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Cross-border cooperation post 2020

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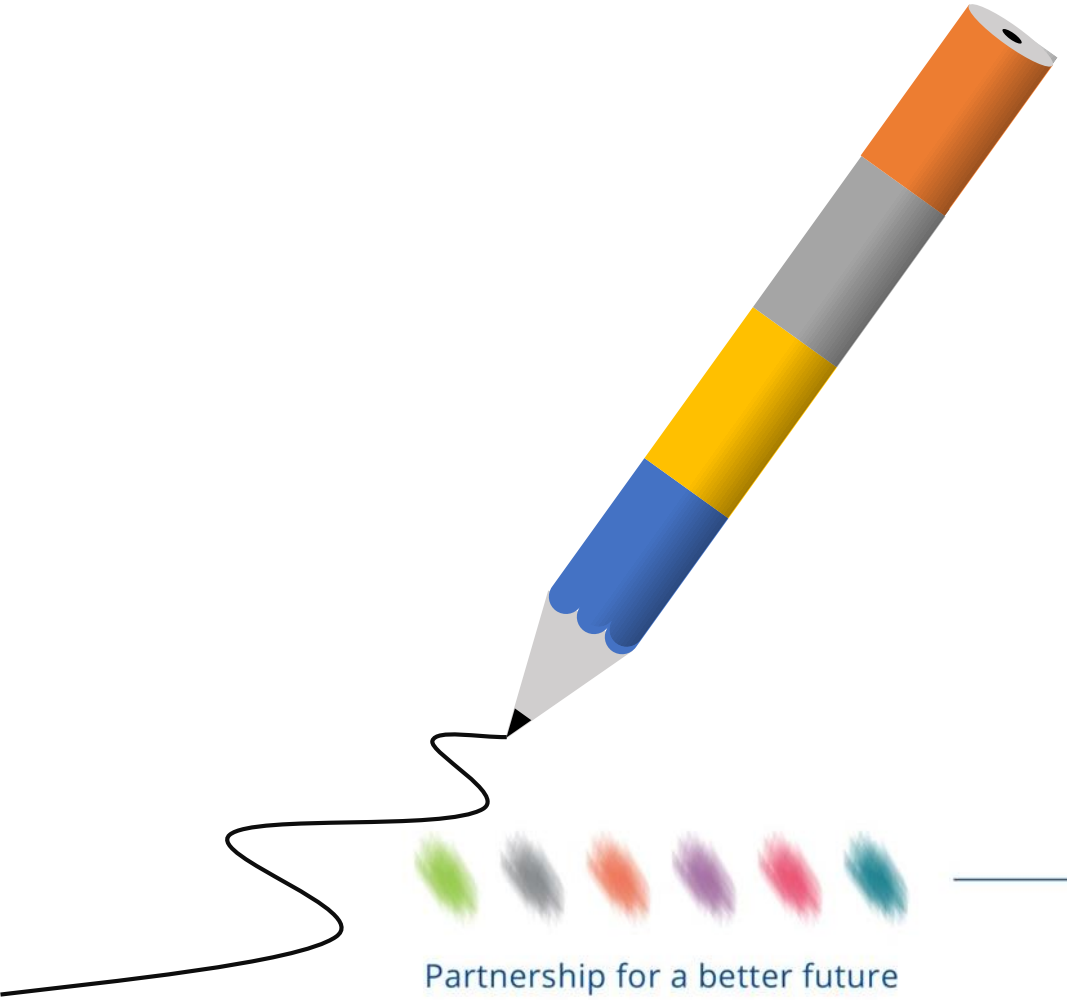

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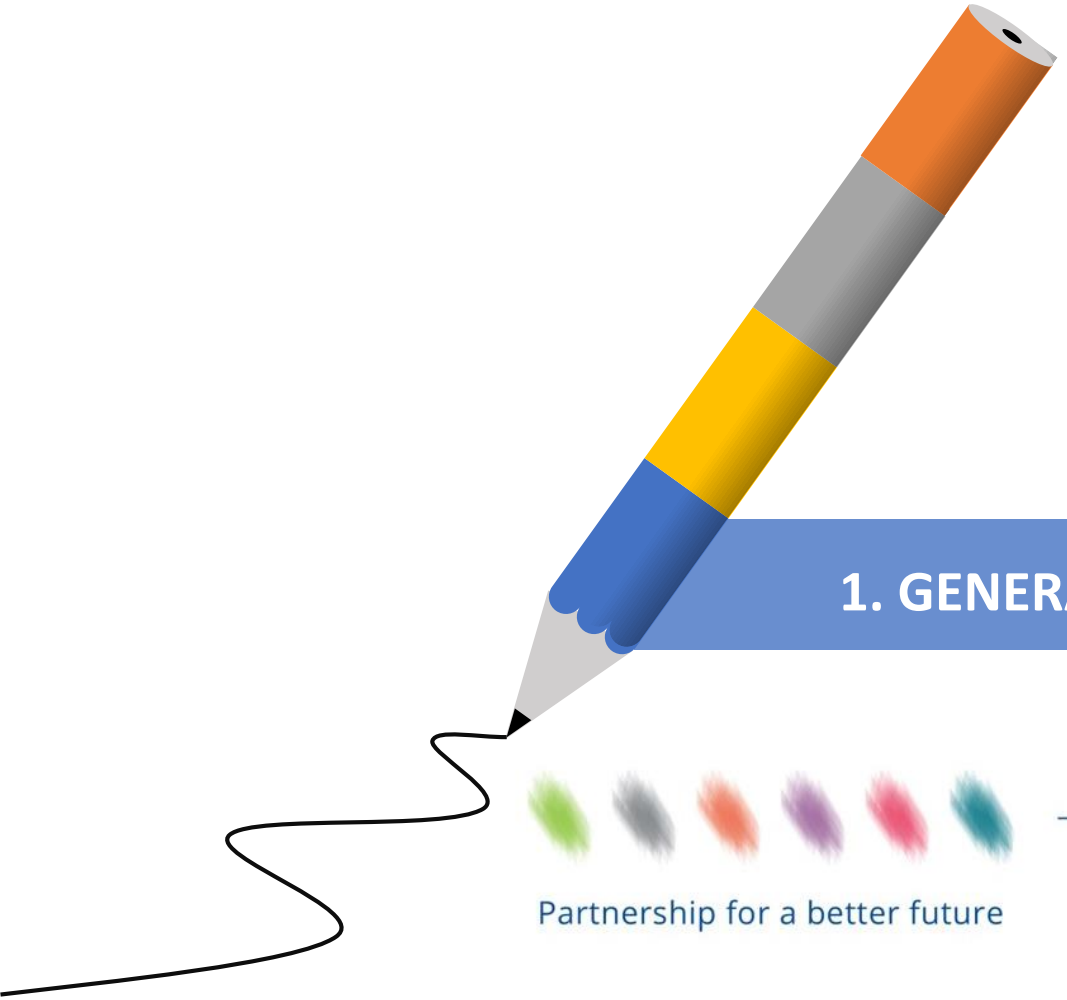

1. GENERAL MODIFICATIONS

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In billion euro, current prices

I. SINGLE MARKET, INNOVATION AND DIGITAL
€187.4

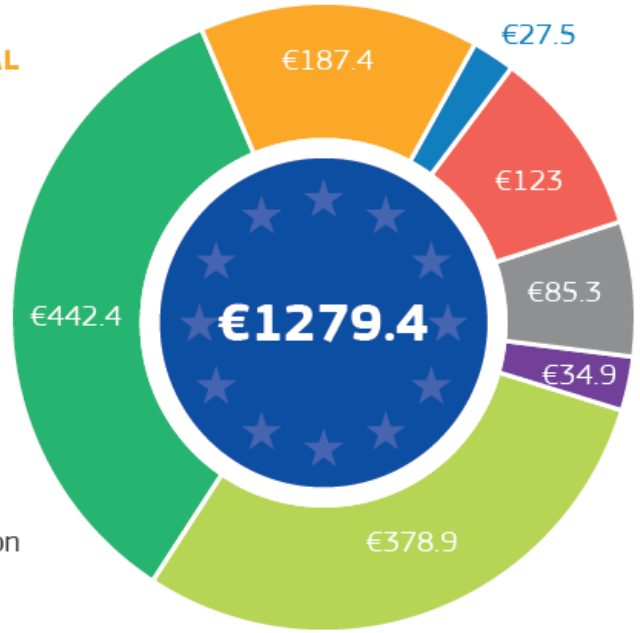
1 Research and Innovation
2 European Strategic Investments
3 Single Market
4 Space

II. COHESION AND VALUES
€442.4

5 Regional Development and Cohesion
6 Economic and Monetary Union
7 Investing in People, Social Cohesion and Values

III. NATURAL RESOURCES AND ENVIRONMENT
€378.9

8 Agriculture and Maritime Policy
9 Environment and Climate Action



V. SECURITY AND DEFENCE
€27.5

12 Security
13 Defence
14 Crisis Response

VI. NEIGHBOURHOOD AND THE WORLD
€123

15 External Action
16 Pre-Accession Assistance

IV. MIGRATION AND BORDER MANAGEMENT
€34.9

10 Migration
11 Border Management

VII. EUROPEAN PUBLIC ADMINISTRATION
€85.3

17 European Public Administration

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Source: European Commission

LEGISLATIVE PACKAGE (draft)

- Adoption of the package by European Parliament: II semester 2020
- Nine month deadline for submitting programs *(= requires **shorter negotiation progress**)*

A MODERN, DYNAMIC COHESION POLICY

MODERN INVESTMENT

- Focus on transition to smart, low-carbon economy
- Stronger conditions & link to European Semester
- Comprehensive performance data (in near real time), open data

SIMPLE, FLEXIBLE, DYNAMIC

- 7 funds, 1 regulation (50% shorter)
- 50 key administrative simplifications
- Faster implementation (return to n+2)
- Responsive to emerging needs (migration, economy)

FOR ALL REGIONS

- Balanced and fair "Berlin method"
- 75% to poorest regions, where most needed
- Tackling emerging needs and economic transition across the EU

KEY LEGAL INSTRUMENTS

COMMON PROVISIONS REGULATION (CPR)

- Covers 7 funds, i.e. ERDF, CF, ESF+, EMFF, AMIF, ISF and BMVI
- Delivery elements are here

ERDF/CF REGULATION

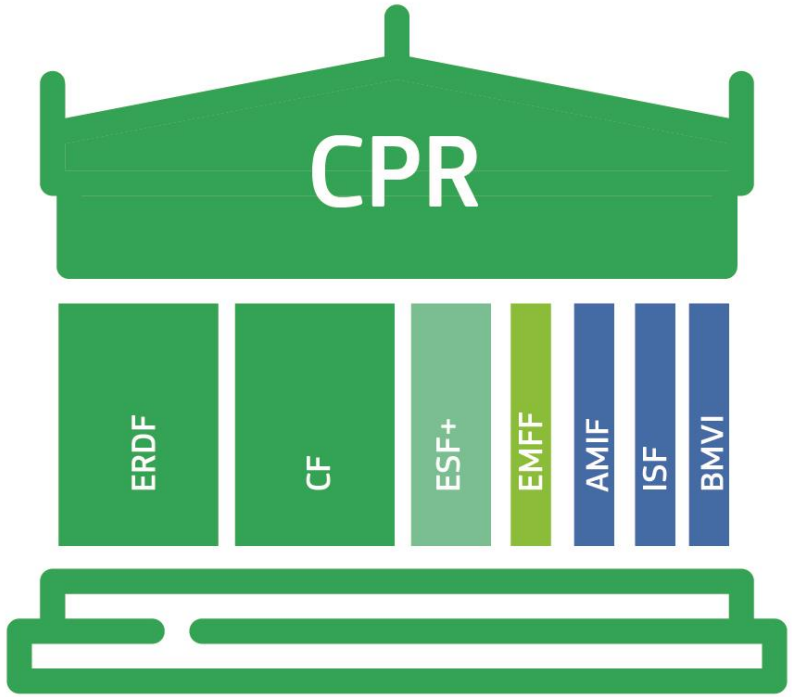
- Single regulation for both funds
- Policy priorities are here (specific objectives, thematic concentration requirements, etc)

ETC REGULATION

- Territorial co-operation including external assistance
- New interregional innovation instrument

ECBM: off-the-shelf legal instrument to simplify cross-border projects

7 FUNDS, 1 REGULATION



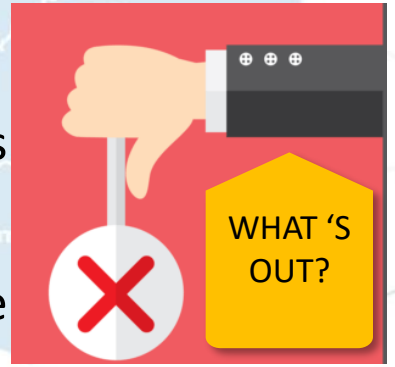
CPR covers delivery. 1 set of rules is:

- ☑ More coherent
- ☑ Simpler to learn
- ☑ Simpler to combine

PROGRAMMING

- **Simplified, more focused and more strategic programming in structured form**
- **Performance-oriented: Mid-term review in 2025**
- **Synergies: Closer link with the European Semester**
- **Annexes: to replace some 40 empowerments from 2014-2020**

- No more changes of the PA during period
- Eliminated overlaps between PA and programmes (e.g. enabling conditions only in progs)
- Fewer procedures: combining technical adjustment with performance review



PROGRAMMING

Indicator system - ERDF/CF

Period 2014-2020 *(information from EC presentations)*

11 Thematic Objectives	• 56 Investment Priorities • 3573 Specific Objectives	(Policy) Results: • 5082 records programme specific	Outputs: • 46 common indicators (6481 records) • 4813 records programme specific

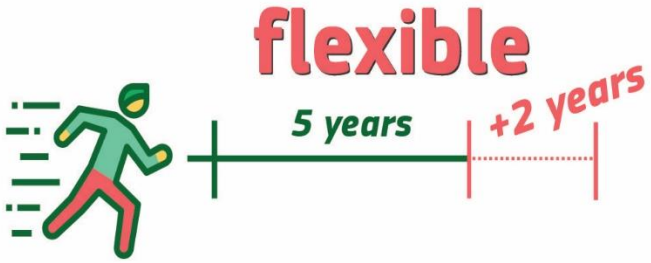
Period 2021-2027 *(proposal)*

5 Policy Objectives	21 Specific Objectives	(Direct) Results: +/- 85 common indicators + programme specific	Outputs: +/- 85 common indicators + programme specific

Indicator system

2014-2020	2021-2027
Policy results	Results at intervention level
Common indicators for outputs	Common indicators for outputs and results
Use of common indicators whenever relevant	Use of common indicators whenever relevenant
Programme specific indicators when needed	Programme specific indicators when needed
Coverage gaps (e.g. climate change)	Higher policy coverage
Reliance on external data sources (e.g. regional surveys)	Data collection from projects

MORE FLEXIBLE

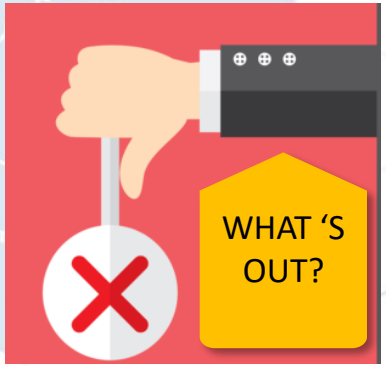


- New transfer possibility: Member State may request the transfer of up to 5 % of programme resources to another EU instrument
- Simpler reprogramming: up to 5% of a priority (3% of programme) without Commission decision.
- "5+2" Programming:
  - 5 years programmed initially
  - 2026-27 allocations programmed after mid-term reviews in 2024-25
    (basis: emerging needs, performance)
  - Technical adjustment fed in (modifying allocations from 2025)

SIMPLER MANAGEMENT AND CONTROL

- **More proportionate system for low-error-rate programmes: reliance on national systems, no system audit, audit sample of maximum 30 operations**
- **Simpler process for acceptance of accounts (and no "zero accounts")**
- **Clarity on document retention period for beneficiaries (5 years from end of year with last reimbursement)**

- No designation procedure: roll-over of existing systems
- Fewer layers of control: Certifying Authorities replaced by an accounting function (which will not duplicate controls)
- Administrative verification of 100% of payment claims.Post-2020: risk-based sample

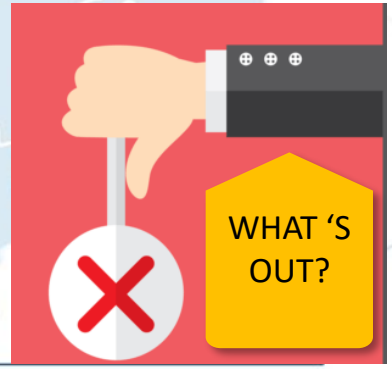


SIMPLER REIMBURSMENT AND CONTROL

- SCOs (simplified cost options). Unit costs, fixed rates, lump sums.
- "Financing not linked to costs" (= based on conditions or milestones)
- TA linked to implementation or milestones, as above

Less reimbursement of eligible costs = less paperwork, receipts, invoices

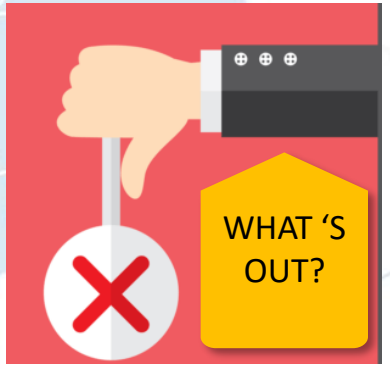
NB: The measures on this slide are potentially the most cost-saving simplifications.
Study suggests could save 25% of administrative costs



PERFORMANCE, MONITORING AND EVALUATION

- **Performance framework will cover all output and result indicators**
- **"Open data" on progress every 2 months**
- **Structured and dynamic policy dialogue between COM and MS in the annual review meeting**

- Performance reserve (replaced by "5+2")
- Annual implementation and progress reports for cohesion policy
- Ex ante evaluation



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POLICY OBJECTIVES

Overview of Key Changes

- The new specific objectives are more **streamlined** and **simplified**
- Aligned with the principles of the **European Pillar of Social Rights**
- No specific objectives linked to former **TO 11** (public admin reform)
- **Integration of the FEAD –** specific objectives (x) and (xi)
- **Integration of the YEI**
- **Reflect current social challenges**

A FOCUS ON FIVE INVESTMENT PRIORITIES, WHERE THE EU IS BEST PLACED TO DELIVER

Five main objectives will drive EU investments in 2021-2027:

- **Smarter Europe,** through innovation, digitisation, economic transformation and support to small and medium-sized businesses
- a **Greener, carbon free Europe**, implementing the Paris Agreement and investing in energy transition, renewables and the fight against climate change
- a more **Connected Europe**, with strategic transport and digital networks
- a more **Social Europe**, delivering on the European Pillar of Social Rights and supporting quality employment, education, skills, social inclusion and equal access to healthcare
- a **Europe closer to citizens**, by supporting locally-led development strategies and sustainable urban development across the EU.

1. A smarter Europe innovative and smart economic transformation

- skills development for smart specialization, industrial transition and entrepreneurship
- developing research and innovation capacities and adopting advanced technologies
- boosting the growth and competitiveness of SMEs
- making the most of the benefits of digitalisation, for the benefit of citizens, companies and governments

Direction of actions

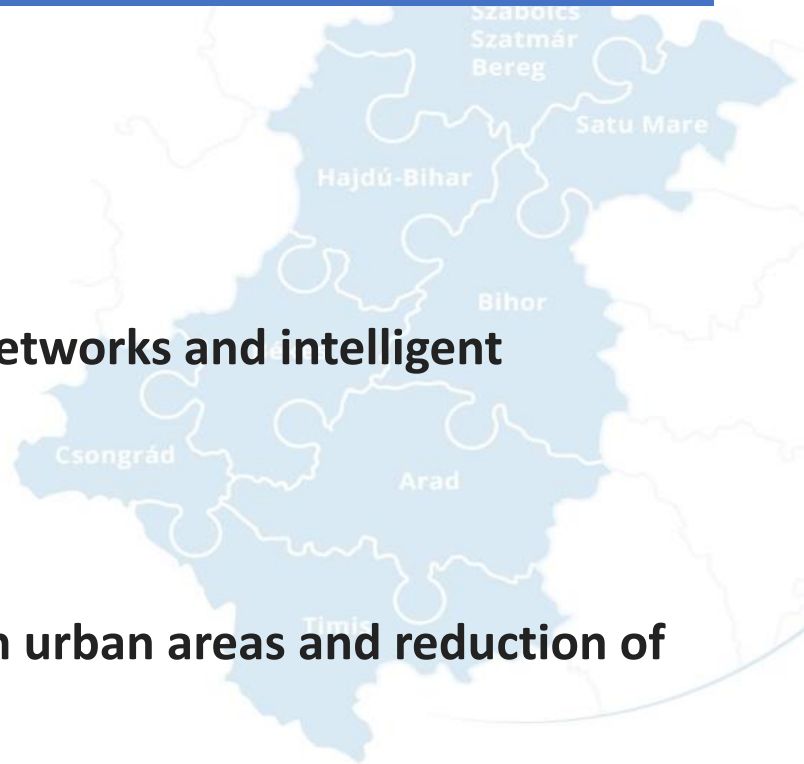
Electronic platforms for citizen support

Specialization niches to support innovation

Specialized consulting services for SMEs

2. A greener, low-carbon Europe

- promoting energy efficiency measures
- the development at local level of energy systems, networks and intelligent storage systems
- promoting the transition to a circular economy
- development of biodiversity, green infrastructure in urban areas and reduction of pollution



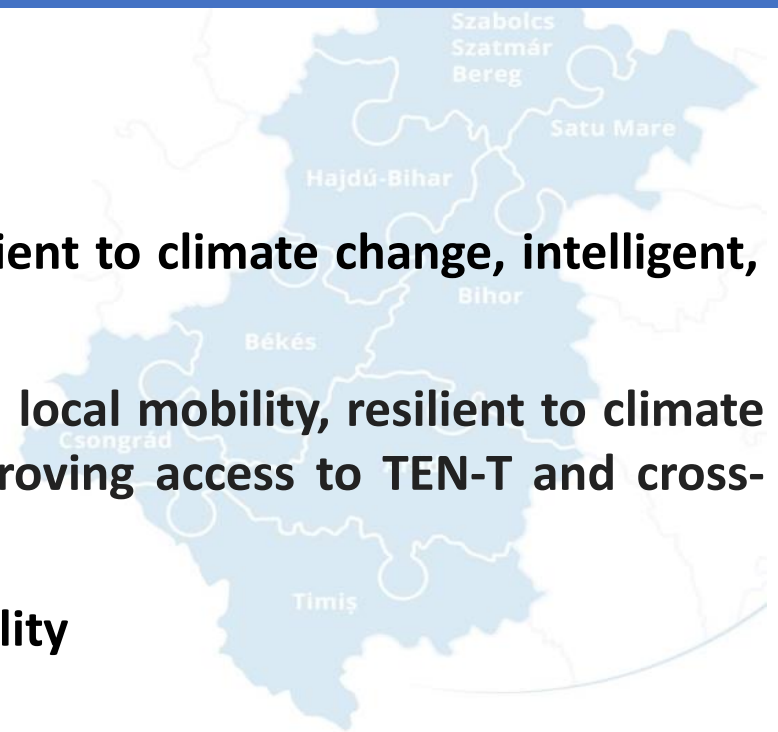
Direction of actions

- Identify the current level of **vulnerabilities** in the border regions between Romania and Hungary, by types of risks, as well as **evaluate the specific endowments of existing emergency situations**, to identify priorities and define cross-border strategies for adaptation to climate change, including Ecological Infrastructure

- Promote common approaches and complementarities regarding the **management of protected areas and water sources along the border**

- Exploring the potential of developing cross-border strategies in **sustainable ecological tourism** to capitalize on the existing natural potential (adjacent Natura 2000 sites, area rich in surface and groundwater sources).

3. A more connected Europe

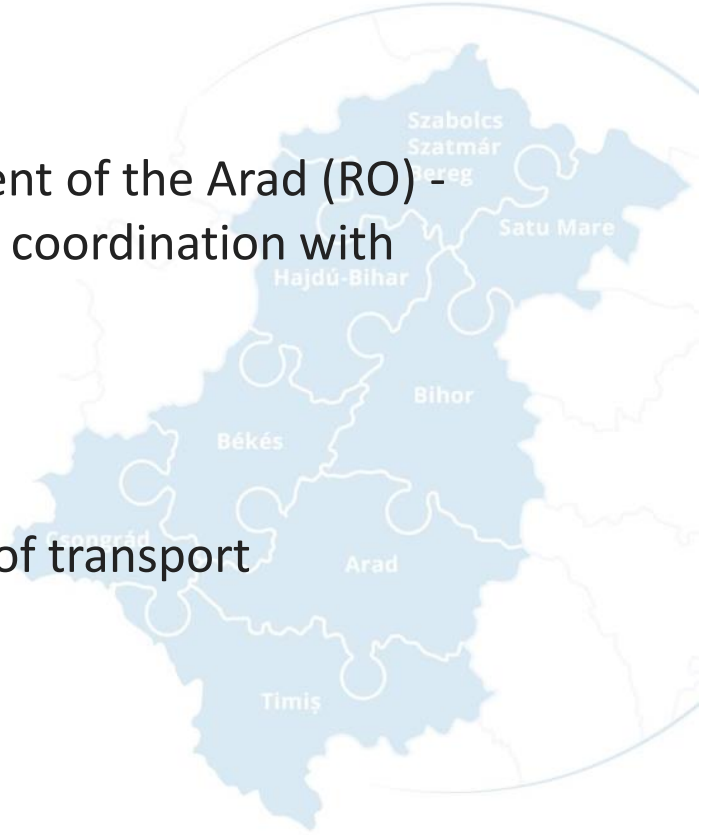


- Improving digital connectivity
- Developing a sustainable TEN-T network, resilient to climate change, intelligent, secure and intermodal
- Developing sustainable, national, regional and local mobility, resilient to climate change, smart and intermodal, including improving access to TEN-T and cross-border mobility
- Promoting sustainable multimodal urban mobility

Direction of actions

- Ability to support preparatory measures for the development of the Arad (RO) - Szeged (HU) rail link, involving relevant stakeholders and in coordination with national and European structural investment programs

- Exploring the development potential of alternative means of transport



4. A more social Europe

- Increasing the efficiency of labor markets and facilitating access to quality jobs through the development of innovation and social infrastructure
- Improving access to quality and inclusive services in education, training and lifelong learning through development of infrastructure
- Improving the socio-economic integration of marginalized communities, migrants and disadvantaged groups through integrated measures which include housing and social services insurance
- Ensuring equal access to health care through infrastructure development, including for primary health care.

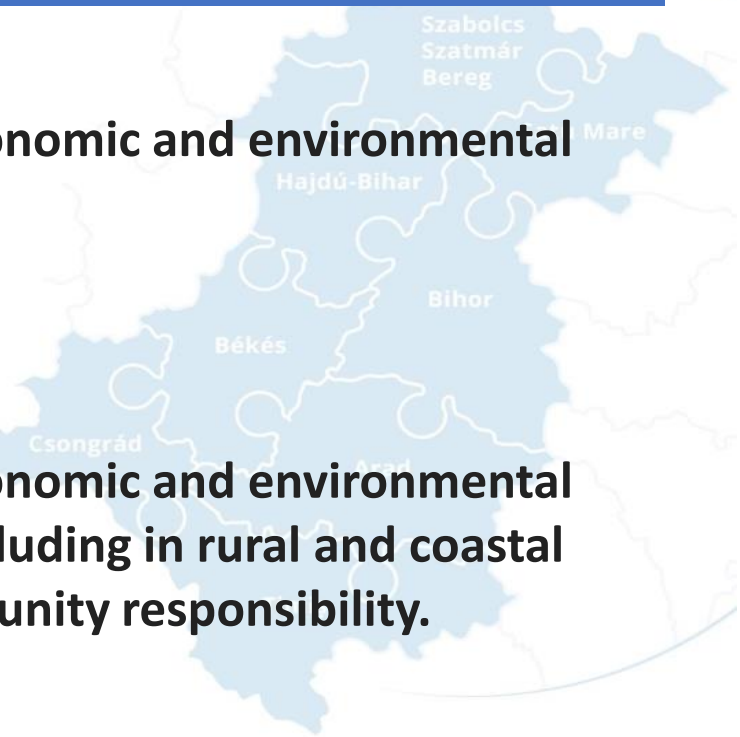
Direction of actions

- Promoting cross-border labor mobility, e.g. by supporting information services in the field of employment
- Creating the basis for promoting bilingualism in a structured way, targeting both the needs of the labor market, as well as primary and secondary education (common education schemes could be developed)
- Development of a strategic approach to support cross-border medical services (starting with identifying potential functional areas and synergies, major obstacles to cooperation between service providers and patient mobility)
- Ensuring equal access to healthcare through infrastructure development, including primary health care

5. A Europe closer to citizens

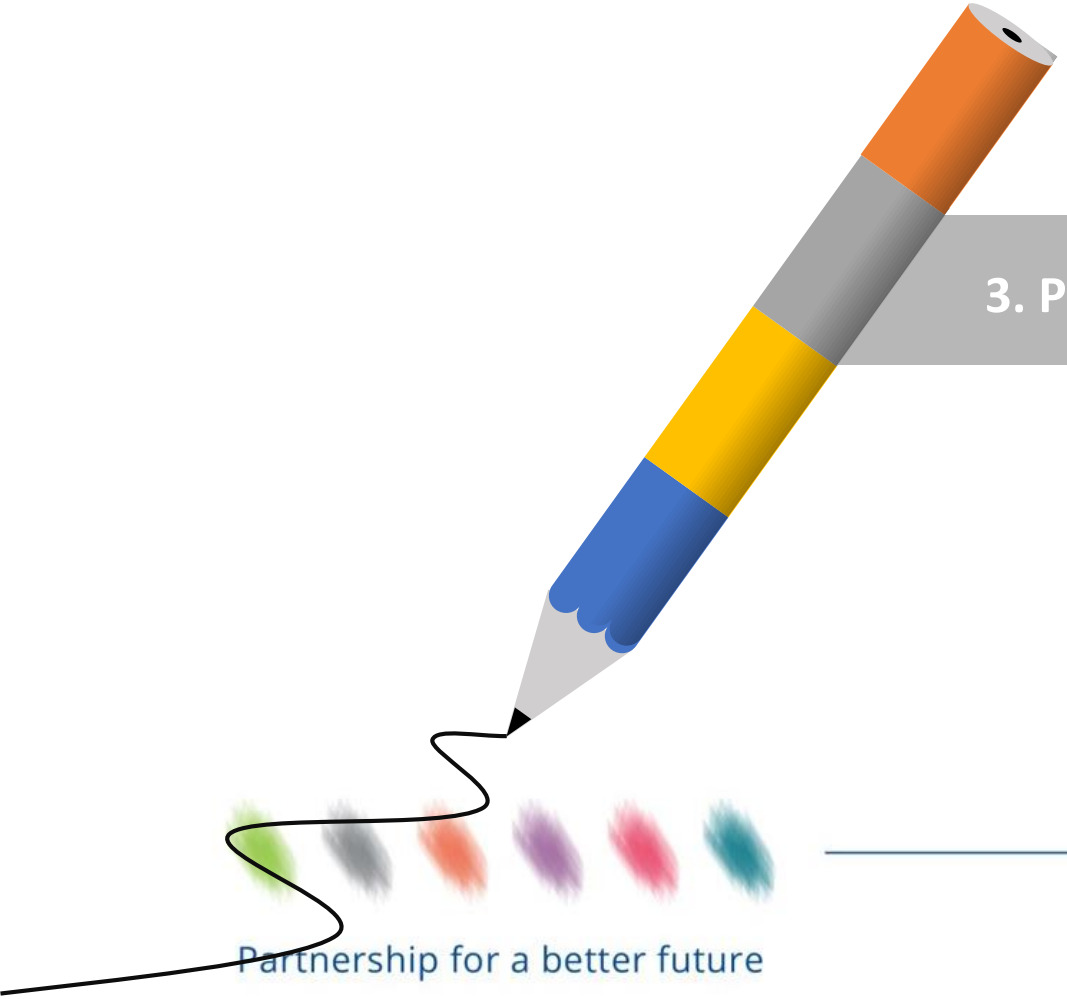
- **Promoting integrated development in the social, economic and environmental field, cultural heritage and security in urban areas**

- **Promoting integrated development in the social, economic and environmental field, at local level, cultural heritage and security including in rural and coastal areas , also through local development under community responsibility.**

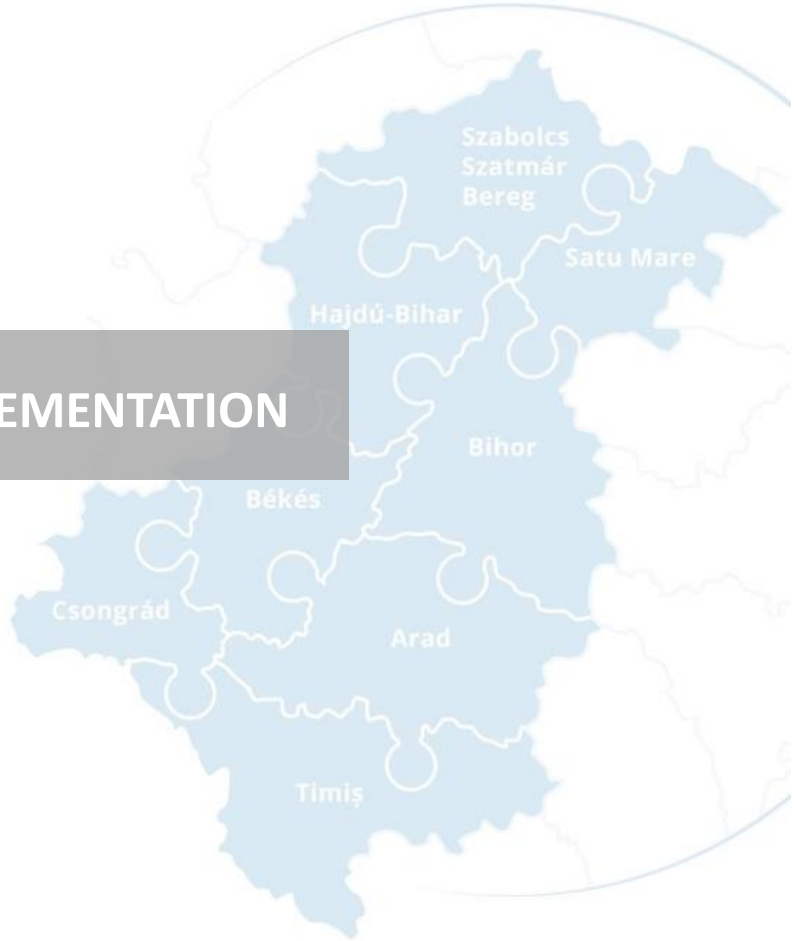


Direction of actions

- Identifying the main **obstacles and the non used potential**
- **Develop a cross-border strategy for the RO-HU border** in accordance with the existing macroregional, national, regional or sectoral strategies
- Identify existing and potential **cross-border functional areas** and develop specific strategies involving relevant stakeholders to overcome specific obstacles and develop relevant cooperation activities
- **Identify areas where cross-border statistical date are lacking** and supporting projects that would complete the deficit by 2027 at the latest (for example in cooperation with national statistical offices, etc)

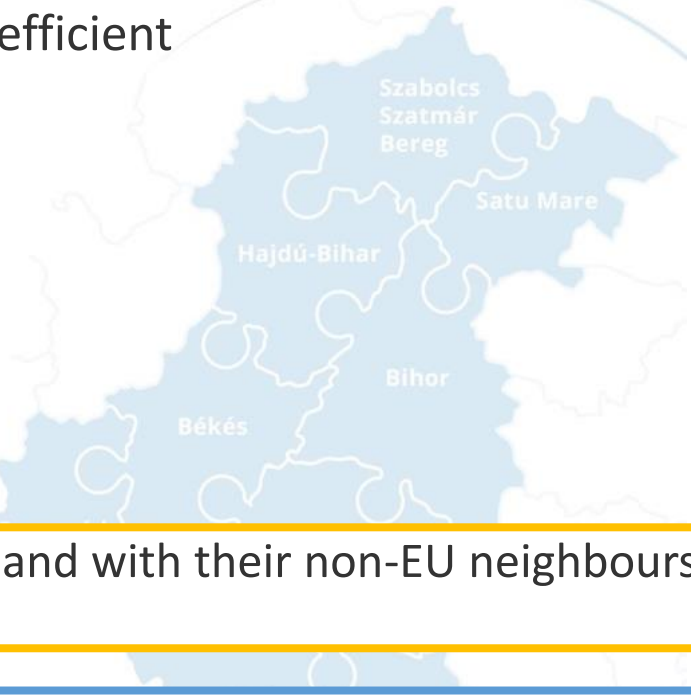


3. PROGRAMME IMPLEMENTATION



FIVE INTERREG COMPONENTS

European Commission's proposal on Interreg post 2020 introduces a number of novelties with a view to modernising cohesion policy and making it more efficient



01 Cross border component

02 Transnational component

03 Interregional component

04 a specific component for outermost regions (between them and with their non-EU neighbours) to reflect their very specific cooperation needs

05 a new component on interregional innovation to support the commercialisation and scaling up of innovation initiatives (so called 'Interregional Innovative Investments')

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CHANGES IN INTERREG

01 Embadding in mainstream via horizontal objectives

02 Cross-border programmes : from fund distribution to centres to strategic planning

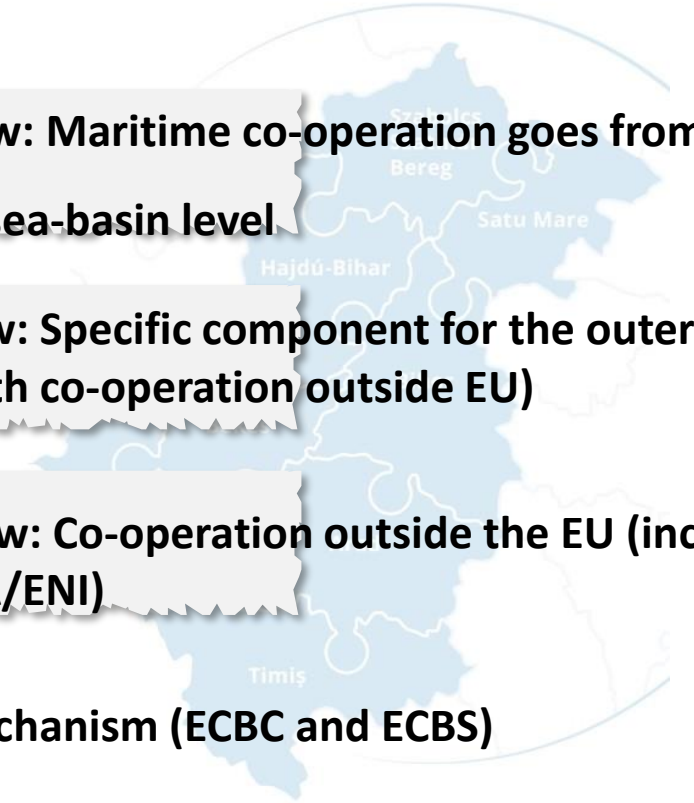
03 New: Interregional innovation instruments

04 New: Maritime co-operation goes from CBC to sea-basin level

05 New: Specific component for the outermost regions (with co-operation outside EU)

06 New: Co-operation outside the EU (incorporation of IPA/ENI)

07 New: European Cross Border Mechanism (ECBC and ECBS)



5 + 2 Interreg-specific objectives

1. A smarter Europe (innovative & smart economic transformation)
2. A greener, low-carbon Europe (including energy transition, the circular economy, climate adaptation and risk management)
3. A more connected Europe (mobility and ICT connectivity)
4. A more social Europe (the European Pillar of Social Rights)
5. A Europe closer to citizens (sustainable development of urban, rural and coastal areas and local initiatives)

1. A better Interreg governance

2. A safer and more secure Europe

SIMPLIFICATION

Important **simplification measures** have been introduced: include the abolishment of the designation procedure, the reduction in reporting requirements, a major revision of the audit and control approach, and the extension of the scope of simplified cost options

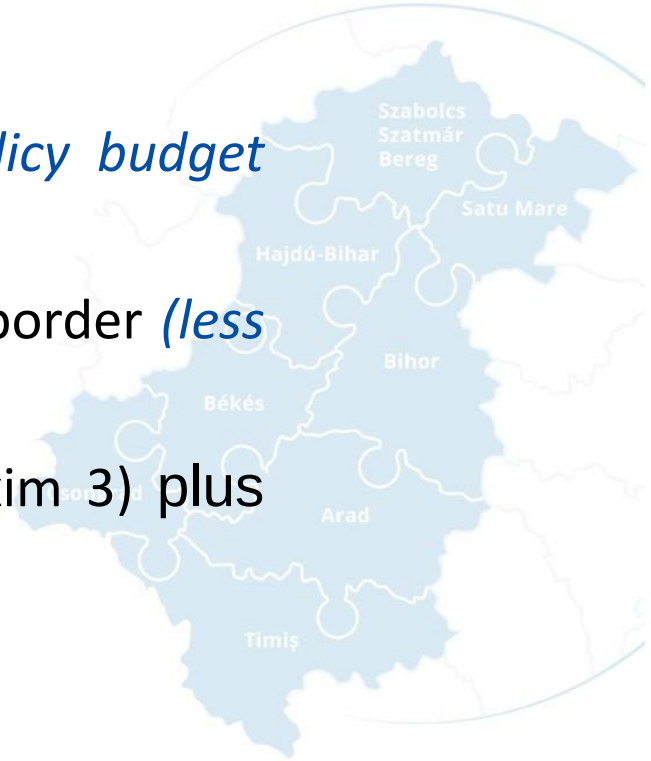
A new legal tool to facilitate cross-border cooperation – European Cross-Border Mechanism – is expected to help to overcome legal and administrative obstacles when implementing projects in cross-border regions.

The mechanism offers options for a Member State to agree with the neighbouring Member State that only one set of rules applies on both sides of the border when implementing joint projects.

This will overcome the complex and costly procedures to comply with two sets of rules for the same project: one set on one side of the border and another one across the border.

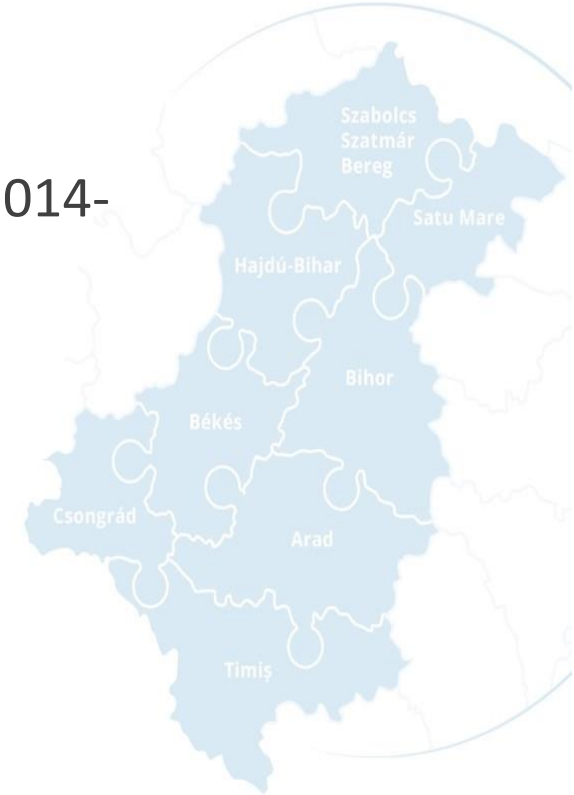
EUROPEAN TERRITORIAL COOPERATION

- **Less money for ETC** *(2,5% proposal from the Cohesion Policy budget compored to 2,75% for the period 2014-2020)*
- **Allocation method for** ETC: population within 25 km of land border *(less developed regions, lower population density,* ***lower allocation****)*
- Allocation of 60% of resources for 3 objectives (out of maxim 3) plus 15% for a better Interreg governance *(=**concentration**)*



Financial Management – Programme level (I)

- **Reduction of pre-financing rate**
  - **1%/year** (2021-2026: 6% in total) – reduced compared to 2014-2020
  - **without initial pre-financing**
- **Impact:**
  - **Limited resources for payments to projects**
  - **Problems in ensuring cash-flow at program level**



Financial Management – Programme level (II)

- **Frequency of payment request**
  - Possible **maximum 4 payments request per year**

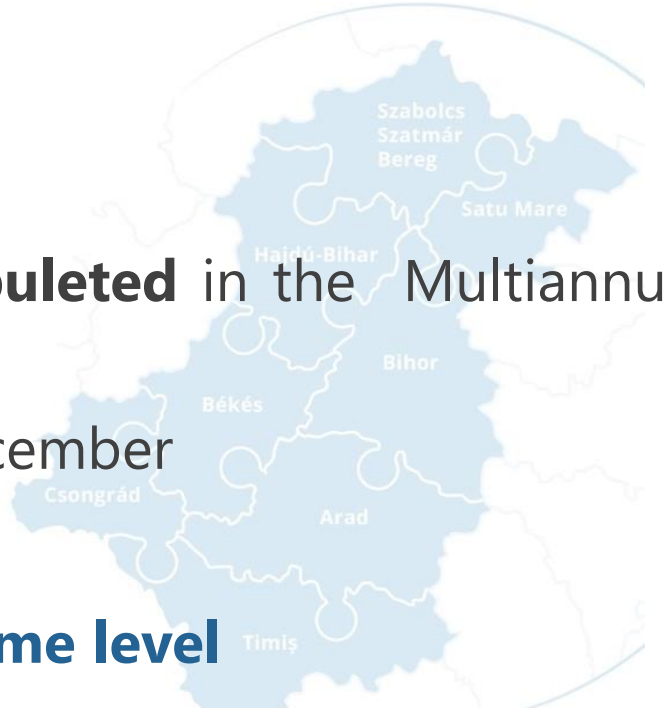
- **Impact: major difficulties in providing the necessary resources for the implementation of the Programme**

Financial Management- Programme level (III)

- **Rule N+2**
  - **Rule N+2** applies, not N+3
  - **The decommisioning objectives are stipuleted** in the Multiannual Financial Framework
  - Deadline for decommissioning: 26th of December
- **Impact:**

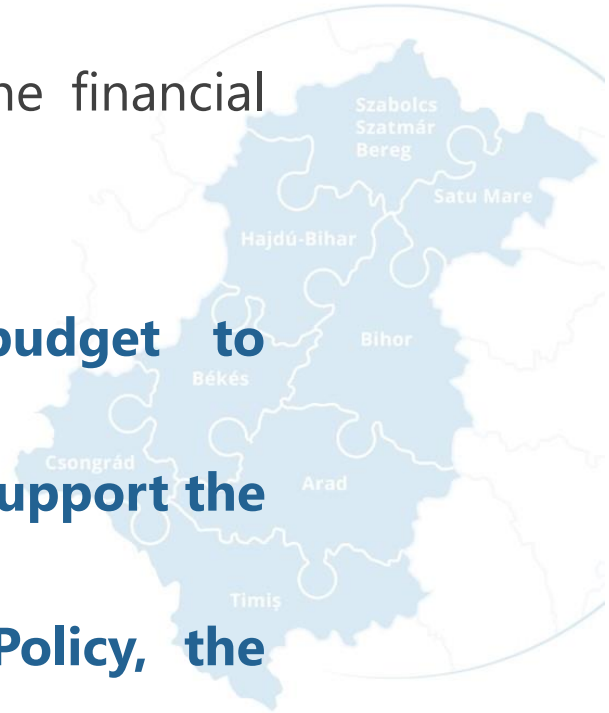
- Real risk of disengagement at programme level

- It can cause pressure on the beneficiaries (new rules, thresholds for expenses etc.)



Financial management – project level (I)

- **Co-financing rate**
  - **70% co-financing rate** (compared to 85% for the financial year 2014-2020)
- **Impact:**
  - **pressure on beneficiaries/ national state budget to suupport the co-financing (30%)**
  - **Poor region, there are no financial resources to support the high cofinancing rate (public + private)**
  - **Is affected the main objective of Cohesion Policy, the reduction of disparities**

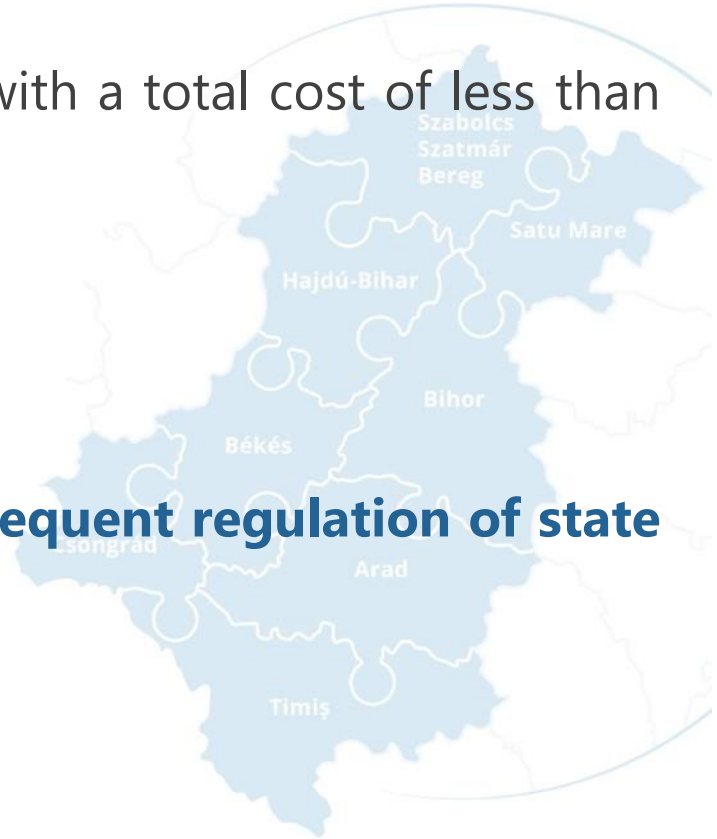


Financial management – project level (II)

- **VAT – not eligible**, except for operations with a total cost of less than EUR 5 million
- pending, **provisions on state aid impact**

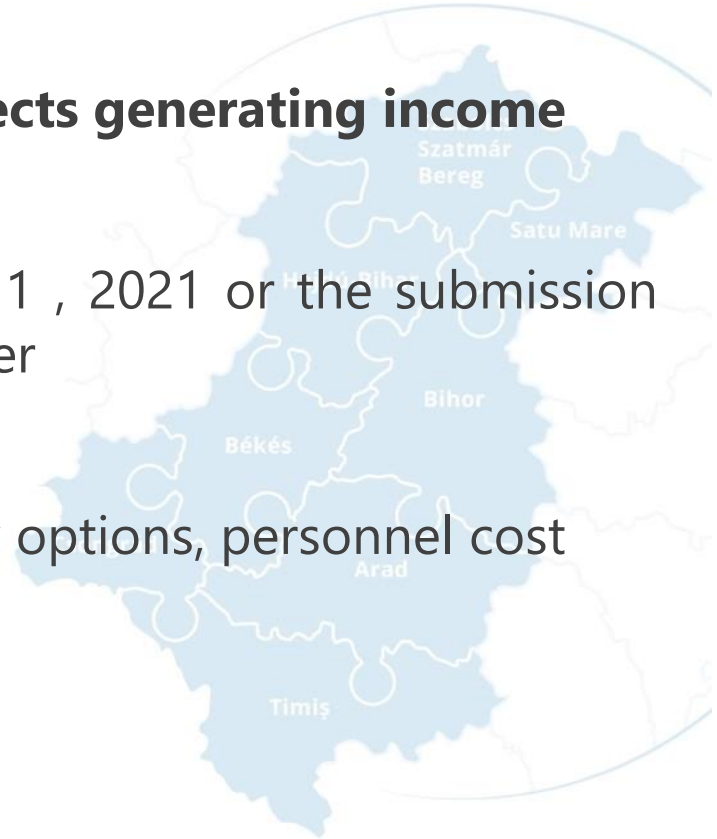
Impact:

- **Non-eligible can increase project costs**
- **Delays in launching calls due to the subsequent regulation of state aid within the Interreg programs**



Financial management – project level (III)

- There are no provisions regarding the **projects generating income**
- **Eligibility of expenditures**: from January 1 , 2021 or the submission date of the programme any of them is earlier
- **Simplified cost options** (intensive use, new options, personnel cost issues)



OTHER ISSUES

- Without designation process (if the institutional architecture is preserved)
- No Certification Authority
- MA's accounting function – payments requests to the EC, without explicit checks
- Audit of operations – at EU level for Interreg programs
- Without GoA
- eMS electronic system (or equivalent)

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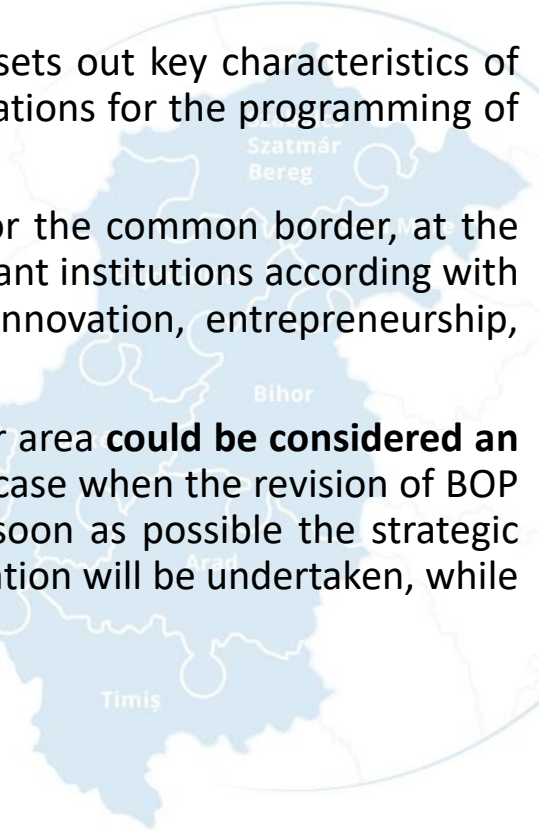
4.CALENDAR & CONCLUSIONS

CURRENT SITUATION – BORDING ORIENTATION PAPER

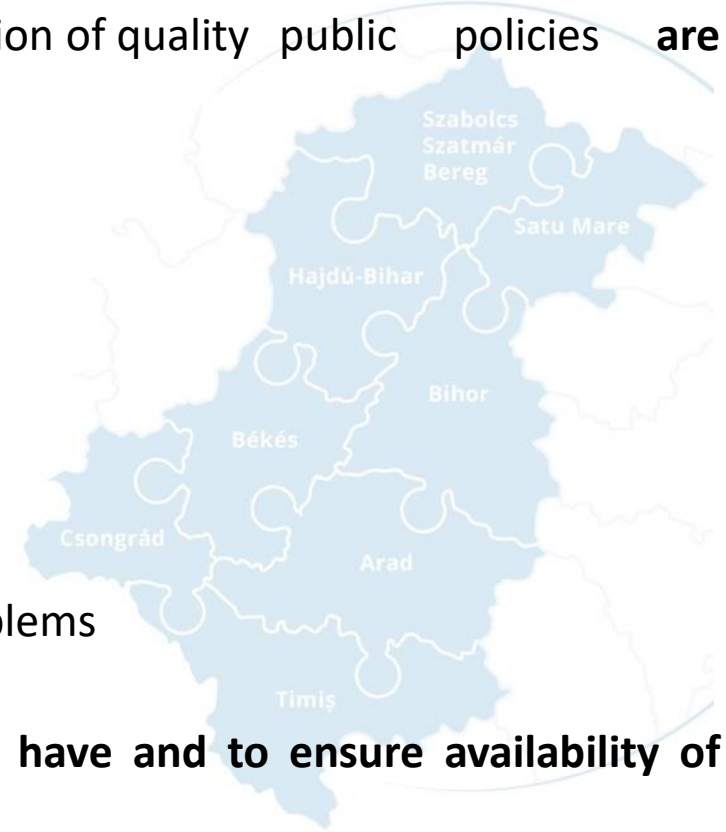
- This document, elaborated by the European Commission for all cross-borders regions, sets out key characteristics of the cross-border region between Romania and Hungary and outlines options and orientations for the programming of the next Interreg programme along this border.
- In this respect, in order to have an updated current situation on the BOP document for the common border, at the beginning of June, consultations were launched at national and local level involving relevant institutions according with their competences and based on the areas of analyses detailed in the document: innovation, entrepreneurship, connectivity, digitalization, education, labor market, etc.
- **Only an updated and revised form** of the BOP document for the common cross—border area **could be considered an important source document** in order to prepare the new 2021-2027 Programme. In the case when the revision of BOP will not be possible at COM level, the Member States already assumed to initiate as soon as possible the strategic planning process for 2021-2027, in which context a territorial analysis of the current situation will be undertaken, while only some data from the current BOP can be used.



CURRENT SITUATION – DATA AT LOCAL LEVEL

Some **data** of a particular importance for the adoption good quality adoption of quality public policies **are missing** at local/cross-border level:

- Economic flows,
- Transport flows and trend labor,
- Mobility and skills identification,
- The health of citizens,
- Identifying important infrastructures and services
- Mapping the risk areas,
- Mapping natural areas and identying the social inclusion main problems



And as it is stipulated also in Regulations, **it is very important to have and to ensure availability of comprehensive up-to-date information and data.**

CURRENT SITUATION – MEETINGS

- Between 29.07.2019 – 01.08.2019, the Managing Authority of Interreg V-A Romania-Hungary Programme, with the support of the Hungarian National Authority, organized a series of 4 workshops in the framework of the **bilateral technical meetings** dedicated to preparing the programming period 2020+.

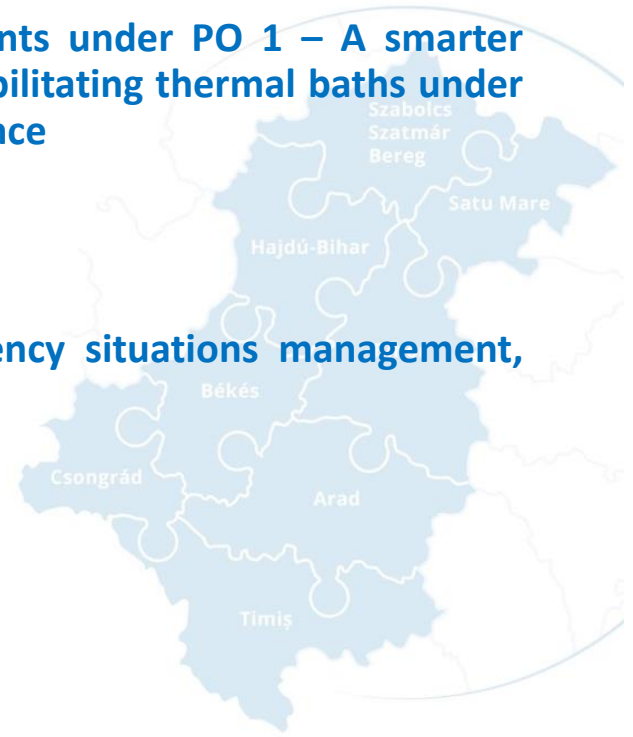
Relevant local stakeholders in the 8 eligible counties were invited to attend the meetings, in order to bring their input to identifying fields of major interest in the area

- Programming Committee, 1th meeting, 13th of November 2019, Nyregyhaza -Hungary

SOME IDEAS ALREADY ARISED…

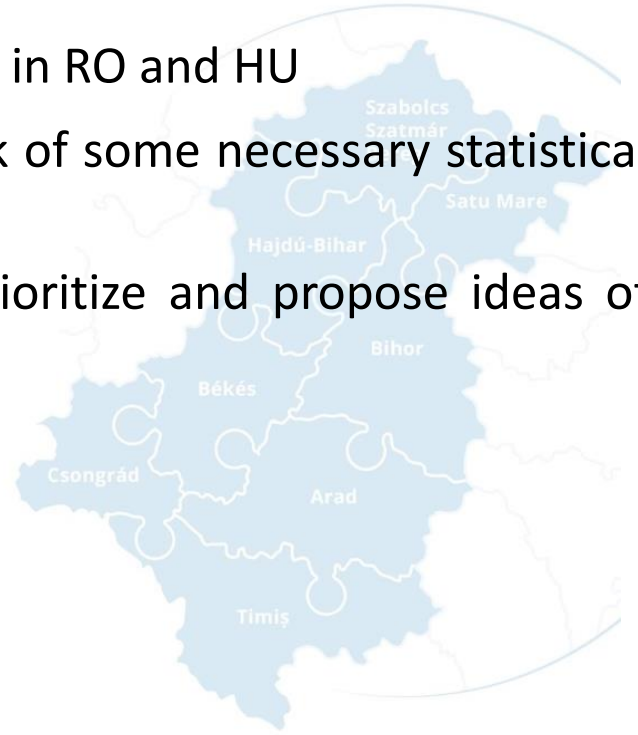
- to include the hospitals/healthcare institutions among eligible applicants under PO 1 – A smarter Europe, in order to support telemedicine and e-health platforms; - rehabilitating thermal baths under PO 2 - A greener Europe, but this activity could fall under state aid incidence

- Ministry of Internal Affairs' - proposed a strategic project on emergency situations management, fighting crime on border region and migration issues



NEXT STEPS- SOLUTIONS

- Collect national, regional and local strategies or relevant documents in RO and HU
- Official address to National Institute of Statistics regarding the lack of some necessary statistical data (in RO and **HU?**)
- Official address to the relevant ministries in order to identify, prioritize and propose ideas of mature projects
- Organize next bilateral technical meetings January/February 2020



Interreg
Romania-Hungary
European Regional Development Fund

EUROPEAN UNION

PROGRAMMING CALENDAR

Launching the terms of reference
for strategic planning and programming

Programming Committee
1st meeting,

Nov.2019

June 2020

Territorial analyze
Finalization of the Territorial Analysis of the border area

Programming document
First draft of the programming document elaborated by the external expert

October 2020

February 2021

Public consultation
Public consultation in Romania and Hungary on the programming document

Programming document
Submitting the programming document to the EC

March 2021

Programme approvel
estimated

November 2021

Partnership for a better future

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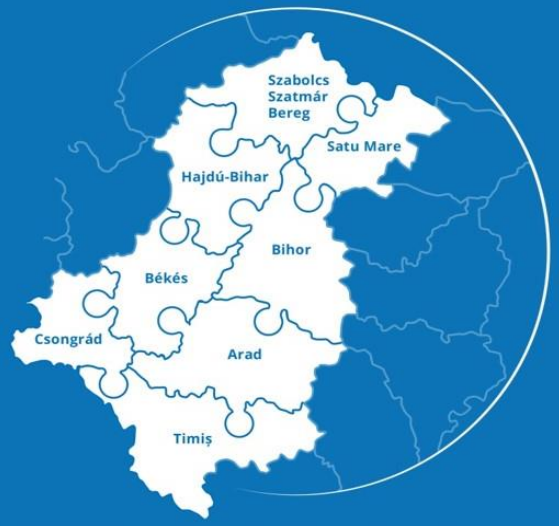
THANK YOU FOR YOUR ATTENTION!



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