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NOTE

From: General Secretariat of the Council
To: Permanent Representatives Committee

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Subject: Interreg Regulation: Update following the EUCO conclusions of July 2020
- Partial mandate for negotiations with the European Parliament

I. INTRODUCTION

1. On 29 May 2018 the Commission adopted the proposal on specific provisions for the European territorial cooperation goal (Interreg) supported by the European Regional Development Fund and external instruments¹.

¹ Doc. 9536/18 + ADD1.

2. The Interreg Regulation was presented to the Structural Measures Working Party (SMWP) in June 2018 during the Bulgarian Presidency. Detailed examination of the Interreg Regulation by the SMWP started under the Austrian Presidency. Under its term, the General Affairs Council dedicated to Cohesion Policy on 30 November 2018 gave specific guidance on the architecture of the Interreg Regulation. The Romanian Presidency pursued the work on the file with a detailed examination of the full Interreg Regulation and on 29 May 2019 the Permanent Representatives Committee agreed on a partial mandate for negotiations².
3. The partial mandate for negotiations has to be updated to take account of the European Council Conclusions adopted in the special meeting of the European Council of 17, 18, 19, 20 and 21 July 2020.

II. WORK WITHIN THE COUNCIL

4. Updates reflecting the European Council Conclusions were discussed in the Structural Measures Working Party in its meetings on 8, 11, 15 and 18 September 2020.
5. Substantial progress has been made on those updates of the Interreg Regulation at working party level. Following the Structural Measures Working Party on 18 September, **the Presidency is of the view that, based on the principle that "nothing is agreed until everything is agreed", a balanced compromise text has emerged which has been supported by a majority of Member States.**

III. WAY FORWARD

6. The Permanent Representatives Committee is, therefore, invited to agree on a partial mandate for negotiations with the European Parliament and to confirm the compromise proposed by the Presidency on the updates of the Interreg Regulation reflecting the July European Council Conclusions, as set out in the Annex to this note.

² Doc. 9594/19.

Interreg Regulation 2021-2027

Elements from EUCO conclusions³

Article 2

Definitions

[...]

- (2) 'third country' means a country which is not a Member State of the Union and does not receive support from the Interreg funds or which contributes to the EU budget by external assigned revenue;

[...]

Article 4

Geographical coverage for cross-border cooperation

[...]

3. Internal cross-border cooperation Interreg programmes may cover regions in Norway, Switzerland and the United Kingdom which are equivalent to NUTS level 3 regions as well as Liechtenstein, Andorra, Monaco and San Marino.

[...]

³ Chapter VIII on the participation of third countries or partner countries or OCTs in Interreg programmes under shared management was also in square brackets in the mandate agreed by Coreper on 29 May 2019 (doc. 9594/19). However, the SMWP already worked on Chapter VIII and the mandate already includes the relevant amendments as agreed by the Council. Therefore, Chapter VIII remains unchanged as set out in doc. 9594/19, with only the brackets being removed.

Article 5

Geographical coverage for transnational cooperation

[...]

2. Transnational cooperation Interreg programmes may cover:
 - (a) regions in Iceland, Norway, Switzerland, the United Kingdom as well as Liechtenstein, Andorra, Monaco and San Marino;
 - (b) OCTs;
 - (c) the Faroe Islands;
 - (d) regions of partner countries under IPA III or NDICI;whether or not they are supported from the EU budget.

[...]

Article 8

List of Interreg programme areas to receive support

[...]

3. Regions of third or partner countries or territories outside the Union which do not receive support from the ERDF or from an external financing instrument of the Union, or which contributes to the EU budget by external assigned revenue, shall also be mentioned in the list referred to in paragraph 1.

Article 9

ERDF resources for the European territorial cooperation goal (Interreg)

1. The ERDF resources for the European territorial cooperation goal (Interreg) shall amount to EUR 7 950 000 000 of the global resources available for budgetary commitment from the ERDF, ESF+ and the Cohesion Fund for the 2021-2027 programming period and set out in Article [103(1)] of Regulation (EU) [new CPR].

2. The resources referred to in paragraph 1 shall be allocated as follows:
 - (a) 71.9% (i.e., a total of EUR 5 712 790 000 for cross-border cooperation (strand A));
 - (b) 18.4 % (i.e., a total of EUR 1 466 000 000 for transnational cooperation (strand B));
 - (c) 6.3% (i.e., a total of EUR 500 000 000 for interregional cooperation (strand C));
 - (d) 3.4% (i.e., a total of EUR 271 210 000) for outermost regions' cooperation (strand D);
3. The Commission shall communicate to each Member State its share of the global amounts for strands A, B and D, pursuant to the methodology of point 8 of Annex XXII CPR, broken down by year.
4. Each Member State may transfer up to 15% of its financial allocation for each of the strands A, B and D from one of those strands to one or more of the others.
5. Based on the amounts communicated pursuant to paragraph 3, each Member State shall inform the Commission whether and how it has used the transfer option provided for in paragraph 4 and the resulting distribution of its share among the Interreg programmes in which the Member State participates.

Article 13

Co-financing rates

The co-financing rate at the level of each Interreg programme shall be not higher than 80 %, unless, with regard to external cross-border or Interreg strand D programmes, a higher percentage is fixed in Regulations (EU) [IPA III], [NDICI] or Council Decision (EU) [OCTP] respectively or in any act adopted thereunder.

Article 14
Interreg-specific objectives

[...]

2. In the case of the PEACE PLUS programme, where it is acting in support of peace and reconciliation, the ERDF, as a specific objective under policy objective 4, shall also contribute to promoting social, economic and regional stability in the regions concerned, in particular through actions to promote cohesion between communities. A separate priority shall support that specific objective.

[...]

Article 17
Content of Interreg programmes

[...]

5. As regards the information referred to in paragraph 4, for the tables referred to in point (g) and as concerns the support from external financing instruments of the Union, those funds shall be set out as follows:
 - (a) for Interreg programmes supported by IPA III and NDICI as a single amount ('IPA III CBC' or 'Neighbourhood CBC' combining the contribution from Heading 2 Cohesion and Values, sub-ceiling Economic, social and territorial cohesion and Heading 6 Neighbourhood and the World;
 - (b) for strand B and C Interreg programmes supported by IPA III, NDICI or the OCTP as a single amount ('Interreg funds') combining the contribution from Heading 2 and Heading 6 or split per financing instrument 'ERDF', 'IPA III', 'NDICI' and 'OCTP', pursuant to the choice of the programme partners;

[...]

Article 23

Partnership within Interreg operations

[...]

3. Paragraph 1 shall not apply to operations under the PEACE PLUS programme in where the programme is acting in support of peace and reconciliation.

[...]

Article 32

Final performance report

1. Each managing authority shall submit to the Commission a final performance report on the respective Interreg programme by 15 February 2031.

[...]

Article 49

Payments and pre-financing

[...]

2. The Commission shall pay a pre-financing based on the total support from each Interreg fund, as set out in the decision approving each Interreg programme under Article 18, subject to available funds, in yearly instalments as follows and before 1 July of the years 2022 to 2026, or, in the year of the approving decision, no later than 60 days after that decision is adopted:

- (a) 2021: 1%;
- (b) 2022: 1%;
- (c) 2023: 3%;
- (d) 2024: 3%;
- (e) 2025: 3%;
- (f) 2026: 3%.

Pre-financing shall be cleared each year with the acceptance of accounts except for programmes referred to in paragraph 3.

[...]
