

Post 2027 Discussion Paper

Flexibility and adaptability

5 November 2024

Please note | This discussion paper was produced for the Post 2027 Harvesting event, taking place in Brussels on 25-26 November 2024. It is a tool to stimulate discussion and engagement on the topic. **It does not represent an opinion of Interact, Interreg or any other actor.** For more information about the Harvesting process, please see the Post 2027 section of [Interact.eu](https://interact.eu)

Flexibility and adaptability in Interreg

Overview

Flexibility and adaptability have become critical for shaping effective public policies, including the Interreg and Cohesion Policy frameworks, as EU regions face increasingly complex and unpredictable challenges (from the COVID-19 pandemic and climate change to digital transformation and the war in Ukraine). These global challenges demand collective action and adaptation.

However, programmes also face local and regional implementation challenges where flexibility is often constrained by the demanding procedures required for programme amendments under the Interreg legal framework. The ability to remain flexible and adaptable is essential for Interreg programmes to stay resilient, responsive, and effective in the face of evolving circumstances.

Moreover, the need for the flexibility was emphasised in the working group for the performance-based approach. For more details, please refer to the respective discussion paper.

Methodology

With input from the programmes, we aim to explore whether Interreg programmes framework is flexible and adaptable enough, what factors may be hindering this, and what proposals can be made for the future.

Interact first introduced this topic at the Interreg Knowledge Fair¹. To further explore flexibility and adaptability in the current legal framework. Interact conducted 12 interviews with programmes across different geographies and strands (CBC and transnational, IPA, NEXT and TESIM). Participants were briefed on the Knowledge Fair outcomes and encouraged to share their programme experiences. Each interview lasted 45-60 minutes and focused on key questions related to flexibility.

This discussion paper summarises the most often occurring ideas and suggestions, which will be explored further at the Harvesting event.

¹ <https://interact.eu/library/246>

We acknowledge that this discussion may have limitations, mainly if there are significant changes to the framework, such as adopting a performance-based approach. However, this is a starting point – a self-reflection on the current situation – and we can continue working on these issues as needed.

What is working

- Over the past 30 years, Interreg programmes have developed extensive experience in building trust among communities and partners, which has been recognised as an important precondition for the flexibility at all levels.
- The current legal framework is generally viewed positively as it provides certain operational flexibility and adaptability compared to the previous programming periods. For example, programmes can adopt operational approaches that best match the needs of the territory (place-based approach) and have the necessary flexibility to implement the chosen strategy. This flexibility includes selecting the most beneficial type of operations and types of calls, focusing on specific themes (such as resilience) or making suitable mix of the SCOs in the programmes.
- Wide use of SCOs have allowed greater implementation flexibility for programmes and reduced the burden for partners.
- Risk based approach for the control is seen as positive and provides simplification and flexibility based on each programme's situation.
- Having Interreg specific policy objective and indicators was seen as a beneficial change introduced in 2021-2027 period.

The general conclusion emphasised the importance of maintaining what works well in the current legal framework regarding flexibility and adaptability, with the possibility of introducing minor adjustments to enhance it further.

What is missing and needs further improvements

- Specific measures (for example, CLLD process) requires a different approach which might lead to slower absorption of funds during the start of the programming period. Therefore, a greater flexibility in applying decommitment rules during the first two implementation years might be beneficial.
- Unpredictability, inconsistency, and delays in the approval of the legal framework, along with adding new requirements at late stages (DNSH, Bauhaus initiative), were identified as critical factors hindering flexibility and adaptability. Participants also noted that understanding and applying these requirements need streamlining across EC staff and units.
- The legal framework for the Cohesion Policy and Interreg undergoes significant changes every programming period, requiring substantial effort and resources for preparation and capacity building for programmes and beneficiaries. Consequently, fewer resources are available for simplifications, which are essential for enhancing flexibility and adaptability.
- Audit authorities often interpret legal requirements more rigidly than intended, complicating implementation. This increases programme insecurity, limits the scope for simplifications, and ultimately reduces opportunities to enhance flexibility and adaptability.
- The application of state aid rules in the context of Interreg is seen as impractical and counterproductive. Interreg co-finances cooperation initiatives and pilot solutions pose little risk of distorting the market, particularly given the limited financial volume of Interreg programmes.

- The rigid formulation of SOs in the regulation limits cross-sectoral and holistic approaches. Allowing for more open thematic objectives, such as combining topics like renewable energy and energy efficiency, would provide greater flexibility.
- Using intervention codes as a policy tool for monitoring is generally appreciated. However, the categories of intervention codes are too rigid and do not align with the nature of Interreg interventions.
- Requirements for the investments were found restricting the flexibility in the several programmes having investment elements.
- Programme evaluations (both internal and external, operational and impact) are not currently fully serving as tools for flexibility and adaptability in the Interreg and there is space for the improvement.
- The Strategic Environmental Assessment process was found to be not relevant to a high level strategic document and not bringing added value.

What would be your vision for the future? Key messages

Interreg programmes should keep the strategic focus

While some programmes expressed a desire for greater flexibility to address crises, there was a consensus that Interreg should maintain its focus on long-term strategic planning, grounded in territorial needs, with limited capacity to adapt to territorial needs and changing situations.

Stability and continuity of the implementation framework should be safeguarded

Although changes to the legal framework are still to be discussed, it is important to retain the operational flexibility currently in place, as it has been positively assessed by programmes and contributes to their effectiveness. Significant changes to the implementation framework caused delays in the previous funding periods, reducing project quality and requiring additional resources to update existing monitoring tools, reducing resources for simplifications, flexibility and adaptability.

Increased thematic flexibility through fewer, broader objectives

While the current legal framework allows some flexibility to choose the thematic focus based on the territorial needs, many SOs are too narrowly defined, making them less suitable for the Interreg interventions. The need for greater thematic flexibility was also highlighted in the Greener Europe network discussions in preparation to the Harvesting event (e.g. re-prioritisation, see more the discussion paper on Greener Europe).

Measures to increase the thematic flexibility:

- **Broader SOs:** Interreg programmes could benefit from having a single (e.g. ISO1) or fewer broadly defined priorities, with specific variations depending on the programme type. The current division into specific objectives (SOs) has not supported an integrated, holistic approach.
- **Define programmes at the policy objective level only, leaving out SOs:** this would provide more room for adaptability and reduce constraints imposed by predefined SOs.
- **Allow SOs to be defined at the programme level by, e. g., MC:** need for formal programme amendments would be reduced, giving programmes greater flexibility to adjust objectives as needed.
- **Adopt fewer broadly defined or a single priority (e.g., ISO1):** it could streamline processes and further enhance adaptability. Several programmes mentioned that these priorities should still permit necessary investments to address specific territorial needs.

Greater financial flexibility to increase focus to the quality of interventions

Most of the interviewed programmes acknowledged that the current level of flexibility is appreciated and helpful, but they suggested the need for even more flexibility in the future. They proposed the following approaches:

- **Greater flexibility between priorities:** In programmes with multiple priorities, the current level of financial flexibility is insufficient. More flexibility should be allowed.
- **Reassess the n+3 rule:** While the need for faster spending and efficiency is generally recognised, the application of the n+3 rule has revealed several adverse effects. It sometimes forces programmes to compromise on project quality to meet financial targets. The N+3 rule contributes to long funding gaps as programmes try to allocate all funds in the early years of the programme implementation. For ENI programmes, new with the n+3 rule, bottlenecks are likely to arise, particularly in programmes involving multiple partner countries or in regions experiencing military [conflicts. Additionally, the rules become unclear and restrictive when additional funds or programme amendments are introduced.
- **Legislation for risk-free testing of new ideas:** include the legal provisions that allocate funds for testing new ideas without risk, as a preparation for the next programming period. This could be supported by risk capital – funds not yet committed to specific projects – to promote a mindset of flexibility, adaptability, and innovation, and trying new ideas and models in a smaller environment.

Built-in flexibility in the regulation for crisis situation

While programmes generally recognize there is significant administrative flexibility in organising procedures, they still face challenges in quick responding to bigger crises and uncertainties (such as COVID-19, the war in Ukraine, etc.). Given the ongoing military conflicts and the likelihood of future crises or disruptions, uncertainty, it is proposed to explore further built-in flexibility into the regulation or revise the current formulation of the article 20 CPR. This would allow to agree on triggers that activate pre-agreed response measures between the European Commission and the programme (for example, similar to Disruption Regulation (2022/2192) or the CARE Regulation (2022/562), enable quicker adaptation to evolving situations and reduce administrative burdens.

Conclusions

For flexibility and adaptability to be truly effective, all elements of the programme framework must consistently allow for flexibility and adaptability. If one part of the framework promotes flexibility while another imposes strict, rigid rules, the overall adaptability is hindered. For example, if programmes can use the existing framework to adjust priorities and tailor their approach to the specific needs of a territory, this flexibility can be undermined by requirements to support certain types of operations or by the need to comply with rigid intervention codes.

Initiatives aimed at increasing flexibility and adaptability should also be assessed from the beneficiaries perspective as well: whether the proposed measures provide added value, enable more effective local interventions, and offer meaningful simplification and flexibility for the beneficiaries.

While the legal framework and governance are important, also the program's flexibility and adaptability during its programming phase, to ensure sufficient resources are allocated to support them, to embrace flexibility and adaptability mindset, and to adopt adaptive management practices are equally important.

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Furthermore, understanding and knowledge evolves throughout the programming period. If you spot something out of date or inconsistent, please contact us at communication@interact.eu

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