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From: General Secretariat of the Council
To: Permanent Representatives Committee
Subject: Cohesion Policy - Interreg Regulation
- 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.
2. The Economic and Social Committee and the Committee of the Regions have been consulted on the Interreg Regulation and have adopted their opinions on 19 September and 5 December 2018, respectively.
3. The European Parliament voted its first reading position on the Interreg Regulation on 26 March 2019.

¹ Doc. 9536/18 + ADD1.

II. WORK WITHIN THE COUNCIL SO FAR

4. The Interreg Regulation was presented to the Structural Measures Working Party (SMWP) in June 2018 during the Bulgarian Presidency.
5. Detailed examination of the Interreg Regulation by the SMWP started with an orientation debate on 20 September 2018 under the Austrian Presidency, which focused on the Interreg components and their geographical coverage, the external dimension and the Interreg specificities. Moreover, on 15 November 2018 and following progress on the Common Provisions Regulation (CPR) provisions, the SMWP started examining the potential alignment and implications between the CPR and the Interreg Regulation, in particular on the programming, management and control provisions.
6. The General Affairs Council dedicated to Cohesion Policy on 30 November 2018 under the Austrian Presidency gave specific guidance on the architecture of the Interreg Regulation. The Austrian Presidency proposal to adjust the 'architecture' of the Interreg Regulation in a way that it stays as close as possible to the one of the 2014 – 2020 period (as set out in doc. 14216/18), received broad support from delegations. Moreover, orientation was also given for existing programs of all three strands to be continued to a maximum extent. At the same time, the Interreg component 5 was shifted to ERDF as a dedicated initiative in that regulation.
7. The Romanian Presidency pursued the work on the file with a detailed examination of the full Interreg Regulation and its Annex. The SMWP discussed the Interreg Regulation in ten different meetings (15, 24 and 29 January, 12, 20 and 26 March, 2 and 16 April and 2 and 22 May).

8. Since the Interreg Regulation is a proposal linked to the Multiannual Financial Framework (MFF), all provisions with budgetary implications or of a horizontal nature have been set aside (in square brackets) for the time being - and thus excluded from this partial mandate for negotiations - pending further progress on the MFF. These provisions under the Interreg Regulation are: Article 9 (ERDF resources for Interreg), Article 13 (co-financing rates), paragraph 2 of Article 49 (pre-financing), all references to the PEACE PLUS programme and to contributions to the EU budget by external assigned revenue. Chapter VIII on the participation of third countries or partner countries or OCTs in Interreg programmes under shared management is also in square brackets given its sensitivity, and therefore dependent on the outcome of the horizontal negotiations on the MFF; however those amendments made to Chapter VIII by the SMWP during its work on the file have been already included in the text.
9. Substantial progress has been made since the detailed examination of Interreg Regulation began at working party level. Following the Structural Measures Working Party on 22 May, **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 from discussions amongst Member States.**

III. WAY FORWARD

10. The Permanent Representatives Committee is, therefore, invited to agree on a partial mandate for negotiations and confirm the compromise proposed by the Presidency on the Interreg Regulation as set out in the Annex to this note.

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CHAPTER I

General provisions

SECTION I

SUBJECT MATTER, SCOPE AND INTERREG STRANDS

Article 1

Subject matter and scope

1. This Regulation lays down rules for the European territorial cooperation goal (Interreg) with a view to fostering cooperation between Member States inside the Union and between Member States, and adjacent third countries, partner countries, other territories or overseas countries and territories ('OCTs'), respectively.
2. This Regulation also lays down the provisions necessary to ensure effective programming including on technical assistance, monitoring, evaluation, communication, eligibility, management and control, as well as financial management of programmes under the European territorial cooperation goal ('Interreg programmes') supported by the European Regional Development Fund ('ERDF').
3. With regard to support from the 'Instrument for Pre-Accession Assistance' ('IPA III'), the 'Neighbourhood, Development and International Cooperation Instrument' ('NDICI') and the funding for all the OCTs for the period 2021 to 2027 established as a Programme by Council Decision (EU) XXX ('OCTP') to Interreg programmes (the three instruments together: 'the external financing instruments of the Union'), this Regulation defines additional specific objectives as well as the integration of those funds into Interreg programmes, the criteria for third countries, partner countries and OCTs and their regions to be eligible and certain specific implementation rules.

4. With regard to support from the ERDF and the external financing instruments of the Union (jointly referred to as ‘the Interreg funds’) to Interreg programmes, this Regulation defines the Interreg-specific objectives as well as the organisation, the criteria for Member States, third countries, partner countries and OCTs and their regions to be eligible, the financial resources, and the criteria for their allocation.
5. Regulation (EU) [new CPR] and Regulation (EU) [new ERDF] shall apply to Interreg programmes, except where specifically provided for otherwise under those Regulations and this Regulation or where provisions of Regulation (EU) [new CPR] can only apply to the Investment for jobs and growth goal.

Article 2

Definitions

1. For the purpose of this Regulation, the definitions in Article [2] of Regulation (EU) [new CPR] shall apply. The following definitions shall also apply:
 - (1) 'IPA beneficiary' means a country or territory listed in Annex I to Regulation (EU) [IPA III];
 - (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];
 - (3) 'partner country' means an IPA beneficiary or a country or territory covered, for strands A and B, by the 'Neighbourhood geographic area' listed in Annex I to Regulation (EU) [NDICI] and the Russian Federation, or for strands C and D, a country or territory covered by any geographic area under NDICI, and which receives support from the external financing instruments of the Union;
 - (4) 'cross-border legal body' means a legal body established under the laws of one of the participating countries in an Interreg programme provided that it is set up by bodies from at least two participating countries;

2. For the purpose of this Regulation, where provisions of Regulation (EU) [new CPR] refer to a 'Member State', this shall be construed as meaning 'the Member State hosting the managing authority' and where provisions refer to 'Each Member State' or 'Member States', this shall be construed as meaning 'the Member States and, where applicable, third countries, partner countries and OCTs participating in a given Interreg programme'.

For the purpose of this Regulation, where provisions of Regulation (EU) [new CPR] refer to 'the Funds' as listed in [point (a) of Article 1(1)] of that Regulation or to the 'ERDF', this shall be construed as also covering the respective external financing instrument of the Union.

Article 3

Strands of the European territorial cooperation goal (Interreg)

Under the European territorial cooperation goal (Interreg), the ERDF and, where applicable, external financing instruments of the Union shall support the following strands²:

- (1) cross-border cooperation between adjacent regions to promote integrated regional development between neighbouring land and maritime border regions (Interreg strand A)³:
 - (a) internal cross-border cooperation between adjacent border regions of two or more Member States or between adjacent border regions of at least one Member State and one or more third countries listed in Article 4(3); or
 - (b) external cross-border cooperation, between adjacent border regions of at least one Member State and of one or more of the following:
 - (i) IPA beneficiaries; or
 - (ii) partner countries supported by NDICI; or

² Recital 3 will be amended as follows:

(3) In order to support the harmonious development of the Union's territory at different levels, the ERDF should support cross-border cooperation, transnational cooperation, interregional cooperation and outermost regions' cooperation under the European territorial cooperation goal (Interreg).

³ Recital 4 will be amended as follows:

(4) The cross-border cooperation strand should aim to tackle common challenges identified jointly in the neighboring land and maritime border regions, and to exploit the untapped growth potential in border areas as evidenced in the Communication of the Commission 'Boosting Growth and Cohesion in EU Border Regions' ('Border Regions Communication').

(iii) the Russian Federation, for the purpose of enabling its participation in cross-border cooperation also supported by NDICI

(2) transnational cooperation over larger transnational territories or around sea-basins, involving Member States, third countries, partner countries and Greenland, with a view to achieving a higher degree of territorial integration (Interreg strand B)⁴

(Paragraph 3 of COM proposal deleted)

(3) interregional cooperation to reinforce the effectiveness of cohesion policy (Interreg strand C) by promoting:

- (a) exchange of experiences, innovative approaches and capacity building focusing on policy objectives, in relation to the identification, dissemination and transfer of good practices into regional development policies including Investment for jobs and growth goal programmes (*the Interreg Europe programme*);
- (b) exchange of experiences, innovative approaches and capacity building in relation to the identification, transfer and capitalisation of urban good practices on integrated and sustainable urban development, taking into account the linkages between urban and rural areas, supporting actions developed in the framework of Article 9 [of Regulation (new ERDF)] and while also complementing in a coordinated way with the initiative outlined in Article 10 of Regulation (EU) [ERDF/CF Regulation] (*the URBACT programme*);
- (c) exchange of experiences, innovative approaches and capacity building with a view to (*the INTERACT programme*):
 - (i) harmonising and simplifying the implementation of Interreg programmes as well as contributing to the capitalisation of their results;

⁴ Recital 6 will be amended as follows:

(6) The transnational cooperation strand should aim to strengthen cooperation by means of actions conducive to integrated territorial development linked to the Union's priorities. Transnational cooperation should cover larger territories on the mainland of the Union and around sea-basins with maximum flexibility to ensure the coherence and continuity of cooperation programmes, including previous external maritime cross-border cooperation within a larger maritime cooperation framework, in particular by defining the territory covered, the specific objectives for such cooperation, the requirements for a project partnership and the possibility to set up sub-programmes and specific steering committees.

- (i bis) harmonising and simplifying possible cooperation actions referred in point [d (v) of paragraph 3 of Article 17 of (new CPR)];
 - (ii) supporting the setting-up, functioning and use of European groupings of territorial cooperation (EGTCs);
 - (d) analysis of development trends in relation to the aims of territorial cohesion (*'the ESPON programme'*);⁵
- (4) outermost regions' cooperation among themselves and with their neighbouring third or partner countries or OCTs, or several thereof, to facilitate their regional integration in their neighbourhood (Interreg strand D);

(Paragraph 5 of COM proposal deleted)

⁵ Recital 8 will be amended as follows:

(8) Based on the positive experience and the high added value brought by the existing programmes to territorial cohesion in Europe, interregional cooperation strand should focus on boosting the effectiveness of cohesion policy through four specific programmes: one to enable the exchange of experiences, innovative approaches and capacity building focusing on policy objectives, in relation to the identification, dissemination and transfer of good practices into regional development policies including Investment for jobs and growth goal programmes; one dedicated to the exchange of experiences and capacity building in relation to the identification, transfer and capitalisation of urban good practices on integrated and sustainable urban development, taking into account the linkages between urban and rural areas including support to actions developed in the framework of Article 9 of [ERDF-Cohesion Fund regulation], complementing and being coordinated with the initiative outlined in Article 10 of Regulation (EU) [ERDF/CF Regulation]; one for the exchange of experiences, innovative approaches and capacity building with a view to harmonizing and simplifying the implementation of Interreg programmes and to harmonising and simplifying cooperation actions referred in point [d (v) of paragraph 3 of Article 17 of (new CPR)]; and to support the setting-up, functioning and use of European groupings of territorial cooperation ('EGTCs') set up or to be set up pursuant to Regulation (EC) No 1082/2006 of the European Parliament and of the Council and one to improve the analysis of development trends. The four programmes under the interregional cooperation strand should cover the whole Union and should also be open for the participation of third countries.

SECTION II

GEOGRAPHICAL COVERAGE

Article 4

Geographical coverage for cross-border cooperation

1. For cross-border cooperation, the regions to be supported by the ERDF shall be the NUTS level 3 regions of the Union along all internal and external land borders with third countries or partner countries and all NUTS level 3 regions of the Union along maritime borders separated by a maximum of 150 km without prejudice to potential adjustments needed to ensure the coherence and continuity of cooperation programme areas.

(Paragraph 2 of COM proposal deleted)

2. 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. For external cross-border cooperation, the regions to be supported by IPA III or NDICI shall be NUTS level 3 regions of the respective partner country or, in the absence of NUTS classification, equivalent areas along all land and maritime borders between Member States and partner countries eligible under IPA III or NDICI, without prejudice to potential adjustments needed to ensure the coherence and continuity of cooperation programme areas.

Article 5

Geographical coverage for transnational cooperation

1. For transnational cooperation, the regions to be supported by the ERDF shall be the NUTS level 2 regions of the Union covering larger transnational territories taking into account, where applicable, macro-regional strategies or sea basin strategies.
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) Greenland;

- (c) the Faroe Islands;
 - (d) regions of partner countries under IPA III or NDICI;
whether or not they are supported from the EU budget
3. The regions, third countries or partner countries listed in paragraph 2 shall be NUTS level 2 regions or, in the absence of NUTS classification, equivalent areas.

(Article 6 in COM proposal was moved to new Art.7 bis)

Article 7

Geographical coverage for interregional cooperation

1. For interregional cooperation, the entire territory of the Union shall be supported by the ERDF.
2. Interregional cooperation programmes may cover the whole or part of the third countries, partner countries, other territories or OCTs referred to in Articles 4, 5 and 7bis, whether or not they are supported by the external financing instruments of the Union.

Article 7bis⁶

Geographical coverage for outermost regions' cooperation

1. For the outermost regions' cooperation, all regions listed in the first paragraph of Article 349 of the TFEU shall be supported by the ERDF.
2. The outermost regions' Interreg programmes may cover neighbouring partner countries or parts thereof supported by the NDICI or OCTs supported by the OCTP, or both.

⁶ Recital 14 will be amended as follows:

(14) In view of the specific situation of outmost regions of the Union, it is necessary to adopt measures concerning the conditions under which those regions may have access to structural funds. Consequently, certain provisions of this Regulation should be adapted to the specificities of the outermost regions in order to simplify and foster cooperation with their neighbours, while taking into account the Communication from the Commission 'A stronger and renewed strategic partnership with the EU's outermost regions'. This cooperation may be carried out in close partnership with regional organisations.

The order of recitals (7) and (8) should be switched.

Article 8

List of Interreg programme areas to receive support

1. For the purposes of Articles 4, 5, 7 and 7bis, the Commission shall adopt an implementing act setting out the list of Interreg programme areas to receive support, broken down for each strand and each Interreg programme. That implementing act shall be adopted in accordance with the advisory procedure referred to in Article 63(2).
External cross-border Interreg programmes shall be listed as 'Interreg IPA III CBC programmes' or 'Interreg Neighbourhood CBC programmes' respectively.
2. The implementing act referred to in paragraph 1 shall also contain a list specifying those NUTS level 3 regions of the Union taken into account for the ERDF allocation for cross-border cooperation at all internal borders and those external borders covered by the external financing instruments of the Union.
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.

SECTION III

RESOURCES AND CO-FINANCING RATES

[Article 9⁷]

ERDF resources for the European territorial cooperation goal (Interreg)

1. The ERDF resources for the European territorial cooperation goal (Interreg) shall amount to [EUR 8 430 000 000] 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) 52.7 % (i.e., a total of EUR [4 440 000 000] for cross-border cooperation (component 1);

⁷ This Article is bracketed pending discussion on the financial allocation.

- (b) 31.4 % (i.e., a total of EUR [2 649 900 000] for transnational cooperation (component 2);
 - (c) 3.2 % (i.e., a total of EUR 270 100 000) for outermost regions' cooperation (component 3);
 - (d) 1.2 % (i.e., a total of EUR [100 000 000] for interregional cooperation (component 4);
 - (e) 11.5 % (i.e., a total of EUR 970 000 000) for interregional innovation investments (component 5).
3. The Commission shall communicate to each Member State its share of the global amounts for components 1, 2 and 3, broken down by year.
- Population size in the following regions shall be used as the criterion for the breakdown by Member State:
- (a) NUTS level 3 regions for component 1 and those NUTS level 3 regions for component 2B listed in the implementing act under Article 8(2);
 - (b) NUTS level 2 regions for components 2A and 3.
4. Each Member State may transfer up to 15% of its financial allocation for each of components 1, 2 and 3 from one of those components 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 10

Cross-fund provisions

1. The Commission shall adopt an implementing act setting out the multi-annual strategy document with regard to external cross-border Interreg programmes supported by the ERDF and the NDICI or IPA III. That implementing act shall be adopted in accordance with the advisory procedure referred to in Article 63(2).

With regard to Interreg programmes supported by the ERDF and the NDICI, that implementing act shall set out the elements referred to in Article 12(2) of Regulation (EU) [NDICI].

The respective implementing act shall also cover the participation of IPA beneficiaries or partner countries in Interreg strand B, C and D programmes.

2. The contribution from the ERDF to external cross-border Interreg programmes to be also supported from the financial envelope under IPA III allocated to cross-border cooperation ('IPA III CBC') or from the financial envelope under NDICI allocated to cross-border cooperation for the Neighbourhood geographic area ('NDICI CBC') shall be established by the Commission and the Member States concerned. The ERDF contribution established for each Member State shall not subsequently be reallocated between the Member States concerned.

The respective contributions from IPA III and NDICI to Interreg strand B, C and D programmes shall be set out in the multi-annual strategy documents under the first subparagraph of paragraph one and shall take account of the composition of the respective programme partnership by Member States, IPA beneficiaries and partner countries.

3. Support from the ERDF shall be granted to individual external cross-border Interreg programmes provided that at least equivalent amounts are provided by IPA III CBC and NDICI CBC under the relevant strategic programming document. That contribution shall be subject to a maximum amount set out in the IPA III or NDICI legislative act. However, where the review of the relevant strategic programming document under IPA III or NDICI results in the reduction of the matching amount for the remaining years, each Member State concerned shall choose from the following options:
 - (a) to request the mechanism under Article 12(3);
 - (b) to continue the Interreg programme with the remaining support from the ERDF and IPA III CBC or NDICI CBC; or

(c) to combine options (a) and (b)⁸.

4. The annual appropriations corresponding to the support from the ERDF, IPA III CBC or NDICI CBC to external cross-border Interreg programmes shall be entered in the relevant budget lines for the 2021 budgetary exercise.
5. Where the Commission has included a specific financial allocation to assist partner countries or regions under Regulation (EU) [NDICI] and OCTs under Council Decision [OCT Decision] or both in strengthening their cooperation with neighbouring Union outermost regions in accordance with Article [33(2)] of Regulation (EU) [NDICI] or Article[87] of the [OCTP Decision] or both, the ERDF may also contribute in accordance with this Regulation, where appropriate and on the basis of reciprocity and proportionality as regards the level of funding from the NDICI or the OCTP or both, to actions implemented by a partner country or region or any other entity under Regulation (EU) [NDICI], by a country, territory or any other entity under the [OCT Decision] or by a Union outermost region under, in particular, one or more joint Interreg strands B, C or D programmes or under cooperation measures referred to in Article 60 established and implemented pursuant to this Regulation.

⁸ Recital 10 will be amended as follows:

(10) It is necessary to continue supporting or, as appropriate, to establish cooperation in all its dimensions with the Union's neighbouring third countries, as such cooperation is an important regional development policy tool and should benefit the regions of the Member States which border third countries. To that effect, the ERDF and the external financing instruments of the Union, IPA27, NDICI28 and OCTP29, should support programmes under cross-border cooperation, transnational cooperation, outermost regions' cooperation and interregional cooperation. The support from the ERDF and from the external financing instruments of the Union should be based on reciprocity and proportionality. However, for IPA III CBC and NDICI CBC, the ERDF support should be complemented by at least equivalent amounts under IPA III CBC and NDICI CBC, subject to a maximum amount set out in the respective legal act.

Article 11

List of Interreg programme resources

1. On the basis of the information provided by Member States pursuant to Article 9(5), the Commission shall adopt an implementing act setting out a list of all Interreg programmes and indicating per programme the global amount of the total support from the ERDF and, where applicable, the total support from each external financing instrument of the Union. That implementing act shall be adopted in accordance with the advisory procedure referred to in Article 63(2).
2. That implementing act shall also contain a list of the amounts transferred pursuant to Article 9(4) broken down by Member State.

Article 12

Return of resources and discontinuation

1. In 2022 and 2023, the annual contribution from the ERDF to external cross-border Interreg programmes, for which no programme has been submitted to the Commission by 31 March of the respective years, and which has not been re-allocated to another programme submitted under the same category of external cross-border Interreg programmes, shall be allocated to the internal cross-border Interreg programmes in which the Member State or Member States concerned participates or participate.
2. If by 31 March 2024, there are still external cross-border Interreg programmes which have not been submitted to the Commission, the entire contribution from the ERDF referred to in Article 9(5) to those programmes for the remaining years up to 2027, which has not been re-allocated to another Interreg programme also supported by IPA III CBC or NDICI CBC respectively, shall be allocated to the internal cross-border Interreg programmes in which the Member State or Member States concerned participates or participate.
3. Any external cross-border Interreg programme already approved by the Commission shall be discontinued, or the allocation to that programme shall be reduced, in accordance with the applicable rules and procedures, in particular if:
 - (a) none of the partner countries covered by the respective Interreg programme has signed the relevant financing agreement by the deadlines set out in accordance with Article 58;

- (b) the Interreg programme cannot be implemented as planned due to problems in relations between the participating countries.

In such cases, the contribution from the ERDF referred to in paragraph 1 corresponding to annual instalments not yet committed, or annual instalments committed and de-committed totally or partially during the same budgetary year, which have not been re-allocated to another Interreg programme also supported by IPA III CBC or NDICI CBC respectively, shall be allocated to the internal cross-border Interreg programmes in which the Member State or Member States concerned participates or participate.

- 4. With regard to a Interreg strand B programme already approved by the Commission, the participation of a partner country or of Greenland shall be discontinued, if one of the situations set out in points (a) and (b) of the first subparagraph of paragraph 3 is fulfilled. The participating Member States and, where applicable, the remaining participating partner countries, shall request one of the following:
 - (a) that the Interreg programme be discontinued in total, in particular where the main joint development challenges thereof cannot be achieved without the participation of that partner country or of Greenland;
 - (b) that the allocation to that Interreg programme be reduced, in accordance with the applicable rules and procedures;
 - (c) that the Interreg programme continue without the participation of that partner country or of Greenland.

Where the allocation to the Interreg programme is reduced pursuant to point (b) of the second subparagraph of this paragraph, the contribution from the ERDF corresponding to annual instalments not yet committed, shall be allocated to another Interreg strand B programme in which one or more of the Member States concerned participate or, where a Member State only participates in one Interreg strand B programme, to one or more internal cross-border Interreg programmes in which that Member State participates.

5. The contribution from IPA III, NDICI or OCTP reduced pursuant to this Article shall be used in accordance with Regulations (EU) [IPA III], [NDICI] or Council Decision [OCT] respectively.
6. Where a third country or partner country contributing to an Interreg programme with national resources, which do not constitute the national cofinancing of support from the ERDF or from an external financing instrument of the Union, reduces that contribution during the implementation of the Interreg programme, either globally or with regard to joint operations already selected and having received the document provided for in Article 22(6), the participating Member State or Member States shall request one of the options set out in the second subparagraph of paragraph 4

[Article 13

Co-financing rates

The co-financing rate at the level of each Interreg programme shall be not higher than 70 %, 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.]

CHAPTER II

Interreg-specific objectives and thematic concentration

Article 14

Interreg-specific objectives

1. The ERDF, within its scope as set out in Article [4] of Regulation (EU) [new ERDF], and, where applicable, the external financing instruments of the Union shall contribute to the policy objectives set out in Article [4(1)] of Regulation (EU) [new CPR] through joint actions under Interreg programmes.

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.]
3. In addition to the specific objectives for the ERDF as set out in Article [2] of Regulation (EU) [new ERDF], the ERDF and, where applicable, the external financing instruments of the Union may also contribute to the specific objectives (i) to (x) of Article 4(1) of Regulation (EU) [ESF+ Regulation] through joint actions under Interreg programmes⁹.
4. Under Interreg programmes, the ERDF and, where applicable, the external financing instruments of the Union may also support the Interreg-specific objective 'a better cooperation governance', in particular by the following actions:
 - (a) under Interreg strand A programmes:
 - (i) enhance the institutional capacity of public authorities, in particular those mandated to manage a specific territory, and of stakeholders;
 - (ii) enhance efficient public administration by promoting legal and administrative cooperation and cooperation between citizens and institutions, in particular, with a view to resolving legal and other obstacles in border regions;
 - (iii) build up mutual trust, in particular by encouraging people-to-people actions¹⁰;
 - (b) under Interreg programmes: enhance institutional capacity of public authorities and stakeholders to implement macro-regional strategies and sea-basin strategies, as well as other territorial strategies;

⁹ Recital 17 will be amended as follows:
(9) The ERDF should contribute, under Interreg, to the specific objectives under the cohesion policy objectives. However, the list of the specific objectives under the different policy objectives should be adapted to the specific needs of Interreg, by providing for additional specific objectives in order to allow for ESF-type interventions, according to paragraphs (i) to (x) of Article 4(1) of Regulation (EU) [ESF+ Regulation] through joint actions under Interreg programmes.

¹⁰ Recital 19 will be amended as follows:
(19) This Regulation should add two Interreg-specific objectives, one to support an Interreg-specific objective strengthening institutional capacity, enhancing legal and administrative cooperation, in particular where linked to implementation of the Border Regions Communication, intensify cooperation between citizens and institutions and the development and coordination of macro-regional and sea-basin strategies, build up mutual trust, in particular by encouraging people-to-people actions, and one to address specific external cooperation issues such as safety, security, border crossing management and migration.

- (c) under external cross-border and Interreg strands B, C and D programmes supported by the Interreg funds, in addition to points (a) and (b): building up mutual trust by enhancing sustainable democracy and by supporting civil society actors and their role in reforming processes and democratic transitions;
5. Under Interreg programmes, the ERDF and, where applicable, the external financing instruments of the Union may also contribute to the external Interreg-specific objective 'a safer and more secure Europe', in particular by actions in the fields of border crossing management and mobility and migration management, including the protection of migrants.

Article 15

Thematic concentration

1. At least 60% of the ERDF and, where applicable, of the external financing instruments of the Union allocated to each Interreg strand A, B and D programme, shall be allocated on a maximum of three of the policy objectives set out in Article [4(1)] of Regulation (EU) [new CPR].
2. At least 10% of the ERDF and, where applicable, of the external financing instruments of the Union allocations to each Interreg strand A, B and D programme, may be allocated on the Interreg-specific objective of 'a better cooperation governance' or on the external Interreg-specific objective of 'a safer and more secure Europe'.
3. Where an Interreg strand B programme covers the same geographical area as a macro-regional or sea basin strategy, at least 75% of the total ERDF and, where applicable, the total external financing instruments of the Union allocations shall be programmed on the objectives of that strategy.

(Paragraph 4 in COM proposal deleted)

- 4 All of the policy objectives set out in the first paragraph of Article 4 of Regulation (EU) [new CPR] and the Interreg specific objective “a better cooperation governance” may be selected for *Interreg Europe and URBACT* programmes. For *INTERACT and ESPON* programmes, the total ERDF and, where applicable, the external financing instruments of the Union allocations shall be allocated to the Interreg-specific objective 'a better cooperation governance'.

CHAPTER III

Programming

SECTION I

PREPARATION, APPROVAL AND AMENDMENT OF INTERREG PROGRAMMES

Article 16

Preparation and submission of Interreg programmes

1. The European territorial cooperation goal (Interreg) shall be implemented through Interreg programmes under shared management with the exception of strand D, which may be implemented as a whole or partially under indirect management in agreement with the Member State or Member States concerned.
2. The participating Member States and, where applicable, third countries, partner countries or OCTs, shall prepare an Interreg programme in accordance with the template set out in the Annex for the period from 1 January 2021 to 31 December 2027.
3. The participating Member States shall prepare an Interreg programme in cooperation with the programme partners referred to in Article [6] of Regulation (EU) [the new CPR].

The participating third countries or partner countries or OCTs, where applicable, shall also involve the programme partners equivalent to those referred to in that Article.

4. The Member State hosting the prospective managing authority, shall submit an Interreg programme to the Commission by [*date of entry into force plus nine months;*] on behalf of all participating Member States and, where applicable, third countries, partner countries or OCTs.

However, an Interreg programme covering support from an external financing instrument of the Union shall be submitted by the Member State hosting the prospective managing authority no later than nine months after the adoption by the Commission of the relevant strategic programming document under Article 10(1) or where required under the respective basic act of one or more of an external financing instrument of the Union.

5. The participating Member States and, where applicable, third countries, partner countries or OCTs shall confirm in writing their agreement to the contents of an Interreg programme prior to its submission to the Commission. That agreement shall also include a commitment by all participating Member States and, where applicable, third countries, partner countries or OCTs to provide the co-financing necessary to implement the Interreg programme and, where applicable, the commitment for the financial contribution of the third countries, partner countries or OCTs.

By way of derogation from the first subparagraph, in the case of Interreg programmes involving outermost regions and third countries, partner countries or OCTs, the Member States concerned shall consult the respective third countries, partner countries or OCTs before submitting the Interreg programmes to the Commission. In that case, the agreements to the contents of the Interreg programmes and the possible contribution of the third countries, partner countries or OCTs may, instead, be expressed in the formally approved minutes of the consultation meetings with the third countries, partner countries or OCTs or of the deliberations of the regional cooperation organisations.

6. The Commission is empowered to adopt delegated acts in accordance with Article 62 to amend the Annex in order to adapt to changes occurring during the programming period for non-essential elements thereof.

Article 17

Content of Interreg programmes

1. Each Interreg programme shall set out a joint strategy for the programme's contribution to the policy objectives set out in Article [4(1)] of Regulation (EU) [new CPR] and to the Interreg-specific objectives set out in Article 14(4) and (5) of this Regulation and the communication of its results.

2. Each Interreg programme shall consist of priorities.

Each priority shall correspond to a single policy objective or, where applicable, to one or both Interreg-specific objectives respectively and shall consist of one or more specific objectives. More than one priority may correspond to the same policy or Interreg-specific objective.

(Paragraph 3 deleted)

4. Each Interreg programme shall set out:

- (a) the programme area (including a map thereof as a separate document);
- (b) a summary of the main joint challenges, taking into account:
 - (i) economic, social and territorial disparities;
 - (ii) joint investment needs and complementarity with other forms of support;
 - (iii) lessons learnt from past experience;
 - (iv) macro-regional strategies and sea-basin strategies where the programme area as a whole or partially is covered by one or more strategies;
- (c) a justification for the selected policy objectives and Interreg-specific objectives, corresponding priorities, specific objectives and the forms of support, addressing, where appropriate, missing links in cross-border infrastructure;

- (d) for each priority:
 - (i) specific objectives;
 - (ii) types of intervention;
 - (iii) an indicative breakdown of the programmed resources by type of intervention.

- (e) for each specific objective:
 - (i) the related types of actions and their expected contribution to those specific objectives and to macro-regional strategies and sea-basin strategies, where appropriate;
 - (ii) output indicators and result indicators with the corresponding milestones and targets;
 - (iii) the main target groups;
 - (iv) indication of the specific territories targeted, including the planned use of integrated territorial investments, community-led local development or other territorial tools;
 - (v) the planned use of financial instruments;

(point f deleted)

- (g) a financing plan containing the following tables (without any division per participating Member State, third country, partner country or OCT, unless specified otherwise therein):
 - (i) a table specifying the total financial allocation for the ERDF and, where relevant, for each external financing instrument of the Union for the whole programming period and by year;

- (ii) a table specifying the total financial allocation for each priority by the ERDF and, where relevant, by each external financing instrument of the Union by priority and the national co-financing and whether the national co-financing is made up of public and private co-financing;
- (h) the actions taken to involve the relevant programme partners referred to in Article [6] of Regulation (EU) [new CPR] in the preparation of the Interreg programme, and the role of those programme partners in the implementation, monitoring and evaluation of that programme;
- (i) the envisaged approach to communication and visibility for the Interreg programme through defining its objectives, target audiences, communication channels, planned budget and relevant indicators for monitoring and evaluation.

When submitting the programme, this shall be accompanied by a list of planned operations of strategic importance, for information purposes.

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;

- (c) for strand B Interreg programmes supported by OCTP concerning split per financing instrument ('ERDF' and 'OCTP Greenland');
 - (d) for strand D Interreg programmes supported by the NDICI and by the OCTP split per financing instrument ('ERDF', 'NDICI' and 'OCTP', as appropriate).
6. With regard to point (d) (ii) and (iii) and (f) of paragraph 4, the types of intervention shall be based on a nomenclature set out in Annex [I] to Regulation (EU) [new CPR]¹¹.
7. The Interreg programme shall:
- (a) identify the programme authorities and the body to which payments are to be made by the Commission;
 - (b) lay down the procedure for setting up the joint secretariat;
 - (c) set out the apportionment of liabilities among the participating Member States and, where applicable, third or partner countries or OCTs, in the event of financial corrections imposed by the managing authority or the Commission.
8. The managing authority shall communicate to the Commission any changes in the information referred to in point (a) and (b) of paragraph 7 without requiring a programme amendment.
- 8bis. With regard to an Interreg programme under strands A, B or D where the latter covers long borders with heterogenous development challenges and needs, Member States and, where applicable, third countries, partner countries and OCTs participating in an Interreg programme may define sub-programme areas.

¹¹ Code 135 in Annex I CPR covers article 14.4, whereas a separate code could be proposed for Article 14.5. This will require an adjustment of the Annex I CPR.

9. By way of derogation from paragraph 4, the content of *INTERACT* and *ESPON* programmes shall be adapted to the specific character of those Interreg programmes, in particular as follows:
- (a) the information referred to in point (a) is not required;
 - (b) the information required under points (b) and (h) shall be given as a short outline;
 - (c) for each specific objective, the following information shall be given:
 - (i) the definition of a single beneficiary or a limited list of beneficiaries and the granting procedure;
 - (ii) the related types of actions and their expected contribution to the specific objectives;
 - (iii) output indicators and result indicators with the corresponding milestones and targets;
 - (iv) the main target groups;
 - (v) an indicative breakdown of the programmed resources by type of intervention.

Article 18

Approval of Interreg programmes

1. The Commission shall assess each Interreg programme and its compliance with Regulation (EU) [new CPR], Regulation (EU) [new ERDF] and this Regulation and, in the case of support from an external financing instrument of the Union and where relevant, its consistency with the multi-annual strategy document under Article 10(1) or the relevant strategic programming framework under the respective basic act of one or more of those instruments.
2. The Commission may make observations within three months of the date of submission of the Interreg programme by the Member State hosting the prospective managing authority.

3. The participating Member States and, where applicable, third or partner countries or OCTs shall review the Interreg programme taking into account the observations made by the Commission.
4. The Commission shall adopt a decision by means of an implementing act approving each Interreg programme no later than six months after the date of submission of that programme by the Member State hosting the prospective managing authority.
5. With regard to external cross-border Interreg programmes, the Commission shall adopt its decisions in accordance with paragraph 4 after consultation of the 'IPA III Committee' in accordance with Article [16] of Regulation (EU) [IPA III] and of the 'Neighbourhood, Development and International Cooperation Committee' in accordance with Article [35] of Regulation (EU) [NDICI].

Article 19

Amendment of Interreg programmes

1. The Managing authority may submit a motivated request for an amendment of an Interreg programme together with the amended programme, setting out the expected impact of that amendment on the achievement of the objectives.
2. The Commission shall assess the compliance of the amendment with Regulation (EU) [new CPR], Regulation (EU) [new ERDF] and this Regulation and may make observations within two months of the submission of the amended programme.
3. The participating Member States and, where applicable, third countries, partner countries or OCTs shall review the amended programme and take into account the observations made by the Commission.
4. The Commission shall approve the amendment of a Interreg programme no later than four months after its submission by the Managing Authority.

5. The managing authority may transfer during the programming period an amount of up to 10% of the initial allocation of a priority and no more than 5% of the programme budget to another priority of the same Interreg programme.

Such transfers shall not affect previous years.

The transfer and related changes shall be considered to be not substantial and shall not require a decision of the Commission amending the Interreg programme. They shall, however comply with all regulatory requirements. The managing authority shall submit to the Commission the revised table referred to in point (g)(ii) of Article 17(4) together with any related changes in the programme¹².

6. The approval of the Commission shall not be required for corrections of a purely clerical or editorial nature that do not affect the implementation of the Interreg programme. The managing authority shall inform the Commission of such corrections.

SECTION II

TERRITORIAL DEVELOPMENT

Article 20

Integrated territorial development

For Interreg programmes, the relevant urban, local or other territorial authorities or bodies responsible for drawing up territorial or local development strategies as listed in Article [22] of Regulation (EU) [new CPR] or responsible for the selection of operations to be supported under those strategies as referred to in Article [23(4)] of that Regulation or for both shall be either cross-border legal bodies or EGTCs.

A cross-border legal body or an EGTC implementing an integrated territorial investment under Article [24] of Regulation (EU) [new CPR] or another territorial tool under point (c) of Article [22] of that Regulation may also be the sole beneficiary pursuant to Article 23(6) of this Regulation, provided that there is a separation of function inside the cross-border legal body or the EGTC.

¹² If this amendment is accepted, Article 19.5 CPR will need to be amended accordingly for consistency purposes.

Article 21

Community-led local development

Community-led local development ('CLLD') under point (b) of Article [22] of Regulation (EU) [new CPR] may be implemented in Interreg programmes, provided that the relevant local action groups are composed of representatives of public and private local socio-economic interests, in which no single interest group controls the decision-making, and of at least two participating countries, of which at least one is a Member State.

CHAPTER III

SECTION III

OPERATIONS AND SMALL PROJECT FUNDS

Article 22

Selection of Interreg operations

1. Interreg operations shall be selected in accordance with the programme's strategy and objectives by a monitoring committee set up in accordance with Article 27.

That monitoring committee may set up one or, in particular in the case of sub-programmes, more steering committees which act under its responsibility for the selection of operations. Where all or part of an operation is implemented outside the programme area inside or outside the Union, the selection of that operation shall require the explicit approval by the managing authority in the monitoring committee or, where applicable, the steering committee.

When the operation involves one or several partners located in the territory of a Member State, third country, partner country or OCT which is not represented in the monitoring committee, the managing authority shall condition its explicit approval to the submission of a written acceptance by the concerned Member State, third country, partner country or OCT to reimburse any amounts unduly paid to these partners, in accordance with Article 50(2).

When the written acceptance referred to in the previous sub-paragraph cannot be obtained, require that the body implementing all or part of an operation outside the programme area takes a guarantee by a bank or another financial institution for the corresponding amount of the Interreg funds granted. This guarantee shall be included in the document under paragraph 6.

2. For the selection of operations, the monitoring committee or, where applicable, the steering committee shall establish and apply criteria and procedures which are non-discriminatory and transparent, ensure gender equality and take account of the Charter of Fundamental Rights of the European Union and the principle of sustainable development and of the Union policy on the environment in accordance with Article 11 and Article 191(1) of the TFEU.

The criteria and procedures shall ensure the prioritisation of operations to be selected with a view to maximise the contribution of Union funding to the achievement of the objectives of the Interreg programme and to implementing the cooperation dimension of operations under Interreg programmes, as set out in Article 23(1) and (4).

(paragraph 3 was deleted)

4. In selecting operations, the monitoring committee or, where applicable, the steering committee shall:
 - (a) ensure that selected operations comply with the Interreg programme and provide an effective contribution to the achievement of its specific objectives;
 - (b) ensure that selected operations do not conflict with the corresponding strategies established under Article 10(1) or established for one or more of the external financing instruments of the Union;

(Paragraph c deleted)

- (d) satisfy itself that the beneficiary has the necessary financial resources and mechanisms to cover operation and maintenance costs;

(Paragraph e deleted)

- (f) satisfy itself that where the operations have started before the submission of an application for funding to the managing authority, the applicable law has been complied with;
 - (g) ensure that selected operations fall within the scope of the Interreg fund concerned and are attributed to a type of intervention;
 - (h) ensure that operations do not include activities which were part of an operation subject to relocation in accordance with Article [60] of Regulation (EU) [new CPR] or which would constitute a transfer of a productive activity in accordance with [point (a) of Article 59(1)] of that Regulation.
 - (i) ensure that selected operations are not directly affected by a reasoned opinion by the Commission in respect of an infringement under Article 258 of the TFEU that puts at risk the legality and regularity of expenditure;
 - (j) ensure that, for investments in infrastructure with an expected lifespan of at least five years, an assessment of expected impacts of climate change is carried out.
5. The monitoring committee or, where applicable, the steering committee shall approve the methodology and criteria used for the selection of Interreg operations, including any changes thereto, without prejudice to [point (b) of Article 27(3)] of Regulation (EU) [new CPR] with regard to CLLD and to Article 24 of this Regulation.
6. For each Interreg operation, the managing authority shall provide a document to the lead or sole partner setting out the conditions for support of that Interreg operation, including the specific requirements concerning the products or services to be delivered, its financing plan, time-limit for its execution and, where applicable, the method to be applied for determining the costs of the operation and the conditions for payment of the support.

That document shall also set out the lead partner's obligations with regard to recoveries pursuant to Article 50. Those obligations shall be defined by the monitoring committee.

Article 23

Partnership within Interreg operations

1. Operations selected under Interreg strands A, B and D shall involve actors from at least two participating countries, at least one of which shall be a beneficiary from a Member State.

Operations selected under the *Interreg Europe* and *URBACT* programmes shall involve actors from at least three participating countries, at least two of which shall be beneficiaries from Member States.

Beneficiaries receiving support from an Interreg fund and partners which do not receive any financial support under those funds (beneficiaries and partners together: 'partners') constitute an Interreg operation partnership.

2. An Interreg operation may be implemented in a single country, provided that the impact on and the benefits for the programme area are identified in the operation application.

- [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.]

4. Partners shall cooperate in the development, implementation, staffing and financing of Interreg operations.

For Interreg operations under Interreg strand D programmes, the partners from outermost regions and third countries, partner countries or OCTs shall be required to cooperate only in two of the four dimensions listed in the first subparagraph.

5. Where there are two or more partners, one of them shall be designated by all the partners as the lead partner.

6. A cross-border legal body or an EGTC may be the sole partner of an Interreg operation under Interreg strands A, B and D programmes and under the ESPON programme, provided that the members thereof involve partners from at least two participating countries.

The cross-border legal body or EGTC shall have members from at least three participating countries under the Interreg *Europe and URBACT* programmes.

A legal body that implements a financial instrument or a fund of funds, as applicable, may be the sole partner of an Interreg operation without the application of the requirements for its composition set out in paragraph 1.

7. A sole partner shall be registered in a Member State participating in the Interreg programme.

Article 24

Small project funds

1. The contribution from the ERDF or, where applicable, an external financing instrument of the Union, to small project funds within an Interreg programme shall not exceed EUR 20 000 000 or 15% of the total allocation of the Interreg programme, whichever is lower.

The final recipients within a small project fund shall receive support from the ERDF or, where applicable the external financing instruments of the Union through the beneficiary and implement the small projects within that small project fund ('small project').

2. The beneficiary of a small project fund may be a cross-border legal body or an EGTC. When the beneficiary is not a cross-border legal body or an EGTC, it shall have legal personality.

3. The document setting out the conditions for support to a small project fund shall, in addition to the elements laid down in Article 22(6) set out the elements necessary to ensure that the beneficiary:
- (a) establishes a non-discriminatory and transparent selection procedure;
 - (b) applies objective criteria for the selection of small projects, which avoid conflicts of interest;
 - (c) assesses applications for support;
 - (d) selects projects and fixes the amount of support for each small project;
 - (e) is accountable for the implementation of the operation and keeps at its level all supporting documents required for the audit trail in accordance with Annex [XI] of Regulation (EU) [new CPR];
 - (f) makes available to the public the list of the final recipients which benefit from the operation.

The beneficiary shall ensure that the final recipients comply with the requirements set out in Article 35.

4. The selection of small projects shall not constitute a delegation of tasks from the managing authority to an intermediate body as referred to in Article [65(3)] of Regulation (EU) [new CPR].
- 4bis Selection of small project funds shall take into account the function carried out by the beneficiary, its remuneration and shall be done in accordance with applicable rules.
5. Staff and indirect costs generated at the level of the beneficiary for the management of the small project fund shall not exceed 20% of the total eligible cost of the respective small project fund.

6. Where the public contribution to a small project does not exceed EUR 100 000, the contribution from the ERDF or, where applicable, an external financing instrument of the Union shall take the form of unit costs or lump sums or include flat rates, except for projects for which the support constitutes State aid.

Where flat-rate financing is used, the categories of costs to which the flat rate is applied may be reimbursed in accordance with [point (a) of Article 48(1)] of Regulation (EU) [new CPR].

Article 25

Tasks of the lead partner

1. The lead partner shall:
 - (a) lay down the arrangements with the other partners in an agreement comprising provisions that, inter alia, guarantee the sound financial management of the respective Union fund allocated to the Interreg operation, including the arrangements for recovering amounts unduly paid;
 - (b) assume responsibility for ensuring implementation of the entire Interreg operation;
 - (c) ensure that expenditure presented by all partners has been paid in implementing the Interreg operation and corresponds to the activities agreed between all the partners, and is in accordance with the document provided by the managing authority pursuant to Article 22(6).

2. If not otherwise specified in the arrangements laid down pursuant to point (a) of paragraph 1 the lead partner shall ensure that the other partners receive the total amount of the contribution from the respective Union fund as quickly as possible and in full. No amount shall be deducted or withheld and no specific charge or other charge with equivalent effect shall be levied that would reduce that amount for the other partners.

3. Any partner in a Member State, third country, partner country or OCT participating in an Interreg programme may be designated as the lead partner.

However, Member States, third countries, partner countries or OCTs participating in an Interreg programme may agree that a partner not receiving support from the ERDF or an external financing instrument of the Union may be designated as the lead partner.

SECTION IV TECHNICAL ASSISTANCE

Article 26

Technical assistance

1. The amount of the Funds allocated to technical assistance shall be identified as part of the financial allocation of each priority of the programme in accordance with Article 17(4)(g) and shall not take the form of a separate priority or a specific programme.
2. Technical assistance to each Interreg programme shall be reimbursed by applying the percentages set out in paragraph 3 to the eligible expenditure included in each payment application pursuant to [points (a) or (c) of Article 85(3)] of Regulation (EU) [new CPR] as appropriate.
3. The percentage of the ERDF and the external financing instruments of the Union to be reimbursed for technical assistance shall be as follows:
 - (a) for internal cross-border cooperation Interreg programmes supported by the ERDF: 6%;
 - (b) for strand D programmes and Interreg programmes supported by IPA III CBC or NDICI CBC: 10%;
 - (c) for Interreg strands B and C, both for the ERDF and, where applicable, for the external financing instruments of the Union: 7%.

3. For Interreg programmes with a total allocation between EUR 30 000 000 and EUR 50 000 000 the amount resulting from the percentage for technical assistance shall be increased by an additional amount of EUR 500 000. The Commission shall add that amount to the first interim payment.
4. For Interreg programmes with a total allocation below EUR 30 000 000, the amount needed for technical assistance expressed in EUR and the resulting percentage shall be fixed in the Commission decision approving the Interreg programme concerned.

CHAPTER IV

Monitoring, evaluation and communication

SECTION I

MONITORING

Article 27

Monitoring committee

1. The Member States and, where applicable, the third countries, partner countries and OCTs participating in that programme shall set up, in agreement with the managing authority, a committee to monitor implementation of the respective Interreg programme ('monitoring committee') within three months of the date of notification to the Member States of the Commission decision adopting an Interreg programme.
2. *Deleted*
3. *Deleted*

4. Each monitoring committee shall adopt its rules of procedure.

The rules of procedure of the monitoring committee and, where applicable, of the steering committee shall include provisions regarding the prevention of any situation of conflict of interest when selecting Interreg operations, the voting rights and the rules for attending the meetings.

5. The monitoring committee shall meet at least once a year and shall review all issues that affect the programme's progress towards achieving its objectives.

6. The managing authority shall publish the rules of procedures of the monitoring committee and information approved by the monitoring committee on the website referred to in Article 35(2).

Article 28

Composition of the monitoring committee

1. The composition of the monitoring committee of each Interreg programme shall be agreed by the Member States and, where applicable, by the third countries, partner countries and OCTs participating in that programme and shall ensure a balanced representation of the relevant authorities, including intermediate bodies, and representatives of the programme partners referred to in Article [6] of Regulation (EU) [new CPR] from Member States, third countries, partner countries and OCTs.

The composition of the monitoring committee shall take into account the number of participating Member States, third countries, partner countries and OCTs in the Interreg programme concerned.

The monitoring committee may also include representatives of bodies jointly set up in the whole programme area or covering a part thereof, including EGTCs.

2. The managing authority shall publish a list of the members of the monitoring committee on the website referred to in Article 35(2).

3. Representatives of the Commission shall participate in the work of the monitoring committee in an advisory capacity.

Article 29

Functions of the monitoring committee

1. The monitoring committee shall examine:
 - (a) the progress in programme implementation and in achieving the milestones and targets of the Interreg programme;
 - (b) any issues that affect the performance of the Interreg programme and the measures taken to address those issues;
 - (c) with regard to financial instruments, the elements of the *ex ante* assessment listed in Article [52(3)] of Regulation (EU) [new CPR] and the strategy document referred to in Article [53(1)] of that Regulation;
 - (d) the progress made in carrying out evaluations, syntheses of evaluations and any follow-up given to findings;
 - (e) the implementation of communication and visibility actions;
 - (f) the progress in implementing Interreg operations of strategic importance and, where applicable, of large infrastructure projects;
 - (g) the progress in administrative capacity building for public institutions and beneficiaries, where relevant.
2. In addition to its tasks concerning the selection of operations listed in Article 22, the monitoring committee shall approve:

- (a) the methodology and criteria used for the selection of operations, including any changes thereto, without prejudice to [points (b), (c) and (d) of Article 27(3)] of Regulation (EU) [new CPR];
- (b) the evaluation plan and any amendment thereto;
- (c) any proposal by the managing authority for the amendment of the Interreg programme including for a transfer in accordance with Article 19(5);
- (d) the final performance report.

Article 30
Annual Review

1. A review may be organised by the Commission to examine the performance of Interreg programmes.

The review may be carried out in writing.

2. At the request of the Commission, the managing authority shall, within two months, provide the Commission with concise and updated information related to the progress in programme implementation.
3. The outcome of the review shall be recorded in agreed minutes.
4. The managing authority shall follow-up issues raised during the review, which significantly affect the implementation of the programme and inform the Commission within three months of the measures taken.

Article 31

Transmission of data¹³

1. Each managing authority shall electronically transmit to the Commission cumulative data for the respective Interreg programme by 31 January, 30 April, 31 July and 31 October of each year in accordance with the template in Annex [VII] to Regulation (EU) [new CPR], with the exception of the information required in point (b) of paragraph 2 and in paragraph 3 that should be reported by 31 January and 31 July of each year.

The first transmission shall be due by 31 January 2022 and the last one by 31 January 2030.

2. The data referred to in paragraph 1 shall be broken down for each priority by specific objective and shall refer to:
 - (a) the number of selected Interreg operations, their total eligible cost, the contribution from the respective Interreg fund and the total eligible expenditure declared by the lead partners to the managing authority, all broken down by types of intervention;
 - (b) the values of output and result indicators for selected Interreg operations and values achieved by Interreg operations.
3. For financial instruments, data shall also be provided on the following:
 - (a) eligible expenditure by type of financial product;
 - (b) the amount of management costs and fees declared as eligible expenditure;
 - (c) the amount, by type of financial product, of private and public resources mobilised in addition to the Funds;

¹³ N.B.: Since Art.1(5) CPR mentions those Articles that do not apply to Interreg programmes because there are specific provisions in the Interreg Regulation, Art.37 CPR (transmission of data) will have to be added in Art.1(5) CPR since the transmission of data for Interreg programmes is regulated in Art.31 of Interreg Regulation.

- (d) interest and other gains generated by support from the Interreg funds to financial instruments as referred to in Article 54 of Regulation (EU) [new CPR] and resources returned attributable to support from the Interreg funds as referred to in Article 56 of that Regulation.
 - (e) total value of loans, equity or quasi-equity investments in final recipients which were guaranteed with programme resources and which were actually disbursed to final recipients.
4. The data submitted in accordance with this Article shall be reliable and reflect the data available in the electronic system referred to in Article 66 (1)(e) of Regulation (EU) [new CPR] as of the end of the month preceding the month of submission.
 5. The managing authority shall publish or provide a link to all the data transmitted to the Commission on the website referred to in Article 35(2).

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].

The final performance report shall be submitted using the template established in accordance with Article [38(5)] of Regulation (EU) [new CPR].

2. The final performance report shall assess the achievement of programme objectives based on the elements listed in Article 29 with the exception of point (c) of paragraph 1 and point (d) of paragraph 2 thereof.

3. The Commission shall examine the final performance report and inform the managing authority of any observations within five months of the date of receipt of that report. Where such observations are made, the managing authority shall provide all necessary information with regard to those observations and, where appropriate, inform the Commission, within three months, of measures taken. The Commission shall inform the managing authority of the acceptance of the report within two months after receiving all necessary information from the managing authority. Where the Commission does not inform the managing authority within those deadlines, the report shall be deemed to be accepted.
4. The managing authority shall publish the final performance report on the website referred to in Article 35(2).

Article 33

Indicators for the European territorial cooperation goal (Interreg)

1. Common output and common result indicators, as set out in Annex [I] to Regulation (EU) [new ERDF], and, where necessary, programme-specific output and result indicators shall be used in accordance with Article [12(1)] of Regulation (EU) [new CPR], and point (e)(ii) of Article 17(4) and point (b) of Article 31(2) of this Regulation.
2. For output indicators, baselines shall be set at zero. The milestones set for 2024 and targets set for 2029 shall be cumulative.

SECTION II
EVALUATION AND COMMUNICATION

Article 34
Evaluation during the programming period

1. The managing authority shall carry out evaluations of each Interreg programme related to one or more of the following criteria: effectiveness, efficiency, relevance, coherence, and EU added value with the aim to improve the quality of the design and implementation of the respective Interreg programme. Evaluations may also cover other relevant criteria and may cover more than one Interreg programme.
2. In addition, an evaluation for each Interreg programme to assess its impact shall be carried out by 30 June 2029.
3. Evaluations shall be entrusted to internal or external experts functionally independent.
4. The managing authority shall ensure the necessary procedures to produce and collect the data necessary for evaluations.
5. The managing authority shall draw up an evaluation plan that may cover more than one Interreg programme.
6. The managing authority shall submit the evaluation plan to the monitoring committee no later than one year after the approval of the Interreg programme.
7. The managing authority shall publish all evaluations on the website referred to in Article 35(2).

Article 35

Responsibilities of managing authorities and partners with regard to transparency and communication

1. Each managing authority shall identify a communication officer for each Interreg programme ('Interreg programme communication officer'), who may be responsible for more than one programme.
2. The managing authority shall ensure that, within six months of the Interreg programme's approval, there is a website where information on each Interreg programme under its responsibility is available, covering the programme's objectives, activities, available funding opportunities and achievements.
3. Article [44(2) to (6)] of Regulation (EU) [new CPR] on the responsibilities of the managing authority shall apply.
4. Each partner of an Interreg operation or each body implementing a financing instrument shall acknowledge support from an Interreg fund, including resources reused for financial instruments in accordance with Article [56] of Regulation (EU) [new CPR], to the Interreg operation by:
 - (a) providing on the partner's official website or social media sites, where such sites exist, a short description of the Interreg operation, proportionate to the level of support provided by an Interreg fund, including its aims and results, and highlighting the financial support from the Interreg fund;
 - (b) providing a statement highlighting the support from an Interreg fund in a visible manner on documents and communication material relating to the implementation of the Interreg operation, intended for the general public or for participants;
 - (c) publicly displaying plaques or billboards as soon as the physical implementation of an Interreg operation involving physical investment or the purchase of equipment starts, the total cost of which exceeds EUR 100 000;

- (d) for Interreg operations not falling under point (c), publicly displaying at least one poster of a minimum size A3 or equivalent electronic display with information about the Interreg operation highlighting the support from an Interreg fund, except when the beneficiary is a natural person;
- (e) for operations of strategic importance and operations whose total cost exceed EUR 10 000 000 organising a communication activity and involving the Commission and the responsible managing authority in a timely manner.

The term 'Interreg' shall be used next to the emblem of the Union in accordance with Article [42] of Regulation (EU) [new CPR].

- 5. For small project funds, the beneficiary shall ensure that final recipients comply with the requirements set out in paragraph 4 except for projects where the total cost is under EUR 10 000.

For financial instruments, the beneficiary shall acknowledge the origin and ensure the visibility of the Union funding (in particular when promoting the actions and their results), by providing coherent, effective and targeted information to multiple audiences, including the media and the public.

- 6. Where the beneficiary does not comply with its obligations under Article [42] of Regulation (EU) [new CPR] or paragraphs 4 and 5 of this Article and where remedial actions have not been put into place, the managing authority shall apply measures, taking into account the principle of proportionality, by cancelling up to 2% of the support from the Funds to the beneficiary concerned.
- 7. Where the final recipient of a small project fund which implements a project with a total cost above EUR 10.000 does not comply with its obligations under Article [42] of Regulation (EU) [new CPR] or paragraphs 4 and 5 of this Article and where remedial actions have not been put into place, the managing authority shall apply measures, taking into account the principle of proportionality, by cancelling up to 2% of the support from the Funds to the final recipient concerned.

CHAPTER V

Eligibility

Article 36

Rules on eligibility of expenditure

1. All or part of an Interreg operation may be implemented outside of a Member State, including outside the Union, provided that the Interreg operation contributes to the objectives of the respective Interreg programme.
2. Without prejudice to the eligibility rules laid down in Articles [57 to 62] of Regulation (EU) [new CPR], Articles [4 and 6] of Regulation (EU) [new ERDF] or in this Chapter, including in acts adopted thereunder, the participating Member States and, where applicable, third countries, partner countries and OCTs shall, by a joint decision in the monitoring committee, only establish additional rules on eligibility of expenditure for the Interreg programme on categories of expenditure not covered by those provisions. Those additional rules shall cover the Interreg programme as a whole.

However, where an Interreg programme selects operations based on calls for proposals, those additional rules shall be adopted before the calls for proposals are published. In all other cases, those additional rules shall be adopted before operations are selected.

3. For matters not covered by the eligibility rules laid down in Articles [57 to 62] of Regulation (EU) [new CPR], Articles [4 and 6] of Regulation (EU) [new ERDF] and this Chapter, including in acts adopted thereunder or in rules established in accordance with paragraph 4, the national rules of the Member State and, where applicable, of the third countries, partner countries and OCTs in which the expenditure is incurred shall apply.

4. In the event of a difference of opinion between the managing authority and the audit authority with regard to the eligibility as such of an Interreg operation selected under the respective Interreg programme, the opinion of the managing authority shall prevail, taking due account of the opinion of the monitoring committee.
5. OCTs shall not be eligible for support from the ERDF under Interreg programmes, but may participate in those programmes under the conditions set out in this Regulation.

Article 37

General provisions on eligibility of cost categories

1. The participating Member States and, where applicable, third countries, partner countries and OCTs, may agree in the monitoring committee of an Interreg programme that expenditure falling under one or more of the categories referred to in Articles 38 to 43 shall not be eligible under one or more priorities of an Interreg programme.
2. Any expenditure eligible in accordance with this Regulation shall relate to the costs of initiating or initiating and implementing an operation or part of an operation.
3. The following costs are not eligible:
 - (a) fines, financial penalties and expenditure on legal disputes and litigation;
 - (b) costs of gifts;
 - (c) costs related to fluctuation of foreign exchange rate.
4. Where the flat rate provided for in Article 51(1) of Regulation (EU) [new CPR] is used to calculate eligible costs other than direct staff costs of an operation, it shall not be applied to direct staff costs calculated on the basis of a flat rate as referred to in point (c) of Article 38(3).

Article 38

Staff costs

1. Staff costs shall consist of gross employment costs of staff employed by the Interreg partner in one of the following ways:
 - (a) full time;
 - (b) part-time with a fixed percentage of time worked per month;
 - (c) part-time with a flexible number of hours worked per month; or
 - (d) on an hourly basis.

2. Staff costs shall be limited to the following:
 - (a) salary payments related to the activities which the entity would not carry out if the operation concerned was not undertaken, fixed in an employment or work contract, an appointment decision (both hereinafter referred to as ‘employment document’) or by law, relating to responsibilities specified in the job description of the staff member concerned;
 - (b) any other costs directly linked to salary payments incurred and paid by the employer, such as employment taxes and social security including pensions as covered by Regulation (EC) No 883/2004 of the European Parliament and of the Council¹⁴, provided that they are:
 - (i) fixed in an employment document or by law;
 - (ii) in accordance with the legislation referred to in the employment document and with standard practices in the country or the organisation where the individual staff member is actually working or both; and
 - (iii) not recoverable by the employer.

¹⁴ Regulation (EC) No 883/2004 of the European Parliament and of the Council of 29 April 2004 on the coordination of social security systems (OJ L 166, 30.4.2004, p.1).

With regard to point (a), payments to natural persons working for the Interreg partner under a contract other than an employment or work contract may be assimilated to salary payments and such a contract considered as an employment document.

3. Staff costs may be reimbursed either:
 - (a) in accordance with [point (a) of the first subparagraph of Article 48(1)] of Regulation (EU) [new CPR] (proven by the employment document and payslips); or
 - (b) under simplified cost options as set out in [points (b) to (f) of the first subparagraph of Article 48(1)] of Regulation (EU) [new CPR]; or
 - (c) as a flat rate of up to 20 % of the direct costs other than the direct staff costs of that operation, without there being a requirement for the Member State to perform a calculation to determine the applicable rate or
 - (d) as an hourly rate in accordance with Article 50(2), (3) and (4) of CPR either for direct staff costs of individuals who work on full-time assignment on the operation or for individuals who work on part-time assignment on the operation under point (b) of paragraph 4 .

4. Staff costs related to individuals who work on part-time assignment on the operation, may be calculated as either:
 - (a) a fixed percentage of the gross employment cost in accordance with Article [50(5)] of Regulation (EU) [new CPR]; or
 - (b) a flexible share of the gross employment cost, in line with a number of hours varying from one month to the other worked on the operation, based on a time registration system covering 100 % of the working time of the employee.

(Paragraph 5 deleted)

6. For staff employed pursuant to point (d) of paragraph 1, the hourly rate shall be multiplied by the number of hours actually worked on the operation based on a time registration system.

Article 39

Office and administrative costs

1. Office and administrative costs shall be limited to the following elements:
 - (a) office rent;
 - (b) insurance and taxes related to the buildings where the staff is located and to the equipment of the office (e.g. fire, theft insurances);
 - (c) utilities (e.g. electricity, heating, water);
 - (d) office supplies;
 - (Paragraph e deleted)*
 - (e) accounting;
 - (f) archives;
 - (g) maintenance, cleaning and repairs;
 - (h) security;
 - (i) IT systems;
 - (j) communication (e.g. telephone, fax, internet, postal services, business cards);
 - (k) bank charges for opening and administering the account or accounts where the implementation of an operation requires a separate account to be opened;
 - (l) charges for transnational financial transactions.
2. Office and administrative costs may be calculated as a fixed percentage of the gross employment cost in accordance with Article [49] of Regulation (EU) [new CPR].

Article 40

Travel and accommodation costs

1. Travel and accommodation costs shall be limited to the following elements:
 - (a) travel costs (e.g. tickets, travel and car insurance, fuel, car mileage, toll, and parking fees);
 - (b) the costs of meals;
 - (c) accommodation costs;
 - (d) visa costs;
 - (e) daily allowances,regardless whether such costs are incurred and paid in or outside the programme area.
2. Any element listed in points (a) to (d) of paragraph 1 covered by a daily allowance shall not be reimbursed in addition to the daily allowance.
3. Travel and accommodation costs of external experts and service providers fall under external expertise and services costs listed in Article 41.
4. Direct payment of expenditure for costs under this Article by an employee of the beneficiary shall be supported by a proof of reimbursement by the beneficiary to that employee.
5. Travel and accommodation costs of an operation may be calculated at a flat rate of up to 15 % of the direct staff costs of that operation, without there being a requirement for the Member State to perform a calculation to determine the applicable rate.

Articles 41

External expertise and services costs

External expertise and service costs shall be limited to the following services and expertise provided by a public or private law body or a natural person other than the beneficiary of the operation:

- (a) studies or surveys (e.g. evaluations, strategies, concept notes, design plans, handbooks);
- (b) training;
- (c) translations;
- (d) development, modifications and updates to IT systems and website;
- (e) promotion, communication, publicity, promotional items and activities or information linked to an operation or to a programme as such;
- (f) financial management;
- (g) services related to the organisation and implementation of events or meetings (including rent, catering or interpretation);
- (h) participation in events (e.g. registration fees);
- (i) legal consultancy and notarial services, technical and financial expertise, other consultancy and accountancy services;
- (j) intellectual property rights;
- (k) verifications under [point (a) of Article 68(1)] of Regulation (EU) [new CPR] and Article 45(1) of this Regulation;
- (l) costs for the accounting function on programme level under Article [70] of Regulation (EU) [new CPR] and Article 46 of this Regulation;

- (m) audit costs on programme level under Articles [72] and [75] of Regulation (EU) [new CPR] and under Articles 47 and 48 of this Regulation;
- (n) the provision of guarantees by a bank or other financial institution where required by Union or national law or in a programming document adopted by the monitoring committee;
- (o) travel and accommodation for external experts, speakers, chairpersons of meetings and service providers;
- (p) other specific expertise and services needed for operations.

Article 42

Equipment costs

1. Costs for equipment purchased, rented or leased by the beneficiary of the operation other than those covered by Article 39 shall be limited to the following:
 - (a) office equipment;
 - (b) IT hardware and software;
 - (c) furniture and fittings;
 - (d) laboratory equipment;
 - (e) machines and instruments,
 - (f) tools or devices;
 - (g) vehicles;
 - (h) other specific equipment needed for operations.

2. Costs for the purchase of second-hand equipment may be eligible subject to the following conditions:
- (a) no other assistance has been received for it from the Interreg funds or the Funds listed in [point (a) of Article 1(1)] of Regulation (EU) [new CPR];
 - (b) this price does not exceed the generally accepted price on the market in question;
 - (c) it has the technical characteristics necessary for the operation and complies with applicable norms and standards.

Article 43

Costs for infrastructure and works

Costs for infrastructure and works shall be limited to the following:

- (a) purchase of land in accordance with [point (b) of Article 58(1)] of Regulation (EU) [new CPR];
- (b) building permits;
- (c) building material;
- (d) labour;
- (e) specialised interventions (e.g. soil remediation, mine-clearing).

CHAPTER VI

Interreg programme authorities, management, control and audit

Article 44

Interreg programme authorities

1. Member States and, where applicable, third countries, partner countries and OCTs participating in an Interreg programme shall identify, for the purposes of Article [65] of Regulation (EU) [new CPR], a single managing authority and a single audit authority.
2. The managing authority and the audit authority shall be located in the same Member State.
3. Concerning the PEACE PLUS programme, the Special EU Programmes Body, when identified as the managing authority, shall be considered as located in a Member State.
4. Member States and, where applicable, third countries, partner countries and OCTs participating in an Interreg programme may identify an EGTC as managing authority of that programme.

(Paragraph 5 deleted)

6. Where the managing authority identifies an intermediate body under an Interreg programme in accordance with Article [65(3)] of Regulation (EU) [new CPR], the intermediate body shall carry out those tasks in more than one participating Member State or, where applicable, third country, partner country or OCT. Without prejudice to the provisions of Article 22, one or more intermediate bodies may carry out those tasks in only one participating Member State or, where applicable, third country, partner country or OCT where such an approach is based on existing structures.

Article 45

Functions of the managing authority

1. The managing authority of an Interreg programme shall carry out the functions laid down in Articles [66], [68] and [69] of Regulation (EU) [new CPR] with the exception of the task of selecting operations referred to in point (a) of Article 66 (1) and Article 67 of that Regulation (EU) [new CPR] and, where the accounting function is carried out by a different body pursuant to Article 46 of this Regulation, of payments to beneficiaries referred to in point (b) of Article 68(1) of Regulation (EU) [new CPR]. Those functions shall be carried out in the whole of the territory covered by that programme, subject to derogations set out under Chapter VIII of this Regulation.

2. The managing authority, after consultation with the Member States and, where applicable, any third countries, partner countries or OCTs participating in the Interreg programme, shall set up a joint secretariat with staff taking into account the programme partnership.

The joint secretariat shall assist the managing authority and the monitoring committee in carrying out their respective functions. The joint secretariat shall also provide information to potential beneficiaries about funding opportunities under Interreg programmes and shall assist partners in the implementation of operations.

3. By way of derogation from [point (c) of Article 70(1)] of Regulation (EU) [new CPR], expenditure paid in another currency shall be converted into euro by each beneficiary coming from countries which have not adopted the euro as their currency using the monthly accounting exchange rate of the Commission in the month during which that expenditure was submitted for verification.

4. By way of derogation to Article 68 (1) from Regulation (EU) [new CPR] and Article 44 (6) , the Member States may decide that the management verifications will be done through the identification by each Member State of a body or person responsible for this verification on its territory.

Article 46

The accounting function

1. Member States and, where applicable, third countries, partner countries and OCTs participating in an Interreg programme shall agree on the arrangements for carrying out the accounting function.
2. The accounting function shall consist of the tasks listed in [points (a) and (b) of Article 70(1)] of Regulation [new CPR] and shall also cover the payments made by the Commission and, as a general rule, the payments made to the lead partner in accordance with [point (b) of Article 68(1)] of Regulation (EU) [new CPR].

Article 47

Functions of the audit authority

1. The audit authority of an Interreg programme shall carry out the functions provided for in this Article and in Article 48 in the whole of the territory covered by that Interreg programme, subject to the derogations set out in Chapter VIII.

Where the audit authority does not have the authorisation in the whole territory covered by a cooperation programme, it shall be assisted by a group of auditors composed of a representative from each Member State, and, where applicable, third country, partner country or OCT, participating in the Interreg programme. Each Member State, and, where applicable, third country, partner country or OCT shall be responsible for audits carried out on its territory.

Each representative from each Member State, and, where applicable, third country, partner country or OCT participating in the Interreg programme shall be responsible for providing the factual elements relating to expenditure on its territory that are required by the audit authority in order to perform its assessment.

The group of auditors shall be set up within three months of the decision approving the Interreg programme. It shall draw up its rules of procedure and be chaired by the audit authority for the Interreg programme.

The auditors shall be functionally independent of bodies or persons responsible for management verifications under Article 45(4).

2. The audit authority of an Interreg programme shall be responsible for carrying out system audits and audits on operations in order to provide independent assurance to the Commission that management and control systems function effectively and that expenditure included in the accounts submitted to the Commission is legal and regular.
3. Where an Interreg programme is included in the population from which the Commission selects a common sample under Article 48(1), the audit authority shall carry out audits of operations selected by the Commission in order to provide independent assurance to the Commission that management and control systems function effectively.
4. Audit work shall be carried out in accordance with internationally accepted audit standards.
5. The audit authority shall draw up and submit to the Commission each year by 15 February following the end of the accounting year an annual audit opinion in accordance with Article [63(7)] of Regulation [FR-Omnibus] using the template set out in Annex [XVI] to Regulation (EU) [new CPR] and based on all audit work carried out, covering each of the following components:
 - (a) the completeness, veracity and accuracy of the accounts;
 - (b) the legality and regularity of the expenditure included in the accounts submitted to the Commission;
 - (c) the management and control system of the Interreg programme.

Where the Interreg programme is included in the population from which the Commission selects a common sample pursuant to Article 48(1), the annual audit opinion shall only cover the elements referred to in points (a) and (c) of the first subparagraph.

The deadline of 15 February may exceptionally be extended by the Commission to 1 March, upon communication by the audit authority.

6. The audit authority shall draw up and submit to the Commission each year by 15 February following the end of the accounting year an annual control report in accordance with [point (b) of Article 63(5)] of Regulation [FR-Omnibus] using the template set out in Annex [XVII] of Regulation (EU) [new CPR] and, supporting the audit opinion provided for in paragraph 5 of this Article and setting out a summary of the findings, including an analysis of the nature and extent of any errors and deficiencies in the systems as well as the proposed and implemented corrective actions and the resulting total error rate and residual error rate for the expenditure entered in the accounts submitted to the Commission.
7. Where the Interreg programme is included in the population from which the Commission selects a common sample under Article 48(1), the audit authority shall draw up the annual control report referred to in paragraph 6 of this Article and fulfilling the requirements of [point (b) of Article 63(5)] of Regulation (EU, Euratom) [FR-Omnibus] using the template set out in Annex [XVII] to Regulation (EU) [new CPR] and supporting the audit opinion provided for in paragraph 5 of this Article.

That report shall set out a summary of the findings, including an analysis of the nature and extent of any errors and deficiencies in the systems as well as the proposed and implemented corrective actions, the results of the audits of operations carried out by the audit authority in relation to the common sample referred to in Article 48(1) and the financial corrections applied by the Interreg programme authorities for any individual irregularities detected by the audit authority for these operations.

8. The audit authority shall transmit system audit reports to the Commission as soon as the required contradictory procedure with the relevant auditees is concluded.

9. The Commission and the audit authority shall meet on a regular basis and at least once a year, unless otherwise agreed, to examine the audit strategy, the annual control report and the audit opinion, to coordinate their audit plans and methods and to exchange views on issues relating to the improvement of management and control systems.

Article 48

Audit of operations

1. The Commission shall select a common sample of operations (or other sampling units) using a statistical sampling method for the audits of operations to be carried out by the audit authorities for the Interreg programmes receiving support from the ERDF or an external financing instrument of the Union in respect of each accounting year.

The common sample shall be representative for all the Interreg programmes constituting the population.

For the purposes of selecting the common sample, the Commission may stratify groups of Interreg programmes according to their specific risks.

2. The programme authorities shall provide the information necessary for the selection of a common sample to the Commission by 1 August following the end of each accounting year at the latest.

That information shall be submitted in a standardised electronic format, shall be complete and shall reconcile with the expenditure declared to the Commission for the reference accounting year.

3. Without prejudice to the requirement to carry out an audit referred to in Article 47(2), the audit authorities for Interreg programmes covered by the common sample shall not carry out additional audits of operations under those programmes, unless requested by the Commission in accordance with paragraph 8 of this Article or in cases for which an audit authority has identified specific risks.

4. The Commission shall inform the audit authorities of the Interreg programmes concerned of the common sample selected in time to allow those authorities to carry out the audits of operations, in general, by 1 September following the end of each accounting year, at the latest.
5. The audit authorities concerned shall submit information on the results of these audits as well as on any financial correction taken in relation to individual irregularities detected at the latest in the annual control reports to be submitted to the Commission pursuant to Article 47(6) and (7).
6. Following its assessment of the results of audits of operations selected pursuant to paragraph 1, the Commission shall calculate a global extrapolated error rate with regard to the Interreg programmes included in the population from which the common sample was selected, for the purposes of its own assurance process.
7. Where the global extrapolated error rate referred to in paragraph 6 is above 2% of the total expenditure declared for the Interreg programmes included in the population from which the common sample was selected, the Commission shall calculate a global residual error rate, taking account of financial corrections applied by the respective Interreg programme authorities for individual irregularities detected by the audits of operations selected pursuant to paragraph 1.
8. Where the global residual error rate referred to in paragraph 7 is above 2% of the expenditure declared for the Interreg programmes included in the population from which the common sample was selected, the Commission shall determine whether it is necessary to request the audit authority of a specific Interreg programme or a group of Interreg programmes most affected to carry out additional audit work in order to further evaluate the error rate and assess the required corrective measures for the Interreg programmes affected by the irregularities detected.

9. Based on the assessment of the results of the additional audit work requested pursuant to paragraph 8, the Commission may request additional financial corrections to be applied on the Interreg programmes affected by the irregularities detected. In such cases, the Interreg programme authorities shall carry out the required financial corrections in accordance with Article [97] of Regulation (EU) [new CPR].
10. Each audit authority of an Interreg programme for which the information referred to in paragraph 2 is missing or incomplete or has not been submitted by the deadline laid down in the first subparagraph of paragraph 2 shall carry out a separate sampling exercise for the respective Interreg programme in accordance with Article [73] of Regulation (EU) [new CPR]).

CHAPTER VII

Financial management

Article 49

Payments and pre-financing

1. The ERDF support and, where applicable, the support from external financing instruments of the Union to each Interreg programme shall be paid, in accordance with Article 46(2), into a single account with no national subaccounts.

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: 1%;
 - (d) 2024: 1%;
 - (e) 2025: 1%;
 - (f) 2026: 1%.]

3. Where Interreg programmes are supported by the ERDF and IPA III CBC or NDICI CBC, the pre-financing for all funds supporting such an Interreg programme shall be made in accordance with Regulation (EU) [IPA III] or [NDICI] or of any act adopted thereunder.

Article 50
Recoveries

1. The managing authority shall ensure that any amount paid as a result of an irregularity is recovered from the lead or sole partner. Partners shall repay to the lead partner any amounts unduly paid.
- 1a. The Member States, third countries, partner countries or OCTs participating in a given Interreg programme may decide that neither the lead or sole partner nor the programme's managing authority is obliged to recover an amount unduly paid that does not exceed EUR 250, not including interest, in contribution from any of the Interreg funds to an operation in an accounting year.

No information needs to be provided to the Commission beyond the information about a decision being taken under the first subparagraph.
2. Where the lead partner does not succeed in securing repayment from other partners or where the managing authority does not succeed in securing repayment from the lead or sole partner, the Member State, third country, partner country or OCT on whose territory the partner concerned is located or, in the case of an EGTC, is registered shall reimburse the managing authority any amounts unduly paid to that partner. The managing authority shall be responsible for reimbursing the amounts concerned to the general budget of the Union, in accordance with the apportionment of liabilities among the participating Member States, third countries, partner countries or OCTs laid down in the Interreg programme.
3. Once the Member State, third country, partner country or OCT has reimbursed the managing authority any amounts unduly paid to a partner, it may continue or start a recovery procedure against that partner under its national law. In the event of successful recovery, the Member State, third country, partner country or OCT may use those amounts for the national co-financing of the Interreg programme concerned. The Member State, third country, partner country or OCT shall not have any reporting obligations towards the programme authorities, the monitoring committee or the Commission with regard to such national recoveries.

4. Where a Member State, third country, partner country or OCT has not reimbursed the managing authority any amounts unduly paid to a partner pursuant to paragraph 3, those amounts shall be subject to a recovery order issued by the Commission which shall be executed, where possible, by offsetting to the respective Member State, third country, partner country or OCT.

Such recovery shall not constitute a financial correction and shall not reduce the support from the ERDF or any external financing instrument of the Union to the respective Interreg programme. The amount recovered shall constitute assigned revenue in accordance with Article [21(3)] of Regulation (EU, Euratom) [FR- Omnibus].

With regard to amounts not reimbursed to the managing authority by a Member State, the offsetting shall concern subsequent payments to the same Interreg programme. The managing authority shall then offset with regard to that Member State in accordance with the apportionment of liabilities among the participating Member States set out in the Interreg programme in the event of financial corrections imposed by the managing authority or the Commission.

With regard to amounts not reimbursed to the managing authority by a third country, partner country or OCT, the offsetting shall concern subsequent payments to programmes under the respective external financing instruments of the Union.

[CHAPTER VIII Participation of third countries or partner countries or OCTs in Interreg programmes under shared management

Article 51 Applicable provisions

Chapters I to VII and Chapter X shall apply to the [PEACE PLUS programme] and to participation of third countries, partner countries and OCTs supported by external financing instruments from the Union in Interreg programmes subject to the specific provisions set out in this Chapter.

Article 52 Interreg programme authorities and their functions

1. Third countries, partner countries and OCTs participating in an Interreg programme shall either allow the managing authority of that programme to carry out its functions in its respective territory or shall identify a national or regional authority as contact point for the managing authority or a national controller to carry out management verifications as provided for in [point (a) of Article 68(1)] of Regulation (EU) [new CPR] in its respective territory.

Where the management verifications are carried out on behalf of the managing authority by private companies, those companies shall meet at least one of the following requirements:

- (a) be a member of a national accounting or auditing body or institution which in turn is member of International Federation of Accountants ('IFAC');
- (b) be a member of a national accounting or auditing body or institution. Where this organisation is not a member of IFAC, the auditor shall commit to undertake the work in accordance with IFAC standards and ethics;

- (c) be registered as a statutory auditor in the public register of a public oversight body in a Member State in accordance with the principles of public oversight set out in Directive 2006/43/EC of the European Parliament and of the Council;
- (d) be registered as a statutory auditor in the public register of a public oversight body in a partner country, provided this register is subject to principles of public oversight as set out in the legislation of the country concerned.

(paragraph 2 of COM proposal deleted)

- 3. The managing authority, in accordance with Article 45(2) and after consultation with the Member States, third countries, partner countries and OCTs participating in an Interreg programme may agree that third countries, partner countries and OCTs participating in the programme may set up branch office(s) in the programme area.
- 4. The national authority or a body equivalent to the Interreg programme communication officer as provided for in Article 35(1) or the branch office, shall support the managing authority and partners in the respective third country, partner country or OCT with regard to the tasks provided for in Article 35(2) to (6).

Article 53
Management methods

- 1. Interreg programmes supported both by ERDF and IPA III CBC or NDICI CBC shall be implemented under shared management both in the Member States and in any participating third country or partner country.

[The PEACE PLUS programme shall be implemented under shared management both in Ireland and in the United Kingdom.]

2. Interreg Strand B and C programmes combining contributions from the ERDF and from one or more external financing instrument of the Union shall be implemented under shared management both in the Member States and in any participating third country or partner country or, with regard to Strand D, in any OCT, whether or not that OCT receives support under one or more external financing instruments of the Union.
3. Interreg Strand D programmes combining contributions from the ERDF and one or more external financing instruments of the Union shall be implemented in any of the following ways:
 - (a) under shared management both in the Member States and in any participating third country or OCT;
 - (b) under shared management only in the Member States and in any participating third country or OCT with regard to ERDF expenditure outside the Union for one or more operations, whereas the contributions from one or more external financing instruments of the Union are managed under indirect management;
 - (c) under indirect management both in the Member States and in any participating third country or OCT.

Where all or part of an Interreg Strand D programme is implemented under indirect management, Article 60 shall apply.

Article 54

Eligibility

1. By way of derogation from Article [57(2)] of Regulation (EU) [new CPR] expenditure shall be eligible for a contribution from external financing instruments of the Union if it has been incurred and paid in the preparation, and implementation of Interreg operations from 1 January 2021 or from the date of the programme submission, whichever date is earlier but may be claimed from the programme after the date when the financing agreement with the respective third country, partner country or OCT was concluded.

For costs reimbursed by external financing instrument pursuant to points (b), (c) and (f) of Article 48(1) of Regulation (EU) [new CPR], the actions constituting the basis for reimbursement shall be carried out from 1 January 2021 or from the date of the programme submission, whichever date is earlier but may be claimed from the programme after the date when the financing agreement with the respective third country, partner country or OCT was concluded.

2. Where an Interreg programme selects operations based on calls for proposals, such calls may include applications for a contribution from external financing instruments of the Union, even when the calls were launched and operations were selected before the relevant financing agreement was signed.

The managing authority may provide the document provided for in Article 22(6) before the relevant financing agreement was signed.

Article 55

Large infrastructure projects

1. Interreg programmes under this section may support 'large infrastructure projects' meaning operations comprising a set of works, activities or services intended to fulfil an indivisible function of a precise nature pursuing clearly identified objectives of common interest for the purposes of implementing investments delivering a cross-border impact and benefits and where a budget share of a total cost of at least EUR 2 500 000 is allocated to the acquisition, construction or modernisation of infrastructure.
2. Each beneficiary implementing a large infrastructure project or a part thereof shall apply the applicable public procurement rules.
3. Where the selection of one or more large infrastructure projects is on the agenda of a monitoring committee or, where applicable, steering committee meeting, the managing authority shall transmit a concept note for each such project to the Commission, for information, at the latest two months before the date of the meeting. The concept note shall be a maximum of three pages and shall indicate the name, the location, the budget, the lead partner and the partners as well as the main objectives and deliverables thereof. If the concept note concerning one or more large infrastructure projects is not transmitted to the Commission by that deadline, the Commission may request that the chair of the monitoring committee or steering committee remove the projects concerned from the agenda of the meeting.

Article 56

Procurement

1. Where the implementation of an operation requires procurement of service, supply or works contracts by a beneficiary, the following rules shall apply:
 - (a) where the beneficiary is located in a Member State and is a contracting authority or a contracting entity within the meaning of the Union law applicable to public procurement procedures, it shall apply national laws, regulations and administrative provisions;
 - (b) where the beneficiary is a public authority of a partner country under IPA III or NDICI whose co-financing is transferred to the Managing Authority, it may apply national laws, regulations and administrative provisions, provided that the financing agreement allows it and that the contract is awarded to the tender offering best value for money, or as appropriate, to the tender offering the lowest price, while avoiding any conflict of interests.
2. For the award of goods, works or services in all cases other than those referred to in paragraph 1, the procurement procedures under Articles [178] and [179] of Regulation (EU, Euratom) [FR-Omnibus] and Chapter 3 of Annex 1 (Points 36 to 41) to that Regulation shall apply.

Article 57

Financial management

1. The Commission decisions approving Interreg programmes also supported by an external financing instrument of the Union shall meet the requirements necessary to constitute financing decisions in terms of Article [110(2)] of Regulation (EU, Euratom) [FR-Omnibus].

Article 58

Conclusion of Financing Agreements under shared management

1. In order to implement an Interreg programme in a third country, partner country or OCT, in accordance with Article [112(4)] of Regulation (EU, Euratom) [FR-Omnibus], a financing agreement shall be concluded between the Commission representing the Union and each participating third country, partner country or OCT represented in accordance with its national legal framework.

2. Any financing agreement shall be concluded at the latest on 31 December of the year following the year when the first budget commitment was made and shall be considered concluded on the date when the last party has signed it.

Any financing agreement shall enter into force either on the date

(a) when the last party has signed it; or

(b) when the third or partner country or OCT has completed the procedure required for ratification under its national legal framework and informed the Commission.

3. The Commission shall provide the draft financing agreement at the latest one year prior to the deadline for signature.

Where an Interreg programme involves more than one third country, partner country or OCT, at least one financing agreement shall be signed by both parties before the date specified in paragraph 2. The other third countries, partner countries or OCTs may sign their respective financing agreements at the latest on 30 June of the second year following the year when the first budget commitment was made.

4. The Member State hosting the managing authority of the relevant Interreg programme either
 - (a) may also sign the financing agreement; or
 - (b) shall sign, on the same date, an implementing agreement with each third country, partner country or OCT participating in that Interreg programme setting out the mutual rights and obligations with regard to its implementation and financial management.

5. An implementing agreement signed pursuant to point (b) of paragraph 4 shall at least cover the following elements:
 - (a) detailed arrangements for payments;
 - (b) financial management;
 - (c) record keeping;
 - (d) reporting obligations;
 - (e) verifications, controls and audit;
 - (f) irregularities and recoveries.

6. Where the Member State hosting the managing authority of the Interreg programme decides to sign the financing agreement pursuant to point (a) of paragraph 4, that financing agreement shall be considered a tool to implement the Union budget in accordance with the Financial Regulation and not an international agreement as referred to in Articles 216 to 219 of the TFEU.

Article 59

Third country, partner country or OCT contribution other than co-financing¹⁵

1. Where a third country, partner country or OCT transfers to the Managing Authority a financial contribution to the Interreg programme other than its co-financing of the Union support to the Interreg programme, the rules concerning that financial contribution shall be contained in the following document:
 - (a) where the Member State signs the financing agreement pursuant to point (a) of Article 58(4), in one of the following:
 - (i) a distinct part of that financing agreement; or
 - (ii) in a separate implementing agreement signed either between the Member State hosting the managing authority and the third country, partner country or OCT or directly between the managing authority and the competent authority in the third country, partner country or OCT;
 - (b) where the Member State signs an implementing agreement pursuant to point (b) of Article 58(4), in one of the following:
 - (i) a distinct part of that implementing agreement; or
 - (ii) an additional implementing agreement signed between the same parties referred to point (a).

For the purposes of point (b)(i) of the first subparagraph, sections of the implementing agreement may, where applicable, cover both the transferred financial contribution and the Union support to the Interreg programme.

¹⁵ The final wording on de-commitment rule for Interreg programmes also supported by IPA III CBC or NDICI III CBC will be subject to MFF discussions.

2. An implementing agreement under paragraph 1 shall at least contain the elements concerning the third country's, partner country's or OCT's co-financing listed in Article 58(5).

In addition, it shall set out both of the following:

- (a) the amount of the additional financial contribution;
- (b) the intended use and conditions for its use, including conditions for applications for that additional contribution.

- [3. With regard to the PEACE PLUS programme, the financial contribution to Union activities from the United Kingdom in the form of external assigned revenue as referred to in [point (e) of Article 21(2)] of Regulation (EU, Euratom) [FR-Omnibus] shall make part of the budget appropriations for Heading 2 'Cohesion and Values', sub-ceiling 'Economic, social and territorial cohesion'.

That contribution shall be subject to a specific financing agreement with the United Kingdom in accordance with Article 58. The Commission and the United Kingdom as well as Ireland shall be parties to this specific financing agreement.

It shall be signed before the beginning of the implementation of the programme thus allowing the Special EU Programmes Body to apply all the Union legislation for the implementation of the programme.]

(Paragraph 4 deleted)

]

CHAPTER IX

Specific provisions for indirect management

Article 60

Outermost regions' cooperation

1. Where part or all of an Interreg Strand D programme is implemented under indirect management pursuant to point (b) or (c) respectively of Article 53(3), implementation tasks shall be entrusted to one of the bodies listed in point [(c) of the first subparagraph of Article 62(1)] of Regulation (EU, Euratom) [FR-Omnibus], in particular to such a body located in the participating Member State, including the managing authority of the Interreg programme concerned.
2. In accordance with [point (c) of Article 154(6)] of Regulation (EU, Euratom) [FR-Omnibus], the Commission may decide not to require an *ex-ante* assessment as referred to in paragraphs 3 and 4 of that Article when the budget implementation tasks referred to in [point (c) of the first subparagraph of Article 62(1)] of Regulation (EU, Euratom) [FR-Omnibus] are entrusted to a managing authority of an outermost regions' Interreg programme identified pursuant to Article 37(1) of this Regulation and in accordance with Article [65] of Regulation (EU) [new CPR].
3. Where the budget implementation tasks referred to in [point (c) of the first subparagraph of Article 62(1)] of Regulation [FR-Omnibus] are entrusted to a Member State organisation, Article [157] of Regulation (EU, Euratom) [FR-Omnibus] shall apply.
4. Where a programme or action co-financed by one or more external financing instrument is implemented by a third country, a partner country, an OCT or any of the other bodies listed to in [point (c) of the first subparagraph of Article 62(1)] of Regulation (EU, Euratom) [FR-Omnibus] or referred to in Regulation (EU) [NDICI] or Council Decision [OCT Decision] or both, the relevant rules of these instruments shall apply.

Conditions for the implementation of part of an Interreg Strand D programme under indirect management pursuant to point (b) or (c) of Article 53(3) shall be defined by an agreement concluded between the Commission, the managing authority or its Member State and the entrusted body.

(Article 61 COM proposal deleted)

CHAPTER X

Final provisions

Article 62

Exercise of the delegation

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.
2. The power to adopt delegated acts referred to in Article 16(6) shall be conferred on the Commission.
3. The delegation of power referred to in Article 16(6) may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the *Official Journal of the European Union* or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.
4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.

5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.
6. A delegated act adopted pursuant to Article 16(6) shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of [two months] of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by [two months] at the initiative of the European Parliament or of the Council.

Article 63

Committee Procedure

1. The Commission shall be assisted by the committee set up pursuant to Article [108(1)] of Regulation (EU) [new CPR]. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.
2. Where reference is made to this paragraph, Article 4 of Regulation (EU) No 182/2011 shall apply.

Article 64

Transitional provisions

Regulation (EU) No 1299/2013 or any act adopted thereunder shall continue to apply to programmes and operations supported by the ERDF under the 2014-2020 programming period.

Article 65
Entry into force

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament

For the Council

The President

The President

ANNEX

TEMPLATE FOR INTERREG PROGRAMMES

CCI	[15 characters]
Title	[255]
Version	
First year	[4]
Last year	[4]
Eligible from	
Eligible until	
Commission decision number	
Commission decision date	
Programme amending decision number	[20]
Programme amending decision entry into force date	
NUTS regions covered by the programme	
<i>strand</i>	

1. Programme strategy: main development challenges and policy responses

1.1. Programme area (not required for *INTERACT* and *ESPON* programmes)

Reference: Article 17(4)(a), Article 17(9)(a)

Text field [2 000]

1.2. Summary of main joint challenges, taking into account economic, social and territorial disparities, joint investment needs and complimentary with other forms of support, lessons-learnt from past experience and macro-regional strategies and sea-basin strategies where the programme area as a whole or partially is covered by one or more strategies.

Reference: Article 17(4)(b), Article 17(9)(b)

Text field [50 000]

1.3. Justification for the selection of policy objectives and the Interreg specific objectives, corresponding priorities, specific objectives and the forms of support, addressing, where appropriate, missing links in cross-border infrastructure

Reference: Article 17(4)(c)

Table 1

Selected policy objective or selected Interreg-specific objective	Selected specific objective	Priority	Justification for selection
			[2 000 per objective]

2. Priorities [300]

Reference: Article 17(4)(d) and (e)

2.1. Title of the priority (repeated for each priority)

Reference: Article 17(4)(d)

Text field [300]

This is a priority pursuant to a transfer under Article 17(3)

2.1.1. Specific objective (repeated for each selected specific objective, for priorities other than technical assistance)

Reference: Article 17(4)(e)

2.1.2 Related types of action, and their expected contribution to those specific objectives and to macro-regional strategies and sea-basis strategies, where appropriate

Reference: Article 17(4)(e)(i), Article 17(9)(c)(ii)

Text field [7000]

For INTERACT and ESPON programmes:

Reference Article 17(9)(c)(i)

Definition of a single beneficiary or a limited list of beneficiaries and the granting procedure

Text field [7000]

2.1.2 bis Indicative breakdown of the EU programme resources by type of intervention

[This was point 2.1.7 in the Commission proposal and has been moved up following changes in Article 17(4)(d)]

Reference: Article 17(4)(d)(iii), Article 17(9)(c)(v)

Table 4: Dimension 1 – intervention field

Priority no	Fund	<i>Column on Specific objective deleted</i>	Code	Amount (EUR)

Table 5: Dimension 2 – form of financing

Priority no	Fund	<i>Column on Specific objective deleted</i>	Code	Amount (EUR)

Table 6: Dimension 3 – territorial delivery mechanism and territorial focus

Priority No	Fund	<i>Column on Specific objective deleted</i>	Code	Amount (EUR)
-------------	------	---------------------------------------------	------	--------------

2.1.3 Indicators

Reference: Article 17(4)(e)(ii), Article 17(9)(c)(iii)

Table 2: Output indicators

Priority	Specific objective	ID [5]	Indicator	Measurement unit [255]	Milestone (2024) [200]	Final target (2029) [200]

Table 3: Result indicators

Priority	Specific objective	ID	Indicator	Measurement unit	Baseline	Reference year	Final target (2029)	Source of data	Comments

2.1.4 The main target groups

Reference: Article 17(4)(e)(iii), Article 17(9)(c)(iv)

Text field [7000]

2.1.5 Specific territories targeted, including the planned use of ITI, CLLD or other territorial tools

Reference: Article 17(4)(e)(iv)

Text field [7000]

2.1.6 Planned use of financial instruments

Reference: Article 17(4)(e)(v)

Text field [7000]

(Point 2.1.7 deleted)

(Point 2T on Technical assistance priority deleted)

3. Financing plan

Reference: Article 17(4)(g)

3.1 Financial appropriations by year

Reference: Article 17(4)(g)(i), Article 17(5)(a)(i)-(iv)

Table 7

Fund	2021	2022	2023	2024	2025	2026	2027	Total
<i>ERDF (territorial cooperation goal)</i>								
<i>ERDF programmed under Article 17(3) (Investments for Jobs and Growth goal)</i>								
<i>IPA III CBC¹⁶</i>								
<i>Neighbourhood CBC¹⁷</i>								
<i>IPA III¹⁸</i>								
<i>NDICI¹⁹</i>								

¹⁶ Strand A, external cross-border cooperation.

¹⁷ Strand A, external cross-border cooperation.

¹⁸ Strand B and C.

¹⁹ Strand B and C.

<i>OCTP Greenland²⁰</i>								
<i>OCTP²¹</i>								
<i>Interreg Funds²²</i>								
<i>Total</i>								

3.2 Total financial appropriations by fund and national co-financing

Reference: Article 17(4)(g)(ii), Article 17(5)(a)(i)-(iv)

²⁰ *Strand B and C.*

²¹ *Strand C and D.*

²² *ERDF, IPA III, NDICI or OCTP, where as single amount under Strands B and C.*

Table 8*

PO No or TA	Priority	Fund (as applicable)	Basis for calculation EU support (total or public)	EU contribution (a)	National contribution (b)=(c)+(d)	Indicative breakdown of the national counterpart		Total (e)=(a)+(b)	Co-financing rate (f)=(a)/(e)	Contributions from the third countries (for information)
						National public (c)	National private (d)			
	Priority 1	ERDF ²³								
		IPA III CBC ²⁴								
		Neighbourhood CBC ²⁵								
		IPA III ²⁶								
		NDICI ²⁷								
		OCTP Greenland ²⁸								
		OCTP ²⁹								
		Interreg Funds ³⁰								
	Priority 2	(funds as above)								
	Total	All funds								

²³ When ERDF resources correspond to amounts programmed in accordance with Article 17(3), it shall be specified.

²⁴ Interreg Strand A, external cross-border cooperation.

²⁵ Interreg Strand A, external cross-border cooperation.

²⁶ Interreg Strands B and C.

²⁷ Interreg Strands B and C.

²⁸ Interreg Strand B and C.

²⁹ Interreg Strand C and D.

³⁰ ERDF, IPA III, NDICI or OCTP, where as single amount under Strands B and C.

		<i>ERDF</i>								
		<i>IPA III CBC</i>								
		<i>Neighbourhood CBC</i>								
		<i>IPA III</i>								
		<i>NDICI</i>								
		<i>OCTP Greenland</i>								
		<i>OCTP</i>								
		<i>Interreg Funds</i>								
	<i>Total</i>	<i>All funds</i>								

4. Action taken to involve the relevant programme partners in the preparation of the Interreg programme and the role of those programme partners in the implementation, monitoring and evaluation

Reference: Article 17(4)(h)

Text field [10 000]

5. Approach to communication and visibility for the Interreg programme, including the planned budget

Reference: Article 17(4)(i)

Text field [10 000]

6. Implementing provisions

6.1. Programme authorities

Reference: Article 17(7)(a)

Table 10

Programme authorities	Name of the institution [255]	Contact name [200]	E-mail [200]
Managing authority			
National authority (for programmes with participating third countries, if appropriate)			
Audit authority			
Group of auditors representatives			
Body to which the payments are to be made by the Commission			

6.2. Procedure for setting up the joint secretariat

Reference: Article 17(7)(b)

Text field [3 500]

6.3 Apportionment of liabilities among participating Member States and where applicable, the third countries and OCTs, in the event of financial corrections imposed by the managing authority or the Commission

Reference: Article 17(7)(c)

Text field [10 500]

7. Use of unit costs, lump sums, flat rates and financing not linked to costs

Reference: Articles 88 and 89 CPR

Table 11: Use of unit costs, lump sums, flat rates and financing not linked to costs

Intended use of Articles 88 and 89	YES	NO
From the adoption programme will make use of reimbursement of eligible expenditure based on unit costs, lump sums and flat rates under priority according to Article 88 CPR (if yes, fill in Appendix 1)	<input type="checkbox"/>	<input type="checkbox"/>
From the adoption programme will make Use of financing not linked to costs according to Article 89 CPR (if yes, fill in Appendix 2)	<input type="checkbox"/>	<input type="checkbox"/>

APPENDICES

- Map of the programme area
- Reimbursement of eligible expenditure from the Commission to the Member State based on unit costs, lump sums and flat rates
- Financing not linked to cost

Appendix 1: Map of the programme area

Appendix 2: Reimbursement of eligible expenditure from the Commission to the Member State based on unit costs, lump sums and flat rates

Reimbursement of eligible expenditure from the Commission to the Member State based on unit costs, lump sums and flat rates

Template for submitting data for the consideration of the Commission

(Article 88 CPR)

Date of submitting the proposal	
Current version	

A. Summary of the main elements

Priority	Fund	Estimated proportion of the total financial allocation within the priority to which the SCO will be applied in % (estimate)	Type(s) of operation		Corresponding indicator name(s)		Unit of measurement for the indicator	Type of SCO (standard scale of unit costs, lump sums or flat rates)	Corresponding standard scales of unit costs, lump sums or flat rates
			Code	Description	Code	Description			

B. Details by type of operation (to be completed for every type of operation)

Did the Managing Authority receive support from an external company to set out the simplified costs below?

If so, please specify which external company: Yes/No – Name of external company

Types of operation:

1.1. Description of the operation type	
1.2 Specific objective(s) concerned	
1.3 Indicator name ³¹	
1.4 Unit of measurement for indicator	
1.5 Standard scale of unit cost, lump sum or flat rate	
1.6 Amount	
1.7 Categories of costs covered by unit cost, lump sum or flat rate	
1.8 Do these categories of costs cover all eligible expenditure for the operation? (Y/N)	
1.9 Adjustment(s) method	

³¹ Several complementary indicators (for instance one output indicator and one result indicator) are possible for one type of operation. In these cases, fields 1.3 to 1.11 should be filled in for each indicator.

<p>11.10 Verification of the achievement of the unit of measurement</p> <ul style="list-style-type: none"> - describe what document(s) will be used to verify the achievement of the unit of measurement - describe what will be checked during management verifications (including on-the-spot), and by whom - describe what the arrangements are to collect and store the data/documents 	
<p>1.11 Possible perverse incentives or problems caused by this indicator, how they could be mitigated, and the estimated level of risk</p>	
<p>1.12 Total amount (national and EU) expected to be reimbursed</p>	

C. Calculation of the standard scale of unit costs, lump sums or flat rates

1. Source of data used to calculate the standard scale of unit costs, lump sums or flat rates (who produced, collected and recorded the data; where the data are stored; cut-off dates; validation, etc.):

2. Please specify why the proposed method and calculation is relevant to the type of operation:

3. Please specify how the calculations were made, in particular including any assumptions made in terms of quality or quantities. Where relevant, statistical evidence and benchmarks should be used and attached to this annex in a format that is usable by the Commission.

4. Please explain how you have ensured that only eligible expenditure was included in the calculation of the standard scale of unit cost, lump sum or flat rate;

5. Assessment of the audit authority(ies) of the calculation methodology and amounts and the arrangements to ensure the verification, quality, collection and storage of data:

Appendix 3: Financing not linked to costs

Template for submitting data for the consideration of the Commission

(Article 89 CPR)

Date of submitting the proposal	
Current version	

A. Summary of the main elements

Priority	Fund	<i>The amount covered by the financing not linked to costs</i>	Type(s) of operation	Conditions to be fulfilled/results to be achieved	Corresponding indicator name(s)		Unit of measurement for the indicator
					Code	Description	
The overall amount covered							

B. Details by type of operation (to be completed for every type of operation)

Types of operation:

1.1. Description of the operation type			
1.2 Specific objective(s) concerned			
1.3 Conditions to be fulfilled or results to be achieved			
1.4 Deadline for fulfilment of conditions or results to be achieved			
1.5 Indicator definition for deliverables			
1.6 Unit of measurement for indicator for deliverables			
1.7 Intermediate deliverables (if applicable) triggering reimbursement by the Commission with schedule for reimbursements	Intermediate deliverables	Date	Amounts
1.8 Total amount (including EU and national funding)			
1.9 Adjustment(s) method			

<p>1.10 Verification of the achievement of the result or condition (and where relevant, the intermediate deliverables)</p> <ul style="list-style-type: none"> - describe what document(s) will be used to verify the achievement of the result or condition - describe what will be checked during management verifications (including on-the-spot), and by whom - describe what arrangements there are to collect and store the data/documents 	
<p>1.11 Arrangements to ensure the audit trail</p> <p>Please list the body(ies) responsible for these arrangements.</p>	

Appendix 3a: List of planned operations of strategic importance- Article 17(4)

Text field [2 000]
