

THE FUTURE OF INTERREG A

Interreg A in the funding period 2028-2034

A joint position paper of the German Länder with Interreg A programs



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In this paper, the German Länder with Interreg A programs have developed comments and proposals for the design of Interreg A in the funding period 2028-2034. Experiences from previous funding periods have been incorporated.

Part I General statements on cross-border cooperation within the framework of European Territorial Cooperation (Interreg)

General information

- The current border regions within the European Union account for more than 40% of its land area, more than 30% of its population and more than 30% of its GDP.¹ In order to contribute to the prosperity in the EU and to improve the quality of life of the local citizens, utilizing the socio-economic potential in all border regions will continue to represent a major challenge in the future. Cross-border cooperation within the framework of Interreg is the most effective instrument to achieve it.
- Within European Territorial Cooperation, cross-border cooperation (Interreg A) has a pioneering function. Interreg A programs have been implementing the "European idea" for 35 years: Actors from different member states cooperate across national borders in numerous projects, learn from each other and develop joint solutions for needs or challenges in cross-border situations.
- Interreg A makes an important contribution towards the strengthening
 of ecological, social and territorial cohesion and the reduction of regional disparities between European regions. At the same time, Interreg
 A projects help to utilize unused economic potential in border regions
 and create networking structures. In addition, citizen-oriented cooperation structures are being established that demonstrably create trust and
 strengthen cohesion and integration within Europe.
- Against the background of the multiple internal and external crises as well as nationalist tendencies, the importance of European cooperation is more important than ever.² Precisely for this reason and because of its high added value, cross-border cooperation within the framework of Interreg A must remain a key component of cohesion policy.
- As the EU Commission states in its 9th Cohesion Report, border regions are places with high growth potential, where cultural and linguistic diversity fosters intensive social and economic interaction, where many people engage in their daily activities on both sides of the border and where cross-border cooperation between cities and municipalities offers opportunities for multipolar growth.³ Cross-border cooperation also offers a chance of preventing a development trap or a demographic downward trend.

It is therefore essential to continue to focus on cross-border cooperation in all European border regions after 2027.

 In order to meet the special requirements and approaches of Interreg A, an independent Interreg regulation has proven its worth and must be retained. It should contain all regulations for Interreg; references to other regulations should be avoided.

	 Wherever possible, it is recommended to continue the currently applicable regulations for program implementation and management as well as the control systems, but to exhaust all possibilities for simplification. This can significantly streamline the complex approval processes at the beginning of a funding period⁴ and should also include the retention and definition of terminology. Beneficiaries should be provided with low-threshold access through simplified funding regulations and be relieved from complex administrative regulations as much as possible.
Thematic orientation	• The proven thematic focus of the cross-border programs should be retained. The design and further development of the regulations for Interreg A should be based on previous experience and with the involvement of the Member countries and federal state. ⁵
Scope of application Cross-border program areas	 The focus on cross-border, transnational and interregional programs as well as the geography of the programs is well-established and an expres- sion of the territorial needs of all participating regions. The German A- countries are therefore in favor of retaining the existing territorial framework.⁶
	 Changes to the program areas can lead to a lacking sense of belonging and involvement among potential project partners and may potentially mean that they withdraw from their participation.
	 A further restriction of the program areas to the NUTS-3 areas in the immediate proximity to the borders would result in the loss of program partners and risk the urgently needed sponsors for national co-financing. This would reduce the efforts and foundations of the last decades to absurdity.
	 The participation of partners outside the program areas should remain possible.
Shared management	 The implementation of cross-border programs under the joint responsibility of the EU, member states and regions according to the principle of shared management must be maintained at all costs, as it leads to a high level of identification and recognition on-site and supports the bottom-up approach. This makes it possible to implement jointly funded projects without frictions due to different procedures, timetables or regional sensitivities and helps to make them visible.
	 The introduction of new, centrally managed instruments at the expense of cohesion policy is rejected. There is a risk that direct programs on cross-border topics will compete with existing Interreg A programs and therefore lead to uncertainty among potential project partners in the re- gion.
Thematic concentration: Political goals	 The majority of policy objectives for the ERDF have proven their worth in cross-border cooperation. Thematic concentration continues to be sup- ported in principle. However, it must continue to reflect the nature of cross-border cooperation and be sufficiently flexible.
Interreg-specific goals	 In principle, there should be sufficient leeway to define specific objectives in order to be able to react adequately to unforeseeable events and social changes.

- Interreg-specific objectives are welcomed and should be continued as
 a supplement to the political objectives of the ERDF and expanded as
 proposed by the "High-Level Group on the Future of Cohesion Policy".
 In particular, there is no specific Interreg A objective for implementing
 projects that go beyond P2P and governance projects to dismantle border barriers, thereby meaningfully complementing existing funding objectives and initiatives.
- Despite thematic concentration, it must be ensured that the Interreg
 programs continue to have sufficient leeway/flexibility so that they can
 operate in accordance with the specifics of the respective program area.
 Especially, it should continue to be possible to finance investments in
 all Interreg A programs.
- The policy objective "A Europe closer to its citizens" must continue to be pursued. However, to make it applicable for cross-border programs, a further development of the objective based on the programs is urgently recommended. The current definition in Article 28 et seq. of Regulation (EU) 2021/1060 is difficult if not impossible to implement in cross-border programmes.

Territorial development

- Linking cross-border cooperation with other strategies (EU and national), such as the New European Bauhaus, is counterproductive and should be avoided in future. On the one hand, it leads to a considerably increased workload for the programs and project partners. For example, the link to the New European Bauhaus in the current funding period only became known when numerous programs had already been finalized. The programs had to be adjusted once again due to the considerable additional work involved. On the other hand, it is often not clear what kind of added value these links have for the program and the projects.
- The creation of a strategic framework that combines competitiveness and cohesion with other policy areas as part of the European Semester, as proposed by the "High-Level Group on the Future of Cohesion Policy", is understandable in principle, but cannot be implemented with regard to cross-border cooperation and is therefore rejected. The national recommendations are aimed at individual member states and therefore cannot be specifically addressed in a multi-state context.

Part II Program implementation

Financial resources

- In Germany, the Interreg A programmes had a successful start to the 2021-2027 funding period. With better funding, even more good projects could be realized. At the same time, there is additional demand for funding due to inflation in recent years. A massive increase in investment and funding demand can be expected from 2028 onwards. The German federal states are therefore calling for at least the same level of funding for the 2028-2034 funding period plus compensation for inflation.8
- In addition, it is essential that further funds are made available for investment in order to harness the unused economic potential in the border regions and strengthen the local visibility of the programmes and cohesion in Europe. Otherwise, it is likely that the achievements to date will fade and the border regions will get stuck in development traps.

	As the report of the "High-Level Group on the Future of Cohesion Policy" from February 2024 recommends, there should be a focus on the integration and development of new member states after 2028. The inevitable increase in the number of cross-border programs and the expansion of funding priorities must not be at the expense of funding for already existing programs. The MFF planning for the period past 2028 must ensure that additional funds are made available. • The financing of mechanisms to overcome legal and administrative obstacles in a cross-border context (FCBS) with Interreg funds is explicitly rejected.
Allocation of funds and co-financing rate	The distribution of the annual tranches for the approved Interreg A programs should be reconsidered and adapted for the future so that the programs can act more flexibly. Experience has shown that a linear distribution of funds over the years is unrealistic and leads to considerable problems in the allocation and disbursement of funds. Instead, it should be considered that the planned expenditure increases after the initial start-up phase (in the first two years of the program) and decreases again slightly towards the end of the funding period. In the event of a late start of the programs, the unused first annual tranche should be distributed equally over the following years.
	 Alternatively, it should be examined whether the volume of advance payments can be increased. The current maximum co-financing rate of 80% is considered too low. For the funding period from 2028, the EU co-financing rates should be increased by at least ten percentage points compared to the current rates. A reduction would not correspond with numerous cross-border programs and prevent the realization of good projects. Furthermore, the associated flexibility for the program areas to set one or more rates should be retained.
Programming	 Programming must be considerably simplified: The added value was not apparent for a large number of secondary aspects and objectives that had to be considered and specified when programming Interreg VI. Nevertheless, they proved to be an additional burden for the approval and review process and led to significant delays. Regarding subsidiarity, there is also a need to return to the requirements that are directly relevant and necessary for successful program implementation. New fundamental requirements or other framework requirements are therefore rejected.
	 The program-specific recommendations, such as the Border Orientation Papers (BOP), are also rejected. Experience from the program prepara- tion for the 2021-2027 funding period has shown that they were only of minor importance. The content of the Interreg programs is created us- ing the bottom-up principle. Therefore, significant attention is paid to regional strategies.
Program implementation and adjustments	During the implementation of the programs, lean and fast procedures should be applied to adapt to changing requirements. Greater flexibility should be achieved for the programs, in particular by enabling the unbureaucratic shifting of funds between priorities to a certain degree (percentage) during the implementation of the program. This will save valuable implementation time.

Technical assistance	
	Setting the percentage to be reimbursed for technical assistance at 7% for cross-border programs has proven to be too low. Particularly against the background of the increased requirements for digitalization, communication as well as project consulting and selection, this setting is not acceptable. In addition, the very high general increase in costs also affects technical assistance. An increase in the percentage for technical assistance is therefore essential for the future funding period.
	 To limit the dependency of the disbursement of technical assistance on the disbursement of project funds in the first half of the program period, an increase in pre/start-up funding for the cross-border programs should be considered. These measures can prevent over-spending at the beginning of Interreg A programs linked to the cash flow risk of technical assistance.
	 To ensure greater financial flexibility, the possibility of disbursing technical assistance as an annual lump sum (i.e. independent of the respective projects' calls for funds) should be examined.
Program manage- ment	 The path taken in the current funding period with regard to digitalization, simplification and the reduction of superfluous administrative procedures and structures must not stagnate, but must be consistently pursued in the future. See Part III for proposals.
Financial instruments	Due to current regulations, the use of financial instruments is generally not suitable for cross-border cooperation projects. The mandatory introduction of financial instruments is therefore rejected. The use of financial instruments must remain a voluntary option. Complex program management can only be successful if the Interreg A program authorities, who know their program areas with their distinctive legal, administrative and cultural circumstances, are given maximum flexibility in programming. It should be decided locally for which program areas and types of funding financial instruments are suitable and promising and for which they are not.
Monitoring system	The mandatory application of a uniform monitoring system by all Inter- reg A programs is rejected.
	 The Joint Electronic Monitoring System (JEMS) was developed by Interact at high cost and adapted to the specific needs of many programs with great effort. For this reason, continuity should be maintained in the coming funding period abstaining from the development of a new mon- itoring system. Instead, JEMS should be consistently developed further.
State Aid	 In general, funding and state aid law and the corresponding approval procedures should be more closely coordinated.⁹
	 The extension of the General Block Exemption Regulation (GBER) facili- tates the implementation of Interreg A programs regarding European ter- ritorial cooperation (Art. 20 and new Art. 20a).
	However, exemption from state aid for Interreg A programs - as for programs under direct management by the EU Commission (e. g. Horizon Europe) - is still considered justified. In cross-border cooperation, the nature and scope of activities do not cause massive distortions of com-

petition. This basic principle, as it is already applied to cooperation between SMEs in the GBER, must be consistently applied to Interreg A for future funding periods.

Part III Simplification of administrative and control regulations

Legal framework

- The early submission of legal acts for the cohesion policy is essential for the successful and timely implementation of the Interreg A programs. The late approval of regulations and general framework conditions as in funding period 2021-2027 must not be repeated in the next funding period.
- Overall, the principle of proportionality in the implementation and control of Interreg A programmes must be given greater consideration in future. In particular, programme volume, programme content, susceptibility to errors, risk propensity and the quality of administrative implementation must be taken into account as differentiation criteria when designing the management and control systems for Interreg A after 2028. Designation must continue to be waived if the management and control systems remain essentially unchanged.
- The requirements placed on the management and control systems at the European level must be comprehensively reviewed and reduced. This expressly includes considerable reductions in downstream legal acts, guidelines and method papers. The guidelines and method papers, which are often submitted very late, have no legally binding value, but are generally treated as binding by the review bodies and therefore apply de facto to the program authorities. In future, the legal framework must be formulated clearly and conclusively so that supplementary guidelines and method papers can be dispensed with.
- In addition to reducing disproportionate requirements for the management and control systems, it is considered necessary to significantly reduce the administrative burden on beneficiaries. Simplified cost options, which are already used by the Interreg A programs, have proven their worth and should be retained. However, they are only one element of simplification and are far from sufficient. Furthermore, the consideration of aspects unrelated to Interreg, such as taxonomy or infringement procedures, should be avoided in the future. The EU should therefore review each regulation in terms of a so-called "DNSH approach for beneficiaries".
- The tightening of the Commission's guidelines for financial corrections in the event of procurement violations has led to an increase in the number of violations and monetary errors identified. In particular, the correction rates are disproportionate to the contract values. The high reclaims associated with the infringements identified reduce the acceptance of the funding, as the primarily small project partners in the Interreg A programs cannot bear such a high financial risk. The success of Interreg A is particularly dependent on committed project partners in the border regions.

It is necessary to tone down the guidelines and, in particular, to lower the sanctioning rates.

- In addition, it is requested that the guidelines do not apply to the violation of public procurement rules below the EU value limits (nor should they apply analogously).
- To further simplify procedures, EU-wide thresholds should be set, whether relevance to the internal market applies (e. g. 1% of the EU threshold for construction contracts, 10% of the EU threshold for services and supplies). The obligation to ensure transparency of public contract awards that are not or only partially covered by the Public Procurement Directives (see Commission Interpretative Communication 2006/C 179/02) leads to a considerable increase in costs for contracts below the thresholds of applying European public procurement rules. This applies to contracts that do not require a notice under national public procurement procedures. In the absence of more specific jurisdiction and binding guidelines from the Commission, different standards for assessing the relevance to the internal market have emerged in the programs. Especially in the case of Interreg, relevance to the internal market can be assumed even for low contract values. In accordance with the guidelines for determining financial corrections for non-compliance with the applicable rules on public procurement, identified violations of transparency obligations are subject to high financial corrections, which diminishes the acceptance of Interreg funding.

Eligibility, simplified cost options

Compared to other EU structural fund programs, the Interreg A programs only have a small budget, but require inherently more complex administration due to their multi-nationality. However, all EU structural funds, including Interreg A, are subject to the same requirements in terms of reporting and auditing obligations. The administrative burden on Interreg A is therefore particularly heavy. Although simplified cost options are a corner stone for facilitating project implementation and management in the cross-border program areas, further efforts must be made to reduce the disproportionate demands that still exist.

Indicators for Interreg A programs

- The definition of Interreg-specific indicators is generally welcomed. They increase visibility and provide orientation for projects with a cross-border focus. However, they must not be used inflationary, as cross-border cooperation can only be quantified to a limited extent. Accordingly, the Interreg-specific indicators in the new funding period should be limited to an acceptable level and focus on the cooperative aspects.
- The document "Performance, monitoring and evaluation of the European Regional Development Fund, the Cohesion Fund and the Just Transition Fund 2021-2027" comprises 250 pages (German language version), which had to be considered in the programming and preparation of the methodology of the performance framework. The fact that, according to the working document of the Commission, the target values of the indicators had to be set at measure level was disproportionate to the desired benefits. The use of similar documents and methods for the funding period after 2028 is therefore rejected.
- The introduction of a performance-based approach for Interreg A is rejected. It is currently unclear whether the approach addresses the levels between Member State/EU Commission or Member State/beneficiary or both levels. It is also unclear whether and to what extent the approach will lead to a simplification or complication of Interreg A and what changes this will entail for program authorities and beneficiaries. An adequate impact evaluation of the approach is not available.

	Initial results from the Recovery and Resilience Facility (ARF) are not transferable to cohesion policy, as this is not a centralized ad-hoc crisis intervention instrument, but has a regional and long-term approach.
Risk management and fraud prevention	 The EU Commission's comprehensive guidelines on the avoidance and management of conflicts of interest under the EU Financial Regulation contain numerous measures to prevent and detect conflicts of interest for all parties involved, including checks based on other sources of infor- mation. The effort for the management and control systems of the In- terreg A programs must be proportionate to the available capacities and the actual benefits.
	 Correctly transmitted and closed data reports to OLAF should not be subsequently reopened by OLAF with the requirement to retroactively fill in fields that were not previously required. It must also be ensured that the interface for data transfer to the Irregularity Management Sys- tem (IMS) works.
	 The Commission's increased emphasis in recent years on measures to prevent and deal with conflicts of interest goes hand in hand with increased requirements for measures to combat fraud in general. The numerous complex requirements increase the risk of system deficiencies and irregularities and reduce the acceptance of the Interreg A programs. Measures to be set up in the management and control systems must therefore be limited to an adequate level.
	 The mandatory introduction of ARACHNE and the use of the risk assessment tool as a benchmark are still strictly rejected.¹⁰ Considerable additional bureaucracy and an increased risk of rejection among beneficiaries (use of sensitive personal and company data, unclear or non-transparent data sources) are not offset by sufficiently clear and convincing purposes.
Data collection and reporting	 The requirements for data collection are becoming increasingly complex and extensive, which leads to an increased administrative burden in the A programs. A reduction in the prescribed extent of data collection, including data on proprietors, is called for as relief measure.¹¹
	 The reporting of data should be limited to a maximum of 40 data fields and should only contain essential information on the project, the beneficiaries, the financing and accounting as well as the declaration of expenditure to the EU Commission.
	 In future, SFC reports must not be published on the internet as the data can only be used to a limited extent. The SFC data is coded, very abstract and therefore neither assessable for the general public nor does it generate any external added value.
	 To improve user-friendliness, user instructions and IT security information should be provided centrally for the SFC support portal. It is strictly rejected that member states themselves have to develop national, regional or local IT security strategies for the use of SFC.
	 To further reduce the administrative burden regarding reporting, the extent of data provision should be limited to one report per year.
Audit	 If the risk-based administrative audit is retained as part of first-level control, the costs to be audited should be limited to a threshold of EUR 1,000 or more.

- European sampling has already reduced the audit workload of secondlevel control. This approach must be continued consistently in the next funding period.
- In future, the single audit approach must be pursued even more consistently to avoid duplicate controls, rule out inconsistencies of assessment between the control bodies and reduce control costs. Audits by EU institutions must be limited to combat fraud and corruption.
- The materiality threshold for the error rate must be raised. The current threshold of 2% is considered too low in view of the complexity of Interreg A. The extrapolation of the error rate is not suitable for Interreg A and must therefore not be used.

Part IV Small project fund ¹²	
General information	 To be able to react flexibly to needs in the border regions, there should continue to be scope for the widest possible range of project formats within the framework of Interreg A in the future. These are essential for the programs to react flexibly and appropriately to the diverse needs in the border regions. In this, the small project funds play a special role.
	 People to people and small-scale projects have proven to be instruments with high added value for Europe. As particularly location-based and low-threshold formats, they make European integration tangible for citizens and are essential to strengthen territorial cohesion. In addition to the regular calls, they also offer the potential to involve new and smaller players and to initiate knowledge exchange and practical activities. These small projects are fertile soil from which larger projects and initiatives grow. The possibility of supporting small-scale and people to people projects within the framework of Interreg A must therefore remain an integral part.
Flexibility and thematic focus	 In the sense of a bottom-up approach, small-scale and people to people projects must be as flexible as possible to the requirements of the individual program areas. This applies to both administrative aspects and the thematic focus.
	 The mandatory allocation of small project funds to a single type of intervention should therefore be dropped. Instead, it should at least be possible to address several specific objectives of the same priority directly in a single small project fund or to define the small project funds themselves as a separate Interreg-specific objective.
Management of SPF	To preserve the undisputed added value of small projects to Europe, the administration of small project funds should be designed to be as simple and efficient as possible. When setting up a small project fund, the possibility that the management can be implemented by a cross-border legal entity or an EGTC is to be welcomed in principle.
	However, as the legal and institutional framework conditions vary in the European border regions, this should not be an absolute necessity.

	In the future, it should also be possible for the administration of small project funds to be carried out by all institutions with their own legal personality. It would be advantageous if a small project fund could be managed cooperatively by a consortium of two or more partners. In addition, the option to support projects with a limited financial volume directly within the framework of the programs should be retained. This is the only way to ensure that small and people to people projects can be implemented in every program. For the new regulatory framework, it should be examined whether further simplifications in the administration of small projects are possible. This also includes raising the upper limit for personnel and administrative costs of the fund administrator. Experience from the current funding period shows that the previous maximum of 20% of the total costs of a small project fund is too tight, e.g. because the applicants for small projects are new, inexperienced or small project partners and the need for advice from the small project fund manager is correspondingly high. To make the administration of the small project fund as simple as possible for small project fund managers, technical aspects should also be considered when designing the common framework. In principle, it
	should be possible to easily adapt JEMS provided by INTERACT to the requirements of small project funds. However, its use must remain voluntary.
Eligibility, Simplified cost options	 The simplified cost options have significantly simplified project implementation and management for larger projects and are therefore expressly welcomed in all program areas. The use of simplified cost options has also proven successful in the context of the Small Projects Fund and should therefore be continued. This should also be retained in future regulation. Volunteer costs must be eligible for funding as part of personnel costs to give project partners the greatest possible degree of flexibility and planning security.
Financial framework	 In the current funding period, small project funds can have a volume of up to 20% of the total funding allocation for the respective program. This share gives the programs appropriate discretionary scope to respond flexibly to the different needs in the respective border regions and should be retained unchanged.

 $^{^{1}}$ COMMUNICATION FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT Strengthening growth and cohesion in the EU's border regions of 20.09.2017

² Bundesrat printed matter 297/2/23

³ 9th Cohesion Report, 4. Border Regions and Cross-Border Cooperation, p. 105 ff

⁴ Bundesrat printed matter 297/2/23

⁵ Bundesrat printed matter 297/2/23

⁶ Bundesrat printed matter 297/2/23

⁷ Bundesrat printed matter 297/2/23

⁸ Bundesrat printed matter 297/2/23

⁹ Bundesrat printed matter 297/2/23

¹⁰ Resolution of the Conference of Ministers of Economic Affairs of 22.11.2023

¹¹ Resolution of the Conference of Ministers of Economic Affairs of 22.11.2023

¹² Disclaimer: This explicitly addresses projects in accordance with Art. 25 Interreg Regulation. In addition, small-scale and citizen projects can also be managed and successfully implemented as individual projects.