Management of NDICI funds in practice

Interreg Knowledge Fair session report | 7 March 2024

Overview

NEXT programmes have gained substantial experience in managing external cooperation funds over the previous programming periods. OMR programmes also have made certain progress, based on their own experimentation at case/project level, which will need to be further developed and concretised in 21-27.

During this session, representatives of programme MA/JS and national authorities discussed practices and challenges in operating programmes with multiple funds, working in uncertain geopolitical times and locations, and look for opportunities to strengthen and simplify external cooperation.

Rationale

The purpose of the session is exchange of experiences and lessons learnt in:

- Managing NDICI funds as part of Interreg programmes
- Engaging with non-EU partner countries in the project life cycle

These examples will be used to complement the training/guidance to be provided to external cooperation programmes in managing NDICI funds. In addition, this will serve to feed the ideation process for post-27 on a potential management model based on the IPA-NEXT experience that would also be available for OMR programmes.

Key discussion points

Some Interreg programmes in the outermost regions are expecting to receive NDICI funds in 21-27, providing a more tangible opportunity to reinforce cooperation with partner countries. In other cases, programmes will need to continue experimenting alternative sources of funding and linkages, with ad-hoc systems to be set up.

The challenge is now to install an operational articulation ERDF-NDICI. Provisions are already foreseen in the 21-27 regulation laying the ground for such articulation in practice. Taking stock from these experiences of (experimenting) implementing NDICI, the modalities should be concretised, and support the reflection on a mechanism to be set in the post-27 programming period.

1. Zoom on Black Sea programme, experience from ENPI CBC 2007-2013

Perspectives from National Authority (Turkey) – Ms Övunç Güneş

In 21-27, should NDICI funds be allocated to OMR programmes, these funds will have to be managed separately from the ERDF funds. The assumption is that they will need to have two contracts per project: one for the partners within the EU and another one for the partners in the cooperation area (third countries). This situation is similar to the Turkish partners in the ENPI CBC Black Sea programme in 2007-2013.

Ms Güneş shared her experience as National Authority, supporting the participation of Turkish beneficiaries in the programme. She explained how the system worked, with the projects able to work as one, even with two contracts.

Which were the main challenges from an operational point of view? Capacity of partners third member countries being involved.
How did the Turkish National Authority cooperate with the Managing Authority?

- The CFCU (Central Finance and Contracts Unit) plays a pivotal role. It is a unit of the Ministry of Finance, intermediary between the Government and the European Commission - responsible for all aspects of budgeting, tendering, contracting, payment accounting and financial reporting for all European programmes/funds in Turkey.
- The National Authority takes a very active role in the promotion of the programme, and support to beneficiaries, key to the take-up of Interreg opportunities by Turkish partners.

The experience of Black Sea 2007-2013 programme has helped identify the conditions for success in mobilising EDF/NDICI funds in third countries: the creation of a unit dedicated to European funding in Turkey has made it possible to carry out substantial communication and capacity-building work with Turkish partners in cooperation projects, to carry out strict controls on the use of European funds in the third country (including, for example, ex-ante control of procurement), and to establish an audit protocol that provides security for the managing authority (EU country).

How has this situation been overcome in the following periods, and how is it handled now?
The solution simply came from the inclusion of NDICI funds into the Implementing Act for NEXT programmes, allowing for the programme to secure allocation and management.

This step is key and should be considered as a priority for OMR programmes in post-27 period.

Check the implications of applying NEXT/IPA model, namely in terms of financial rules (e.g. procurement process), align to EU rules also in third countries. Solution available as way forward for such model, with blending of funds into a single “Interreg fund”.

2. Operational management of NDICI, project life cycle and the role of partner countries

Series of pending questions to provide practical guidance to programmes – not all were tackled, but general exchanges on the operationality of programmes helped identify some solutions, to

be considered both in the case of OMR programmes with NDICI allocation in 21-27, and in the preparation of Interreg post-27 for OMR programmes.
The capacity building in NDICI process needs to be raised for all governing bodies of the programmes, MA/JS but also accounting function (former certifying authority).

Project monitoring and reporting (including indicators), communication
Who is responsible for monitoring the part of project activities performed in third countries?
Distinctions in reporting process, role of lead partner – appointed referent partner for NDICI side.
Result-oriented monitoring – ROM meetings/committees

Support to the financial reporting, verification, and audit processes
How are costs incurred in third countries reported? How are they monitored?
Which rules apply and at what level?
Approach to public procurement, following ERDF rules, to be adapted. PRAG rules apply for INTPA/NDICI side, which could be adapted to support management of funds in third countries – e.g. SCOs to be used in countries without invoicing process or procurement rules…
Responsibility/Accountability of third countries in case of financial errors/undue payment, to be checked.

Governance of the programme at a strategic and management level. Partner countries are integrated in the Monitoring Committee and other joint bodies. How can they support the programme implementation further?
What is the role of partner countries in project selection? At what level do/could they contribute – criteria, appraisal, review, promotion, support to applicants and beneficiaries.
Also during the implementation phase.
Discussed options of self-assessment of financial capacity for NDICI partners, and additional selection criteria for involvement of third countries.

Advance payment models. How does it work for NDICI (criteria, process, control)? How could we imagine in practice, pre-financing to beneficiaries while minimising risk of recovery of funds.
Option to be explored (Next-MED?) – small project fund with no financial reporting, only on deliverables and milestones.