Discussion

16:15 **Coffee break**

16:30 **Simplification of ETC Project Management**

Moderator

Mr **Martín Guillermo Ramírez**, Secretary General, AEBR

Mr **Robert Nemeth**, Pannon Business Network Association

Ms **Fenna Beekmans**, Director of Europa decentraal

Discussion

17:30 **European Grouping of Territorial Cooperation, access to ETC programmes and issues of eligibility with EU funded programmes**

Moderator

Mr **Pavel Branda**, CoR Member and Rapporteur on the CoR Opinion 'People-to-people projects in cross-border cooperation programmes'

Ms **Sandra Sodini**, Director, EGTC GO

Mr **Jörg Saalbach**, Director, Interregional Alliance for the Rhine-Alpine Corridor EGTC

Discussion

18:00 **Closing remarks**

Moderator

Mr **Thomas Wobben**, Director, Legislative Work 2, European Committee of the Regions

Ms **Petra Masacova**, Head of Management Authority, INTERact

Mr **Ádám Karácsony**, CoR Member and Rapporteur on the CoR Opinion 'Boosting Growth and Cohesion in EU Border Regions'

Link to the questionnaire summaries and all relevant workshop presentations

<http://cor.europa.eu/en/events/Pages/Simplification-of-the-ETC.aspx>

ANNEX II - LIST OF PARTICIPANTS

1.	Assmundson Mattias	Interact	Denmark
2.	Beekmans Fenna	Europa decentraal	The Netherlands
3.	Benhallem Guillaume	EGTC Pyrénées-Méditerranée	France
4.	Bodereau Vivien	Norfolk County Council INTERREG PROGRAMME	UK
5.	Branda Pavel	Member of the Committee of the Regions	Poland
6.	Breznik Christiane	Managing Authority Interreg Central Europe	Austria
7.	Brummel Machtelijm	RVO Dutch national contact Interreg Europe	The Netherlands
8.	Bulumac Lavinia	European Commission	Belgium
9.	Bursik Martin	Managing/National Authority of CBC programmes	Czech Republic
10.	Comuniello Gianluca	European Commission, DG REGIO	Belgium
11.	Cristea Oana	Ministry of Regional Development, Public Administration and EU Funds	Romania
12.	Deimel Alexandra	Federal Chancellery Department - Coordination Spatial Planning and Regional Policy	Austria
13.	Di Padua Irene	ECRN	Belgium
14.	Ecke Katja	Interact	Spain
15.	Ferrara Sara	ESPOON Managing Authority	Luxembourg
16.	Ferrarese Luca	Joint Secretariat Interreg CENTRAL EUROPE	Austria
17.	Fredriksz Juliette	Europa decentraal	The Netherlands
18.	Gal Fabian	Expert to CoR Member and /Rapporteur Adam Karacsony	Scotland
19.	Gavran Andrijana	Agency for Regional Development of the Republic of Croatia	Croatia
20.	Geitner Petra	Interreg Europe JS	France
21.	Gilland Moray	DG Regional and Urban Policy European Commission	Belgium
22.	Golovko Margarita	Ministry of Finance European Territorial Cooperation Unit	Estonia
23.	Guillermo Ramirez Martin	AEBR	Germany
24.	Hartl Johannes	Managing Authority of the ETC Program Bavaria - Czech Republic (Bavarian Ministry of Economic Affairs)	Germany
25.	Hermanek Pertti	PH Projectmanagement & Consulting	Germany
26.	Hertzog Iulia	Ministry of Regional Development, Public Administration and European Funds	Romania
27.	Hüse-Nyerges Enikő	CESCI	Hungary
28.	Ivančević Posavac Tamara	Agency for Regional Development of the Republic of Croatia	Croatia
29.	Jakovljeva Jūlija	Ministry of Environmental Protection and Regional Development of Latvia	Latvia
30.	JEAN-PIERRE Laure	Autorité de gestion du Programme INTERREG V Rhin Supérieur - Région Grand Est	France
31.	Karacsony Adam	Member of the Committee of the Regions	Hungary
32.	Kasprzyk Krzysztof	European Commission, DG Regional and Urban Policy	Belgium
33.	Kniaziuk Przemysław	INTERact	Spain
34.	Koromilas Ilias	General Secretariat of the Hellenic Government	Greece

35.	Laissy Ana-Paula	European Commission, DG REGIO	Belgium
36.	Lazic Ivana	Interact	Austria
37.	Lepen Andreja	Croatian Regions Office	Belgium
38.	Mantog Ioana	MA Ro-Bg	Romania
39.	Marcon Caterina	Autonomous Province of Bolzano/Bozen - South Tyrol. Liaison Office Brussels	Italy
40.	Marinkovic Morena	European Commission, DR REGIO	Belgium
41.	März Johanna	Interreg NWE	France
42.	Masacova Petra	Bratislava Region - Interact Programme	Slovakia
43.	Mc Carthy Kieran	Member of the Committee of the Regions	Ireland
44.	Neli Georgieva	European Chemical Regions Network	Belgium
45.	Németh Ildikó	Fejér Enterprise Agency	Hungary
46.	Nemeth Robert	Pannon Business Network	Hungary
47.	Nieuwmeyer-Bernhart Julia	EU Representation Office of Carinthia	Belgium
48.	Niitepõld Merike	Regional Council of Southwest Finland	Finland
49.	Niko Finka	Joint Secretariat of Danube Transnational Programme	Hungary
50.	ORIO CALVO-VERGES	EGTC Cities of Ceramics (AEuCC)	Spain
51.	Osvald Petr	Member of the Committee of the Regions	Czech Republic
52.	Peeters Stef	Interreg Flanders - the Netherlands	Belgium
53.	Peters Dirk	European Commission, DG REGIO	Belgium
54.	Piazza Ilaria	Interreg Europe JS	France
55.	Plavetić Jelena	Agency for Regional Development in Croatia Interreg IPA CBC Programmes	Croatia
56.	Priban Jan	Regional Authority of the Pilsen Region	Czech Republic
57.	Raffaella Viviani	Friuli Venezia Giulia Autonomous Region, Brussels Office	Belgium
58.	Saalbach Jörg	Interregional Alliance Rhine-Alpine Corridor EGTC	Germany
59.	Schutrups David	Europa decentraal	The Netherlands
60.	Schwecherl Andrea	CBC Wien	Austria
61.	SIWERIS Erwin	Interreg Europe JS	France
62.	SMYTH Maria	COTER Secretariat, Committee of the Regions	Belgium
63.	Sodini Sandra	EGTC GO	Italy-Slovenia
64.	Sopel Jaroslaw	Ministry of Economic Development	Poland
65.	Sotiropoulou Vassiliki	Managing Authority of European Territorial Cooperation Programmes, Ministry of Economy and Development	Greece
66.	Stancheva Kristiyana	EU Balearic Islands Office	Spain
67.	Teleky Tomas	Bratislava Region Brussels Office	Slovakia
68.	Thiemo W. Eser	Ministry of Sustainable Development and Infrastructure, Department of Spatial Planning and Development ESPON Managing Authority	Luxembourg
69.	Tober Lucy	COTER Secretariat, Committee of the Regions	Belgium
70.	van Eijkeren Rob	House of the Dutch Provinces in Brussels	Belgium
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72.	von Wirth Ingo	Management Authority CBC Germany-Netherlands, MWIDE NRW	Germany
73.	Wacquez Christophe	Interreg NWE Programme - Joint Secretariat	France
74.	Weber Thomas	Interreg Baltic Sea Region, Managing Authority/Joint Secretariat	Germany
75.	Wegner Christina	Federal Ministry of Economics and Energy, Member of MC Interreg	Germany

76.	Wengert Julia	Joint Secretariat INTERREG Deutschland-Nederland	Germany
77.	Wetzel, Anne	Europe direct, Région Hauts-de-France	France
78.	Witoldson Dorota	European Commission, DG REGIO	Belgium
79.	Wobben Thomas	Committee of the Regions	Belgium
80.	Żukowska Ewa	Ministry of Economic Development	Poland